Stock code: 2753

BAFANG YUNJI INTERNATIONAL CO., LTD.

2022 General Shareholders' Meeting

Handbook

Method of convening the meeting: Physical shareholders' meeting
Date: June 15, 2022 (Wednesday) 9:00 a.m.
Location: 20th Floor, No. 27, Section 2, Zhongzheng East Road, Danshui District, New Taipei City (Chang Chuan Business Management Training Center)

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BAFANG YUNJI INTERNATIONAL CO., LTD.

Agenda for the 2022 general shareholders’ meeting

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I. Report on the number of shares of shareholders present
II. Chair calls the meeting to order
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Management Presentation

[No. 1] **Proposed by the Board**
Subject: Report on 2021 business status
Explanation: Please refer to Attachment 1 (page 9~10) of the Handbook for the 2021 business report

[No. 2] **Proposed by the Board**
Subject: Report on the audit committee’s review of the 2021 final business and accounting reports
Explanation: Please refer to Attachment 2 (page 11) of the Handbook for the 2021 audit committee’s review report

[No. 3] **Proposed by the Board**
Subject: Report on the distribution of profit sharing remuneration for employees and directors for 2021
Explanation:

I. In accordance with the Company's Articles of Incorporation, the Company should appropriate no less than 1% of the Company’s profits of the year, if any, as profit sharing remuneration for employees and no more than 1% as profit sharing remuneration for directors.
II. The Company intends to distribute $10,000,000 for employees' profit sharing remuneration and $5,000,000 for directors' remuneration, all of which will be paid in cash.
III. There is no difference between the amount resolved by the board of directors and the expense recognized in the accounting book in 2021.

[No. 4] **Proposed by the Board**
Subject: Report on the distribution of cash dividends for 2021
Explanation:

I. On August 10, 2021, the board of directors approved a special resolution to distribute cash dividends of NT$2.27288142 per share for the first half of 2021, totaling NT$150,111,990, which was paid on January 14, 2022.

II. On March 22, 2022, the board of directors approved a special resolution to distribute cash dividends of NT$4.22711858 per share for the second half of 2021, totaling NT$279,179,184, with the base date, stock transfer suspension date and payment date of cash dividends authorized to be determined by the chairperson.

III. If the company's total number of outstanding shares is affected by the repurchase of treasury stock, the board of directors authorizes the chairperson to adjust the dividend distribution percentage.

IV. The distribution of cash dividends is calculated up to NT$, and the fractional amounts of less than NT$1 are rounded off and included in other income of the Company.

[No. 5] **Proposed by the Board**

Subject: Report on the amendments to the Corporate Social Responsibility Best Practice Principles

Explanation: In order to comply with the amendment of the Corporate Social Responsibility Best Practice Principles in accordance with the Issue No. Tai-Zheng-Shang-Li No.1100024173, it is proposed to amend the Corporate Social Responsibility Best Practice Principles and rename the Sustainable Development Best Practice Principles. Please refer to Attachment 3 (page 12~18) for comparison of amendments to the provisions.

Proposals

[No. 1] **Proposed by the Board**

Subject: 2021 business report and financial statements

Explanation:

1. The Company's financial statements and consolidated financial statements as of and for the year ended December 31, 2021 have been audited by CPAs Guo, Nai-Hua and Chen, Hui-Ming, from Deloitte Taiwan. In addition, the audit committee has reviewed the business report, the financial statements, and the consolidated financial statements, which has issued a written review report on record.
2. Please refer to Attachment 1 (page 9~10) and Attachment 4 (page 19~41) of the Handbook for the various reports referred here.
3. Please adopt.

Resolution:

[No. 2] **Proposed by the Board**

Subject: Earnings distribution proposal for 2021

Explanation:

1. The Company's 2021 earnings distribution table is as follows:

BAFANG YUNJI INTERNATIONAL CO., LTD.

Earnings distribution table for 2021

Unit: NT$

Item	Amount	
Undistributed retained earnings at the beginning of the period		$ 670,582,923
Add: Defined benefit plan remeasurement	14,456	
Less: Differences between equity purchase price and carrying amount arising from actual acquisition subsidiaries	(5,955,763)	
Add: Net profit for 2021	541,341,547	
Available-for-distribution earnings		1,205,983,163
Distribution items:		
Provision for legal reserve		
2021 provision for the first half of the year	(28,256,299)	
2021 provision for the second half of the year	(25,283,725)	
Provision for special reserve		
2021 provision for the first half of the year	(8,983,192)	

2021 provision for the second half of the year	(5,666,822)	
Cash dividends to shareholders (NT$6.5 per share)		
Resolved distribution of earnings for mid-year 2021 (NT$2.27288142 per share)	(150,111,990)	
Pending distribution of annual earnings (NT$4.22711858 per share)	(279,179,184)	
Total distribution items:		(497,481,212)
Undistributed retained earnings at the end of the period		$ 708,501,951

Chairperson: Lin, Hsin-Yi　　Managerial Officer: Chang, Jui-Lien　　Accounting Officer: Huang, Lee-Chi

2. The 2021 earnings are given priority in the earnings distribution amount of this time.
3. The board of directors has authorized the chairperson of the board to adjust the distribution percentage in the event that the distribution percentage needs to be adjusted subsequently due to changes in laws and regulations, adjustments by the competent authorities, or the repurchase of the Company's shares that affect the number of outstanding shares.
4. Please adopt.

Resolution:

Discussion

[No. 1] **Proposed by the Board**
Subject: Proposed amendments to the Company's Articles of Incorporation
Explanation:

1. In order to encourage and retain talented employees, it is proposed that, in accordance with Article 267 of the Company Act, it is proposed to add that the employees involved in the Company’s cash capital increase by issuing new shares may include employees of companies controlled by the Group or subordinate companies who meet certain criteria, which are authorized to be set by the board of directors.
2. In accordance with Article 172-2 of the Company Act, it is proposed to add that the shareholders' meeting may be held by video conference or other means announced by the central competent authority, and the comparison of amendments to the provisions is shown in Attachment 5 (page 42).
3. Please discuss.

Resolution:

[No. 2] **Proposed by the Board**
Subject: Proposed amendments to the Company’s Procedures for Acquisition or Disposal of Assets
Explanation:

1. In order to comply with the amendment of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" in accordance with the Issue No. Financial-Supervisory-Securities-Corporate-1110380465, it is proposed to amend the Company’s Procedures for the Acquisition or Disposal of Assets. Please refer to Attachment 6 (page 43~57) for comparison of amendments to the provisions.
2. Please discuss.

Resolution:

[No. 3] **Proposed by the Board**

Subject: Proposed amendments to the Company's Rules of Procedure for Shareholders' Meetings

Explanation:

1. In accordance with the amendment to Article 172-2 of the Company Act, it is proposed to amend the Rules of Procedure for Shareholders' Meetings, and the comparison of amendments to the provisions is shown in Attachment 7 (Page58~61)
2. Please discuss.

Resolution:

Extempore Motions

Adjournment

Attachment 1

BAFANG YUNJI INTERNATIONAL CO., LTD.
2021 business report

In 2021, the world was impacted by the COVID-19 pandemic and inflation, and Taiwan was not immune to the impact. In order to control the pandemic, dining-in was once banned. This was an unprecedented test for the food and beverage industry and quickly changed consumption patterns and eating habits. The international commodity market fluctuated sharply, international shipping prices soared, and the prices of raw materials continued to rise, further pushing up the costs and risks of enterprises, which further aggravated business operations. Despite the difficult environment, we are still moving forward steadily towards our long-term development goals, demonstrating our business performance, continuing to open new stores and develop new brands, strengthening our online platform, EC and online@ takeaway and delivery services to meet the new consumption patterns, and working together with our franchisees, suppliers and partners to create business value in this volatile environment.

The Company's consolidated revenue for 2021 was NT$5,955,120,000, up 14.87% from 2020, and consolidated net profit was NT$525,690,000, down 17.04% due to unfavorable factors. Although the profit performance was not as good as that of 2020, the net profit margin remained at 8.83% and the earnings per share was NT$8.74.

In September 2021, the Company was officially listed and became the first TWSE traded Quick Service Restaurant (QSR) company and the only restaurant chain in Taiwan with more than 1,000 stores. At the end of 2021, there were 1,208 stores in Taiwan and 1,304 stores in Taiwan and abroad. In Taiwan, the Liang She Han brand accelerated its new store footprint, with 154 stores at the end of the year, with an increase of 77 stores compared to last year; in Hong Kong, the brand was still affected by the pandemic, and the number of stores varied, but sales grew by 15.94% compared to 2020; in Mainland China, the Company maintained the status quo and slowed down its development, aiming to reach break-even. Dante Coffee, however, faced with the dilemma of not being able to offer the option of dine-in due to the pandemic, suffered a 34.48% decline in sales, but also took this opportunity to end its unprofitable stores and launch three new concept stores. In addition, the Group also launched a new brand "FJ Veggie" at the end of the year to provide fresh, delicious, safe and affordable vegetable dishes for the benefit of consumers.

Looking ahead to 2022, we will continue to expand our business with a pragmatic approach and steady pace in accordance with our core development strategy. In Taiwan, BAFANG YUNJI will continue to accelerate the renovation of our stores and introduce intelligent frying counter and noodle cooking equipment to improve quality and develop new products; Liang She-Han Pork Ribs and FJ Veggie will actively open new stores to achieve economies of scale; and Dante Coffee will continue to adjust its format and position itself for profitability. In the overseas market, although our Hong Kong business was hit hard by the pandemic in the first quarter, all brands will continue to open new stores in the future. On March 25, we opened the first compound store of BAFANG YUNJI in Southern California, officially entering the U.S. market to accelerate our international footprint and development. The Group's multi-brand and multi-market operation strategy will enhance the Group's revenue and profitability.

We would like to express our sincere gratitude to our shareholders for their support and accompanying us in our growth. We look forward to the continued support and encouragement of our shareholders and hope that all of the Company’s employees will continue to work together to create the best operating performance and sustainable growth in order to live up to the trust of our shareholders.

Chairperson: Lin, Hsin-Yi	Managerial Officer: Chang, Jui-Lien	Accounting Officer: Huang, Lee-Chi

Attachment 2

BAFANG YUNJI INTERNATIONAL CO., LTD.
Audit committee's Review Report

The Company's 2021 business report, financial statements and consolidated statements and earnings distribution proposal have been reviewed by the audit committee and found to be in compliance. We hereby report the above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

BAFANG YUNJI INTERNATIONAL CO., LTD.

Convener of the audit committee: Chiu, Shih-Fang

Date: March 22, 2022

Attachment 3

Comparison Table of Corporate Social Responsibility Best Practice Principles

Article	Article Before Amendment	Article After Amendment	Description of Amendment
Amended the title	Corporate Social Responsibility Best Practice Principles	<u>Sustainable Development</u> Best Practice Principles	In compliance with laws and regulations
Article 2	The guidance applies to the Company and its subsidiaries, including the entire operations and business activities thereof. The Company takes initiatives to fulfill its CSRs in the course of its business operations, follow international trends of development, contribute to the economic development of the country, improve the quality of life of its employees, the community and society by acting as a responsible corporate citizen, and to enhance competitive edges built on corporate social responsibility.	The guidance applies to the Company and its subsidiaries, including the entire operations and business activities thereof. The Company takes initiatives to fulfill its sustainable development in the course of its business operations, follow international trends of development, contribute to the economic development of the country, improve the quality of life of its employees, the community and society by acting as a responsible corporate citizen, and to enhance competitive edges built on <u>sustainable development</u>.	Amended the provisions in compliance with laws and regulations
Article 3	In fulfilling its CSRs, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance. (Omitted below)	In <u>promoting</u> its <u>sustainable development</u>, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance. (Omitted below)	Amended the provisions in compliance with laws and regulations

Article	Article Before Amendment	Article After Amendment	Description of Amendment
Article 4	To fulfill its CSRs, the Company shall strive to achieve the following objectives: 1.Exercising good corporate governance; 2.Fostering a sustainable environment; 3.Preserving public welfare; and 4.Ensuring the proper disclosure of CSR information.	To fulfill its <u>sustainable development</u>，the Company shall strive to achieve the following objectives: 1.Exercising good corporate governance; 2.Fostering a sustainable environment; 3.Preserving public welfare; and 4.Ensuring the proper disclosure of <u>sustainable development</u>.	Amended the provisions in compliance with laws and regulations
Article 5	The Company shall consider the correlation between the development of domestic and international CSR principles and corporate core business operations, and the effect of the operation of its group companies and of their respective business as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for CSR programs, which shall be approved by the Company's board of directors (the "Board") and then reported to the shareholders' meeting. When a shareholder proposes a motion involving CSR, the Board shall review and consider including it in the shareholder meeting agenda.	The Company shall consider the correlation between the development of domestic and international <u>sustainability issues</u> and corporate core business operations, and the effect of the operation of its group companies and of their respective business as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for <u>sustainable development</u> programs, which shall be approved by the Company's board of directors (the "Board") and then reported to the shareholders' meeting. When a shareholder proposes a motion involving <u>sustainable development,</u> the Board shall review and consider including it in the shareholder meeting agenda.	Amended the provisions in compliance with laws and regulations
Article 7	The directors of the Company shall exercise the due care of good administrators to urge the Company to fulfill its CSR, examine the results of the implementation thereof on a regular basis and continually make adjustments so as to ensure the thorough implementation of its CSR policies. The Board shall give full consideration to the interests of stakeholders, including the following matters, in the Company's implementation of its	The directors of the Company shall exercise the due care of good administrators to urge the Company to fulfill its <u>sustainable development</u>, examine the results of the implementation thereof on a regular basis and continually make adjustments so as to ensure the thorough implementation of its <u>sustainable development</u> policies. The Board shall give full consideration to the interests of	Amended the provisions in compliance with laws and regulations

Article	Article Before Amendment	Article After Amendment	Description of Amendment
	CSR initiatives: 1. Identifying the company's CSR mission or vision, and declaring its CSR policy, systems or relevant management guidelines; 2.Making CSR the guiding principle of the company's operations and development, and ratifying concrete promotional plans for CSR initiatives; and 3.Enhancing the timeliness and accuracy of the disclosure of CSR information. (Omitted below)	stakeholders, including the following matters, in the Company's implementation of its <u>sustainable development</u> initiatives: 1.Identifying the company's <u>sustainable development</u> mission or vision, and declaring its <u>sustainable development</u> policy, systems or relevant management guidelines; 2.Making <u>sustainable development</u> the guiding principle of the company's operations and development, and ratifying concrete promotional plans for <u>sustainable development</u> initiatives; and 3.Enhancing the timeliness and accuracy of the disclosure of <u>sustainable development</u> information. (Omitted below)	
Article 8	The Company shall, on a regular basis, provide training and education on the implementation of CSR policies, including promoting the matters prescribed in Paragraph 2 of the preceding article.	The Company shall, on a regular basis, provide training and education on the implementation of <u>sustainable development</u> policies, including promoting the matters prescribed in Paragraph 2 of the preceding article.	Amended the provisions in compliance with laws and regulations
Article 9	For the purpose of managing CSRs, the Company assigns the general management division as a concurrently dedicated unit to be in charge of proposing and enforcing the CSR policies, systems, or relevant management guidelines, and set forth concrete promotional plans and report on the same to the Board on a periodic basis. The Company shall adopt reasonable remuneration policies to ensure that the remuneration arrangements support the organization's strategic goals and objectives of sustainable development, and align with the interests of stakeholders.	For the purpose of managing <u>sustainable development, the Company may establish a governance structure to promote sustainable development, and</u> assigns the general management division as a concurrently dedicated unit to be in charge of <u>sustainable development</u> policies, systems, or relevant management guidelines, and set forth concrete promotional plans and report on the same to the Board on a periodic basis. The Company shall adopt reasonable remuneration policies to ensure that the remuneration arrangements support the organization's strategic goals and	Amended the provisions in compliance with laws and regulations

Article	Article Before Amendment	Article After Amendment	Description of Amendment
	The Company's employee performance evaluation system shall be integrated with CSR policies, and a clear and effective incentive and discipline system shall be established.	objectives of sustainable development, and align with the interests of stakeholders. The Company's employee performance evaluation system shall be integrated with sustainable development policies, and a clear and effective incentive and discipline system shall be established.	
Article 10	The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them; and adequately respond to the important CSR issues which they are concerned about.	The Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them; and adequately respond to the important sustainable development issues which they are concerned about.	Amended the provisions in compliance with laws and regulations
Article 12	The Company shall endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.	The Company shall endeavor to utilize energy more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.	Amended the provisions in compliance with laws and regulations
Article 17	The Company shall assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures. The Company shall adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following: 1.Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company; and 2.Indirect greenhouse gas	The Company shall assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt relevant measures. The Company shall adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following: 1.Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company; 2. Indirect greenhouse gas emissions: emissions are	Amended the provisions in compliance with laws and regulations

Article	Article Before Amendment	Article After Amendment	Description of Amendment
	emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam. (Omitted below)	generated from the use of energy such as input electricity, heating, or steam; and 3.Other indirect emissions: the emissions are generated from the Company's activities, not in the category of indirect emissions, with the sources of the greenhouse gas emissions owned or controlled by the Company. (Omitted below)	
Chapter 5	Enhancing Disclosure of Corporate Social Responsibility Information	Enhancing Disclosure of Sustainable Development Information	Amended the provisions in compliance with laws and regulations
Article 28	The Company shall disclose information according to the relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and shall fully disclose the relevant and reliable information relating to its CSR initiatives to improve information transparency. Relevant information relating to CSR that the Company shall disclose includes: 1.The policy, systems or relevant management guidelines, and concrete promotion plans for CSR initiatives, as resolved by the Board; 2.The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare; 3.Goals and measures for realizing the CSR initiatives established by the companies, and performance in implementation; 4.Major stakeholders and their concerns; 5.Disclosure of information on major suppliers' management and	The Company shall disclose information according to the relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and shall fully disclose the relevant and reliable information relating to its sustainable development initiatives to improve information transparency. Relevant information relating to sustainable development that the Company shall disclose includes: 1.The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the Board; 2.The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare; 3.Goals and measures for realizing the sustainable development initiatives established by the companies, and performance in implementation; 4.Major stakeholders and their	Amended the provisions in compliance with laws and regulations

Article	Article Before Amendment	Article After Amendment	Description of Amendment
	performance with respect to major environmental and social issues; and 6.Other information relating to CSR initiatives.	concerns; 5.Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues; and 6.Other information relating to sustainable development initiatives.	
Article 29	The Company shall adopt widely recognized international standards or guidelines when producing CSR reports to disclose the status of its implementation of the CSR policy. It also is advisable to obtain third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports shall include: 1.The policy, system, or relevant management guidelines and concrete promotion plans for implementing CSR initiatives. 2.Major stakeholders and their concerns. 3.Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development. 4.Future improvements and goals.	The Company shall adopt widely recognized international standards or guidelines when producing sustainable development reports to disclose the status of its implementation of the sustainable development policy. It also is advisable to obtain third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports shall include: 1.The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives. 2.Major stakeholders and their concerns. 3.Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development. 4.Future improvements and goals.	Amended the provisions in compliance with laws and regulations
Article 30	The Company shall at all times monitor the development of domestic and foreign CSR standards and the change of business environment so as to examine and improve its established CSR framework and to obtain better results from the implementation of the CSR policy.	The Company shall at all times monitor the development of domestic and foreign sustainable development standards and the change of business environment so as to examine and improve its established sustainable development framework and to promote better results from the implementation of the sustainable development policy.	Amended the provisions in compliance with laws and regulations

Article	Article Before Amendment	Article After Amendment	Description of Amendment
Article 31	The Guidelines and its subsequent amendments shall take effect upon the approval thereof by the Board. The Principles were formulated on January 29, 2021.	The Guidelines and its subsequent amendments shall take effect upon the approval thereof by the Board. The Principles were formulated on January 29, 2021. <u>The 1st amendment was made on May 4, 2022.</u>	Added the number and date of the current amendment.

Attachment 4

Independent Auditor's Report

To the board of directors and shareholders of BAFANG YUNJI INTERNATIONAL CO., LTD.

Audit Opinions

We have audited the accompanying consolidated balance sheet of BAFANG YUNJI INTERNATIONAL CO., LTD. and its subsidiaries (the BAFANG YUNJI Group). as of December 31, 2021 and 2020, and the related consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and notes to the consolidated financial statements (including significant accounting policies) for the year then ended.

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the BAFANG YUNJI Group as of December 31, 2021 and 2020, and its consolidated financial performance and cash flows for the years ended December 31, 2021 and 2020, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations endorsed and issued into effect by the Financial Supervisory Commission.

The basis for opinions

We concluded our audit in accordance with the regulations governing auditing and attestation of financial statements by certified public accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of the BAFANG YUNJI Group and its subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 2021 consolidated financial statements of the BAFANG YUNJI Group. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters. Key audit matters of the 2021 consolidated financial statements of the BAFANG YUNJI Group were as follows:

Authenticity of sales revenues from shipments to specific customers

The BAFANG YUNJI Group is principally engaged in food processing, food ingredients trading and food and restaurant services. Based on the materiality and the presumption of significant risk in revenue recognition in the Statement of Auditing Standards. Therefore, we believe that the authenticity of sales revenues from shipments to specific customers recognized by BAFANG YUNJI Group has a significant impact on the financial statements. Therefore, the authenticity of the sales revenues from shipments to specific customers is listed as a key audit matter of this year. For a description of the revenue recognition policy, please refer to Note 4(13).

We conducted the following audit procedures:

1. Understand and test the design and implementation of internal control relevant to revenue recognition for specific customers.
2. Review a selected sample of the revenue details of the specific customers, review the supporting documentation and test the collection status to confirm that the sales transaction occurred.
3. Review whether significant sales returns and discounts have occurred for the specific customers since the balance sheet date to confirm whether there is any material misstatement of revenues.

Other Matters

We have also audited the standalone financial statements of BAFANG YUNJI INTERNATIONAL CO., LTD. as of and for the year ended December 31, 2021 and 2020 on which we have issued an unqualified opinion.

Responsibilities of Management and Those in Charge with Governance of the consolidated Financial Statements

The responsibility of management is to prepare fairly presented consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards interpretations, and announcements of interpretations recognized and published by the Financial Supervisory Commission and maintain necessary internal control related to the preparation of consolidated financial statements in order to ensure material misstatement caused by fraud or error does not exist in the consolidated financial statements.

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

Those in charge of governance (including the audit committee) are responsible for overseeing the reporting process of the financial statements of the BAFANG YUNJI Group.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the generally accepted 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 countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit 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 internal control effective in the BAFANG YUNJI Group and subsidiaries.
3. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BAFANG YUNJI Group and subsidiaries to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the BAFANG YUNJI Group to cease as a going concern.

5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including related notes, whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the Group. 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 in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to affect our independence, and other matters (including related protective measures).

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the 2021 consolidated financial statements of the BAFANG YUNJI Group and subsidiaries and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Taiwan

CPA Kuo, Nai-Hua

CPA Chen, Hui-Ming

Financial Supervisory Commission approval document
Jin-Guan-Zheng-Shen-Zi No. 1070323246

Securities and Futures Commission approval document
Tai-Cai-Zheng (6) Zi No. 0920123784

Date: March 22, 2022

BAFANG YUNJI INTERNATIONAL CO., LTD. and its subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

Unit: In thousands of NT$

Code	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6, 37 and 40)	$ 1,247,725	24	$ 1,027,460	25
1110	Financial assets at fair value through profit or loss - current (Notes 4, 7, 37 and 39)	94,302	2	-	-
1140	Financial assets measured at amortized cost - current (Notes 4, 8, 9 and 37)	415,374	8	30,372	1
1150	Notes receivable, net (Notes 4, 11, 27 and 37)	-	-	409	-
1170	Accounts receivable (Notes 4, 11, 27, 37 and 38)	126,579	2	97,672	3
1197	Lease receivables (Notes 4 and 12)	46,410	1	-	-
1200	Other receivables (Notes 4, 11, 37 and 38)	18,288	-	3,608	-
1220	Current income tax assets (Notes 4 and 29)	8,373	-	254	-
130X	Inventories (Notes 4 and 13)	209,748	4	175,430	4
1429	Other prepayments (Note 19)	116,833	2	86,013	2
1470	Other current assets (Notes 20 and 37)	11,081	-	13,680	-
11XX	Total current assets	2,294,713	43	1,434,898	35
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4, 10 and 35)	3,750	-	3,750	-
1600	Property, plant and equipment (Notes 4 and 16, 35, 39 and 40)	1,548,972	29	1,350,090	33
1755	Right-of-use assets (Notes 4 and 17)	1,078,379	20	1,059,912	26
1780	Other intangible assets (Notes 4 and 18)	6,434	-	5,775	-
1840	Deferred income tax assets (Notes 4 and 29)	31,596	1	40,741	1
1915	Prepayments for equipment (Note 20)	80,076	2	51,372	1
194D	Long-term lease receivables (Notes 4 and 12)	123,482	2	-	-
1920	Refundable deposits (Notes 20, 37 and 38)	152,073	3	145,674	4
15XX	Total non-current assets	3,024,762	57	2,657,314	65
1XXX	Total assets	$ 5,319,475	100	$ 4,092,212	100
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 21, 35, 37 and 39)	$ 27,000	1	$ 70,000	2
2150	Notes payable (Notes 22 and 37)	2,836	-	12,756	-
2170	Accounts payable (Notes 22 and 37)	202,014	4	170,478	4
2200	Other payables (Notes 23, 37 and 38)	551,742	10	394,538	10
2230	Current income tax liabilities (Notes 4 and 29)	75,155	2	99,391	2
2280	Lease liabilities - current (Notes 4, 17, 35, 37 and 38)	392,229	7	371,524	9
2322	Long-term loans due within one year (Notes 21, 35, 37 and 39)	14,586	-	61,523	2
2399	Other current liabilities (Note 23)	62,571	1	59,094	1
21XX	Total current liabilities	1,328,133	25	1,239,304	30
	Non-current liabilities				
2540	Long-term loans (Notes 21, 35, 37 and 39)	71,362	1	50,489	1
2570	Deferred income tax liabilities (Notes 4 and 29)	594	-	500	-
2580	Lease liabilities - non-current (Notes 4, 17, 35, 37 and 38)	843,953	16	676,102	17
2550	Provision for liabilities (Notes 4 and 24)	8,875	-	7,672	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 25)	4,974	-	5,498	-
2645	Deposits received (Notes 23, 35 and 37)	29,052	1	27,107	1
25XX	Total non-current liabilities	958,810	18	767,368	19
2XXX	Total liabilities	2,286,943	43	2,006,672	49
	Equity (Notes 14, 26, 33 and 34)				
3110	Common stock	660,448	12	600,448	14
3200	Capital surplus	970,319	18	34,649	1
	Retained earnings				
3310	Legal reserve	348,629	7	257,154	6
3320	Special reserve	48,589	1	27,261	1
3350	Undistributed earnings	1,018,632	19	1,136,438	28
3300	Total retained earnings	1,415,850	27	1,420,853	35
	Other equity				
3410	Exchange differences in translation of financial statements of foreign operations	(54,255)	(1)	(39,605)	(1)
	Equity attributable to shareholders of the Company	2,992,362	56	2,016,345	49
36XX	Non-controlling interests	40,170	1	69,195	2
3XXX	Total equity	3,032,532	57	2,085,540	51
	Total liabilities and equity	$ 5,319,475	100	$ 4,092,212	100

The accompanying notes are an integral part of the consolidated financial statements.

Chairperson: Lin, Hsin-Yi | Managerial Officer: Chang, Jui-Lien | Accounting Officer: Huang, Lee-Chi

BAFANG YUNJI INTERNATIONAL CO., LTD. and its subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2021 and 2020

Unit: NT$ thousand
But earnings per share are in NT$

Code		2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating revenues (Notes 4, 27 and 44)	$ 5,955,120	100	$ 5,184,034	100
5000	Operating costs (Notes 13 and 25)	(3,722,726)	(62)	(3,136,999)	(60)
5900	Operating gross margins	2,232,394	38	2,047,035	40
	Operating expenses (Notes 25 and 28)				
6100	Sales and marketing expenses	(1,204,665)	(20)	(984,765)	(19)
6200	Administrative expenses	(355,202)	(6)	(284,965)	(6)
6300	R&D expenses	(19,164)	(1)	(14,481)	-
6000	Total operating expenses	(1,579,031)	(27)	(1,284,211)	(25)
6900	Net operating profits	653,363	11	762,824	15
	Non-operating income and expenses (Notes 28, 32 and 38)				
7100	Interest income	3,402	-	1,114	-
7010	Other income	48,954	1	107,111	2
7020	Other gains and losses	(7,836)	-	(18,755)	-
7050	Finance costs	(22,381)	(1)	(19,100)	(1)
7060	Share of profits and losses of affiliates and joint ventures accounted for using the equity method	-	-	(17,502)	-
7000	Total non-operating income and expenses	22,139	-	52,868	1
7900	Net profits before tax	675,502	11	815,692	16
7950	Income tax expense (Notes 4 and 29)	(149,812)	(2)	(182,014)	(4)
8200	Net profits for the year	525,690	9	633,678	12

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Code		2021 Amount	2021 %	2020 Amount	2020 %
	Other comprehensive income				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans (Notes 4 and 23)	$ 18	-	($ 1,777)	-
8349	Income tax related to items that will not be reclassified to profit or loss (Notes 4 and 29)	(3)	-	355	-
8360	Items that may subsequently be reclassified to profits or loss				
8361	Exchange differences in translation of financial statements of foreign operations (Note 4)	(19,353)	-	(15,431)	-
8399	Income tax related to items that may subsequently be reclassified to profit or loss (Notes 4, 25 and 29)	3,664	-	3,087	-
8300	Other comprehensive income for the year	(15,674)	-	(13,766)	-
8500	Total comprehensive income for the year	$ 510,016	9	$ 619,912	12
	Net profits attributable to				
8610	Shareholders of the Company	$ 541,341	9	$ 633,611	12
8620	Non-controlling interests	(15,651)	-	67	-
8600		$ 525,690	9	$ 633,678	12
	Total comprehensive attributable to				
8710	Shareholders of the Company	$ 526,706	9	$ 619,845	12
8720	Non-controlling interests	(16,690)	-	67	-
8700		$ 510,016	9	$ 619,912	12
	Earnings per share (Note 30)				
9710	Basic	$ 8.74		$ 10.55	
9810	Diluted	$ 8.68		$ 10.53	

The accompanying notes are an integral part of the consolidated financial statements.

Chairperson: Lin, Hsin-Yi Managerial Officer: Chang, Jui-Lien Accounting Officer: Huang, Lee-Chi

BAFANG YUNJI INTERNATIONAL CO., LTD. and its subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2021 and 2020

Unit: In thousands of NT$

		Equity attributable to shareholders of the Company									
		Share capital			Retained earnings			Other equity items Foreign operations Translation of financial statements			
Code		Number of shares (in thousands of shares)	Capital stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences	Total	Non-controlling interests	Total equity
A1	Balance as of January 1, 2020	60,045	$ 600,448	$ 28,895	$ 232,407	$ 12,958	$ 723,433	($ 27,261)	$ 1,570,880	$ -	$ 1,570,880
	Appropriation and distribution of earnings										
B1	Legal reserve	-	-	-	24,747	-	(24,747)	-	-	-	-
B3	Special reserve	-	-	-	-	14,303	(14,303)	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	(180,134)	-	(180,134)	-	(180,134)
N1	Share-based payment transaction	-	-	5,754	-	-	-	-	5,754	-	5,754
D1	Net profits for 2020	-	-	-	-	-	633,611	-	633,611	67	633,678
D3	Other comprehensive income after tax for 2020	-	-	-	-	-	(1,422)	(12,344)	(13,766)	-	(13,766)
D5	Total comprehensive income for 2020	-	-	-	-	-	632,189	(12,344)	619,845	67	619,912
O1	Non-controlling interests	-	-	-	-	-	-	-	-	69,128	69,128
Z1	Balance as of December 31, 2020	60,045	600,448	34,649	257,154	27,261	1,136,438	(39,605)	2,016,345	69,195	2,085,540
	Appropriation and distribution of earnings										
B1	Legal reserve	-	-	-	91,475	-	(91,475)	-	-	-	-
B3	Special reserve	-	-	-	-	21,328	(21,328)	-	-	-	-
B5	Cash dividends to shareholders of the Company	-	-	-	-	-	(540,403)	-	(540,403)	-	(540,403)
E1	Cash capital increase	6,000	60,000	912,967	-	-	-	-	972,967	-	972,967
N1	Share-based payment transaction	-	-	25,628	-	-	-	-	25,628	-	25,628
M5	Actual acquisition of partial interests in a subsidiary	-	-	(2,925)	-	-	(5,956)	-	(8,881)	8,881	-
D1	Net profits for 2021	-	-	-	-	-	541,341	-	541,341	(15,651)	525,690
D3	Other comprehensive income after tax for 2021	-	-	-	-	-	15	(14,650)	(14,635)	(1,039)	(15,674)
D5	Total comprehensive income for 2021	-	-	-	-	-	541,356	(14,650)	526,706	(16,690)	510,016
O1	Non-controlling interests	-	-	-	-	-	-	-	-	(21,216)	(21,216)
Z1	Balance as of December 31, 2021	66,045	$ 660,448	$ 970,319	$ 348,629	$ 48,589	$ 1,018,632	($ 54,255)	$ 2,992,362	$ 40,170	$ 3,032,532

The accompanying notes are an integral part of the consolidated financial statements.

Chairperson: Lin, Hsin-Yi Managerial Officer: Chang, Jui-Lien Accounting Officer: Huang, Lee-Chi

BAFANG YUNJI INTERNATIONAL CO., LTD. and its subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2021 and 2020

Unit: In thousands of NT$

Code		2021	2020
	Cash flows from operating activities		
A10000	Net profits before tax for the year	$ 675,502	$ 815,692
A20010	Income and expense items		
A20100	Depreciation expenses	591,780	526,892
A20200	Amortization expenses	2,091	2,403
A20400	Net losses on financial assets and liabilities measured at fair value through profit or loss	66	-
A20900	Finance costs	22,381	19,100
A21200	Interest income	(3,402)	(1,114)
A21900	Share-based payment remuneration costs	25,628	5,754
A22300	Share of losses of affiliates and joint ventures accounted for using the equity method	-	17,502
A22500	Gain on disposal and scrapping of property, plant and equipment	(5,167)	(2,022)
A23100	Losses on disposal of subsidiaries	4,456	779
A23200	Losses on disposal of investments accounted for using the equity method	-	10,130
A23700	Loss on the decline in value and obsolescence of inventories	-	5,295
A29900	Lease modification losses and rent concession gain	(5,495)	(13,812)
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	409	2,852
A31150	Accounts receivable	(28,867)	(3,639)
A31180	Other receivables	(5,163)	4,503
A31200	Inventories	(34,288)	(13,572)
A31230	Prepayments	(30,820)	(11,076)
A31240	Other current assets	(170)	81
A32130	Notes payable	(9,920)	(4,939)
A32150	Accounts payable	31,536	27,736
A32180	Other payables	7,563	39,225
A32230	Other current liabilities	3,477	1,785
A32240	Net defined benefit liabilities	(506)	(475)
A33000	Cash inflows from operations	1,241,091	1,429,080
A33100	Interest received	1,228	1,114
A33300	Interest paid	(2,028)	(2,387)
A33500	Income tax paid	(169,267)	(147,292)
AAAA	Net cash inflows from operating activities	1,071,024	1,280,515

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Code		2021	2020
	Cash flows from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	$ -	($ 3,750)
B00100	Acquisition of financial assets at fair value through profit or loss	(138,924)	-
B00200	Disposal of financial assets at fair value through profit or loss	44,556	-
B00040	Acquisition of financial assets measured at amortized cost	(385,002)	(2)
B02200	Acquisition of subsidiaries (net of cash acquired)	-	(46,949)
B02300	Disposal of subsidiaries	-	(162)
B02700	Price for acquisition of property, plant and equipment	(453,958)	(180,386)
B02800	Price for disposal of property, plant and equipment	88,457	220,927
B03700	Increase in refundable deposits	(6,399)	(16,719)
B04500	Acquisition of intangible assets	(3,656)	(3,359)
B04600	Disposal of intangible assets	29	1,009
B05350	Acquisition of right-of-use assets.	(8,139)	-
B06100	Decrease in lease receivables	37,202	-
B06500	Increase in other financial assets	-	(1,128)
B06600	Decrease in other financial assets	2,769	-
B07100	Increase in prepayments for equipment	(55,674)	(91,191)
BBBB	Net cash outflows from investing activities	(878,739)	(121,710)
	Cash flows from financing activities		
C00200	Repayment of short-term loans	(43,000)	(45,004)
C01600	Borrowing of long-term loans	87,619	-
C01700	Repayment of long-term loans	(113,247)	(12,492)
C03000	Increase in deposits received	1,945	-
C03100	Decrease in deposits received	-	(3,163)
C04020	Repayment of lease principals	(455,291)	(394,640)
C04500	Distribution of cash dividends	(390,291)	(360,268)
C04600	Cash capital increase	972,967	-
C05400	Acquisition of equity in subsidiaries	(21,216)	-
C05800	Change in non-controlling interests	-	39,876
CCCC	Net cash inflows (outflows) from financing activities	39,486	(775,691)
DDDD	Effect of change in the exchange rate on cash and cash equivalents	(11,506)	(11,549)

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Code		2021	2020
EEEE	Increase in cash and cash equivalents for the period	$ 220,265	$ 371,565
E00100	Cash and cash equivalents at the beginning of the year	1,027,460	655,895
E00200	Cash and cash equivalents at the end of the year	$ 1,247,725	$ 1,027,460

The accompanying notes are an integral part of the consolidated financial statements.

Chairperson: Lin, Hsin-Yi Managerial Officer: Chang, Jui-Lien Accounting Officer: Huang, Lee-Chi

Independent Auditor's Report

To the board of directors and shareholders of BAFANG YUNJI INTERNATIONAL CO., LTD.

Audit Opinions

We have audited the accompanying standalone balance sheet of BAFANG YUNJI INTERNATIONAL CO., LTD. as of December 31, 2021 and 2020, and the related standalone statement of comprehensive income, standalone statement of changes in equity, standalone statement of cash flows, and notes to the standalone financial statements (including significant accounting policies) for the year then ended.

In our opinion, based on our audits, the standalone financial statements referred to above present fairly, in all material respects, the standalone financial position of the BAFANG YUNJI INTERNATIONAL CO., LTD. as of December 31, 2021 and 2020, and its standalone financial performance and cash flows for the years ended December 31, 2021 and 2020,

The basis for opinions

We concluded our audit in accordance with the regulations governing auditing and attestation of financial statements by certified public accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the standalone financial statements. We are independent of BAFANG YUNJI INTERNATIONAL CO., LTD. and its subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 2021 standalone financial statements of BAFANG YUNJI INTERNATIONAL CO., LTD. These matters were addressed in the content of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters of the 2021 standalone financial statements of BAFANG YUNJI INTERNATIONAL CO., LTD. were as follows:

Authenticity of sales revenues from shipments to specific customers

BAFANG YUNJI INTERNATIONAL CO., LTD. is principally engaged in food processing, food ingredients trading and food and restaurant services. Based on the materiality and the presumption of significant risk in revenue recognition in the Statement of Auditing Standards. Therefore, we believe that the authenticity of sales revenues from shipments to specific customers recognized by BAFANG YUNJI INTERNATIONAL CO., LTD. has a significant impact on the financial statements. Therefore, the authenticity of the sales revenues from shipments to specific customers is listed as a key audit matter of this year. For a description of the revenue recognition policy, please refer to Note 4(11).

We conducted the following audit procedures:

1. Understand and test the design and implementation of internal control relevant to revenue recognition for specific customers.
2. Review a selected sample of the revenue details of the specific customers, review the supporting documentation and test the collection status to confirm that the sales transaction occurred.
3. Review whether significant sales returns and discounts have occurred for the specific customers since the balance sheet date to confirm whether there is any material misstatement of revenues.

Responsibilities of Management and Those in Charge with Governance of the standalone Financial Statements

The responsibility of management is to prepare fairly presented standalone financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintain necessary internal control related to the preparation of standalone financial statements in order to ensure material misstatement caused by fraud or error does not exist in the standalone financial statements.

In preparing the standalone financial statements, the management is also responsible for assessing the ability of BAFANG YUNJI INTERNATIONAL CO., LTD. as a going concern, disclosing as applicable, matters related to a going concern and using the going concern basis of accounting. Unless the management either intends to liquidate BAFANG YUNJI INTERNATIONAL CO., LTD. or to cease operations, or has no other realistic alternative but to do so.

Those in charge of governance (including the audit committee) are responsible for overseeing the reporting process of the financial statements of BAFANG YUNJI INTERNATIONAL CO., LTD.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

As part of an audit in accordance with the generally accepted 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 standalone financial statements, whether due to fraud or error; design and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit 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 internal control effective in BAFANG YUNJI INTERNATIONAL CO., LTD. and subsidiaries.
3. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on BAFANG YUNJI INTERNATIONAL CO., LTD. and subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause BAFANG YUNJI INTERNATIONAL CO., LTD. to cease as a going concern.

5. Evaluate the overall presentation, structure, and content of the standalone financial statements, including related notes, whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of BAFANG YUNJI INTERNATIONAL CO., LTD. to express an opinion on the standalone financial statements. We are responsible for the direction, supervision, and performance of the audit of BAFANG YUNJI INTERNATIONAL CO., LTD.. 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 in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to affect our independence, and other matters (including related protective measures).

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the 2021 standalone financial statements of BAFANG YUNJI INTERNATIONAL CO., LTD. and subsidiaries and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Taiwan

CPA Kuo, Nai-Hua

CPA Chen, Hui-Ming

Financial Supervisory Commission approval document
Jin-Guan-Zheng-Shen-Zi No. 1070323246

Securities and Futures Commission approval document
Tai-Cai-Zheng (6) Zi No. 0920123784

Date: March 22, 2022

BAFANG YUNJI INTERNATIONAL CO., LTD.

Standalone Balance Sheets

December 31, 2021 and 2020

Unit: In thousands of NT$

Code	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6, and 30)	$ 790,679	21	$ 342,921	12
1110	Financial assets at fair value through profit or loss - current (Notes 4, 7, and 30)	94,302	2	-	-
1141	Financial assets measured at amortized cost - current (Notes 4, 8, 9, 30 and 32)	400,374	10	372	-
1170	Accounts receivable - unrelated parties (Notes 4, 10, 23 and 30)	70,088	2	63,749	3
1180	Accounts receivable - related parties (Notes 4, 10, 23, 30 and 31)	29,658	1	32,918	1
1200	Other receivables (Notes 4, 10, and 30)	2,566	-	1,284	-
1210	Other receivables - related parties (Notes 4, 10, 30 and 31)	29,406	1	33,004	1
130X	Inventories (Notes 4 and 11)	168,426	4	144,164	5
1410	Prepayments (Note 16)	69,083	2	52,865	2
1470	Other current assets (Note 17)	8,674	-	99	-
11XX	Total current assets	1,663,256	43	671,376	24
	Non-current assets				
1550	Investments accounted for using the equity method (Notes 4, 12 and 31)	820,136	21	803,685	29
1600	Property, plant and equipment (Notes 4, 13, 31 and 32)	1,019,787	27	1,002,018	36
1755	Right-of-use assets (Notes 4, 14 and 31)	243,976	6	206,923	7
1801	Intangible assets (Notes 4 and 15)	5,920	-	4,228	-
1840	Deferred income tax assets (Notes 4 and 25)	30,830	1	40,173	1
1915	Prepayments for equipment (Note 17)	39,690	1	45,462	2
1990	Other non-current assets (Notes 17 and 30)	42,856	1	37,096	1
15XX	Total non-current assets	2,203,195	57	2,139,585	76
1XXX	Total assets	$ 3,866,451	100	$ 2,810,961	100
Code	**Liabilities and equity**				
	Current liabilities				
2100	Short-term loans (Notes 18, 30 and 32)	$ 27,000	1	$ 70,000	2
2150	Notes payable (Notes 19 and 30)	1,000	-	-	-
2170	Accounts payable - unrelated parties (Notes 19 and 30)	162,388	4	140,278	5
2180	Accounts payable - related parties (Notes 19, 30 and 31)	3,101	-	3,602	-
2200	Other payables - unrelated parties (Notes 20 and 30)	336,940	9	195,448	7
2220	Other payables - related parties (Notes 20, 30 and 31)	10,942	-	10,759	-
2280	Lease liabilities - current (Notes 4, 14, 30 and 31)	53,838	2	43,366	2
2230	Current income tax liabilities (Notes 4 and 25)	62,697	2	80,868	3
2322	Long-term loans due within one year (Notes 18, 30 and 32)	9,996	-	59,996	2
2399	Other current liabilities (Note 20)	6,254	-	2,101	-
21XX	Total current liabilities	674,156	18	606,418	21
	Non-current liabilities				
2540	Long-term loans (Notes 18, 30 and 32)	25,823	1	35,819	2
2580	Lease liabilities - non-current (Notes 4, 14, 30 and 31)	167,042	4	146,121	5
2570	Deferred income tax liabilities (Notes 4 and 25)	594	-	500	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 21)	4,974	-	5,498	-
2645	Deposits received (Note 30)	1,500	-	260	-
25XX	Total non-current liabilities	199,933	5	188,198	7
2XXX	Total liabilities	874,089	23	794,616	28
	Equity (Notes 22 and 27)				
3110	Common stock	660,448	17	600,448	21
3200	Capital surplus	970,319	25	34,649	1
	Retained earnings				
3310	Legal reserve	348,629	9	257,154	9
3320	Special reserve	48,589	1	27,261	1
3350	Undistributed earnings	1,018,632	27	1,136,438	41
3300	Total retained earnings	1,415,850	37	1,420,853	51
3400	Other equity	(54,255)	(2)	(39,605)	(1)
3XXX	Total equity	2,992,362	77	2,016,345	72
	Total liabilities and equity	$ 3,866,451	100	$ 2,810,961	100

The accompanying notes are an integral part of the standalone financial statements.

Chairperson: Lin, Hsin-Yi　　Managerial Officer: Chang, Jui-Lien　　Accounting Officer: Huang, Lee-Chi

BAFANG YUNJI INTERNATIONAL CO., LTD.

Standalone Statements of Comprehensive Income

January 1 to December 31, 2021 and 2020

Unit: NT$ thousand
But earnings per share are in NT$

Code		2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating revenues (Notes 4, 23 and 31)	$ 4,015,944	100	$ 3,554,319	100
5000	Operating costs (Notes 4, 11, 24 and 31)	(2,763,440)	(69)	(2,331,871)	(66)
5900	Operating gross margins	1,252,504	31	1,222,448	34
	Operating expenses (Notes 21, 24, 27 and 31)				
6100	Sales and marketing expenses	(362,150)	(9)	(319,081)	(9)
6200	Administrative expenses	(266,942)	(7)	(203,681)	(6)
6300	R&D expenses	(12,904)	-	(10,121)	-
6000	Total operating expenses	(641,996)	(16)	(532,883)	(15)
6900	Net operating profits	610,508	15	689,565	19
	Non-operating income and expenses (Notes 12, 24 and 31)				
7100	Interest income	834	-	361	-
7010	Other income	17,375	-	12,518	-
7020	Other gains and losses	(1,145)	-	(1,887)	-
7050	Finance costs	(4,133)	-	(3,832)	-
7070	Share of profits of subsidiaries, affiliates and joint ventures accounted for using the equity method	60,906	2	88,317	3
7000	Total non-operating income and expenses	73,837	2	95,477	3
7900	Net profits before tax	684,345	17	785,042	22
7950	Income tax expense (Notes 4 and 25)	(143,004)	(4)	(151,431)	(4)
8200	Net profits for the year	541,341	13	633,611	18

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Code		2021 Amount	2021 %	2020 Amount	2020 %
	Other comprehensive income				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans (Notes 4 and 21)	$ 18	-	($ 1,777)	-
8349	Income tax related to items that will not be reclassified to profit or loss (Notes 4 and 25)	(3)	-	355	-
8360	Items that may subsequently be reclassified to profits or loss				
8361	Exchange differences in translation of financial statements of foreign operations (Note 22)	(18,314)	-	(15,431)	(1)
8399	Income tax related to items that may subsequently be reclassified (Notes 4, 22 and 25)	3,664	-	3,087	-
8300	Total other comprehensive income (net)	(14,635)	-	(13,766)	(1)
8500	Total comprehensive income for the year	$ 526,706	13	$ 619,845	17
	Earnings per share (Note 26)				
9710	Basic	$ 8.74		$ 10.55	
9810	Diluted	$ 8.68		$ 10.53	

The accompanying notes are an integral part of the standalone financial statements.

Chairperson: Lin, Hsin-Yi Managerial Officer: Chang, Jui-Lien Accounting Officer: Huang, Lee-Chi

BAFANG YUNJI INTERNATIONAL CO., LTD.

Standalone Statements of Changes in Equity

January 1 to December 31, 2021 and 2020

Units: Unless otherwise stated
In thousands of NT$

Code		Share capital			Retained earnings			Other equity	
		Number of shares (in thousands of shares)	Amount	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Foreign operations Translation of financial statements Exchange differences	Total equity
A1	Balance as of January 1, 2020	60,045	$ 600,448	$ 28,895	$ 232,407	$ 12,958	$ 723,433	($ 27,261)	$ 1,570,880
	Appropriation and distribution of earnings								
B1	Legal reserve	-	-	-	24,747	-	(24,747)	-	-
B3	Special reserve	-	-	-	-	14,303	(14,303)	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	(180,134)	-	(180,134)
N1	Share-based payment transaction	-	-	5,754	-	-	-	-	5,754
D1	Net profits for 2020	-	-	-	-	-	633,611	-	633,611
D3	Other comprehensive income after tax for 2020	-	-	-	-	-	(1,422)	(12,344)	(13,766)
D5	Total comprehensive income for 2020	-	-	-	-	-	632,189	(12,344)	619,845
Z1	Balance as of December 31, 2020	60,045	600,448	34,649	257,154	27,261	1,136,438	(39,605)	2,016,345
	Appropriation and distribution of earnings								
B1	Legal reserve	-	-	-	91,475	-	(91,475)	-	-
B3	Special reserve	-	-	-	-	21,328	(21,328)	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	(540,403)	-	(540,403)
E1	Cash capital increase	6,000	60,000	912,967	-	-	-	-	972,967
N1	Share-based payment transaction	-	-	25,628	-	-	-	-	25,628
M5	Actual acquisition of partial interests in a subsidiary	-	-	(2,925)	-	-	(5,956)	-	(8,881)
D1	Net profits for 2021	-	-	-	-	-	541,341	-	541,341
D3	Other comprehensive income after tax for 2021	-	-	-	-	-	15	(14,650)	(14,635)
D5	Total comprehensive income for 2021	-	-	-	-	-	541,356	(14,650)	526,706
Z1	Balance as of December 31, 2021	66,045	$ 660,448	$ 970,319	$ 348,629	$ 48,589	$ 1,018,632	($ 54,255)	$ 2,992,362

The accompanying notes are an integral part of the standalone financial statements.

Chairperson: Lin, Hsin-Yi   Managerial Officer: Chang, Jui-Lien   Accounting Officer: Huang, Lee-Chi

BAFANG YUNJI INTERNATIONAL CO., LTD.
Consolidated Statements of Cash Flows
January 1 to December 31, 2021 and 2020

Unit: In thousands of NT$

Code		2021	2020
	Cash flows from operating activities		
A10000	Net profits before tax from continuing operations	$ 684,345	$ 785,042
A20010	Income and expense items:		
A20100	Depreciation expenses	149,944	128,059
A20200	Amortization expenses	1,726	1,711
A20400	Net losses on financial assets and liabilities measured at fair value through profit or loss	66	-
A22400	Share of profits of subsidiaries, affiliates and joint ventures accounted for using the equity method	(60,906)	(88,317)
A20900	Finance costs	4,133	3,832
A21200	Interest income	(834)	(361)
A21900	Share-based payment remuneration costs	25,628	5,754
A22500	Loss on disposal of property, plant and equipment	316	283
A23700	Loss on the decline in value and obsolescence of inventories	-	5,295
A29900	Lease modification losses	-	55
A30000	Net change in operating assets and liabilities		
A31150	Accounts receivable	(6,339)	(1,613)
A31160	Accounts receivable - related parties	3,260	(26,874)
A31180	Other receivables	(1,282)	2,253
A31190	Other receivables - related parties	(1,402)	(2,746)
A31200	Inventories	(24,262)	(15,799)
A31230	Prepayments	(16,218)	(4,934)
A31240	Other current assets	(212)	(22)
A32130	Notes payable	1,000	(1,514)
A32160	Accounts payable - related parties	22,110	(4,867)
A32150	Accounts payable	(501)	29,380
A32180	Other payables	(6,510)	26,736
A32190	Other payables - related parties	183	1,730
A32230	Other current liabilities	4,153	79
A32240	Net defined benefit liabilities	(506)	(475)
A33000	Cash inflows from operations	777,892	842,687
A33100	Interest received	834	361
A33300	Interest paid	(1,159)	(1,870)
A33500	Income tax paid	(148,077)	(123,037)
AAAA	Net cash inflows from operating activities	629,490	718,141

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Code		2021	2020
	Cash flows from investing activities		
B00100	Acquisition of financial assets at fair value through profit or loss	($ 138,924)	$ -
B00200	Disposal of financial assets at fair value through profit or loss	44,556	-
B00040	Acquisition of financial assets measured at amortized cost	(400,002)	(2)
B01800	Increase in long-term equity investments accounted for using the equity method	(21,216)	(169,818)
B02700	Purchase of property, plant and equipment	(92,908)	(57,152)
B02800	Price for disposal of property, plant and equipment	43	4,498
B03800	Increase in refundable deposits	(5,760)	(10,384)
B04300	Increase in other receivables - related parties	-	(30,000)
B04400	Decrease in other receivables - related parties	5,000	-
B04500	Purchase of intangible assets	(3,418)	(1,822)
B05350	Acquisition of right-of-use assets.	(6,996)	-
B06500	Increase in other financial assets	(8,363)	-
B07100	Increase in prepayments for equipment	(17,464)	(79,098)
B07600	Receipt of dividends from subsidiaries	38,476	12,555
B09900	Refund of share price for capital reduction by subsidiaries	-	38,095
BBBB	Net cash outflows from investing activities	(606,976)	(293,128)
	Cash flows from financing activities		
C00200	Decrease in short-term loans	(43,000)	-
C01700	Repayment of long-term loans	(59,996)	(9,996)
C03000	Increase in deposits received	1,240	260
C04020	Repayment of lease principals	(55,676)	(59,237)
C04500	Distribution of cash dividends	(390,291)	(360,268)
C04600	Cash capital increase	972,967	-
CCCC	Net cash inflows (outflows) from financing activities	425,244	(429,241)
EEEE	Increase (decrease) in cash and cash equivalents	447,758	(4,228)
E00100	Cash and cash equivalents at the beginning of the year	342,921	347,149
E00200	Cash and cash equivalents at the end of the year	$ 790,679	$ 342,921

The accompanying notes are an integral part of the standalone financial statements.

Chairperson: Lin, Hsin-Yi Managerial Officer: Chang, Jui-Lien Accounting Officer: Huang, Lee-Chi

Attachment 5

Comparison of amendments to the Articles of Incorporation

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
Article 4	The Company's total capital was approved to be NT$1,000,000,000, divided into 100,000,000 shares of NT$10 each, of which the unissued shares are authorized to be issued by the board of directors in installments. 5,000,000 shares of the aforementioned total shares are reserved for employee stock options warrants. The targets for issuance of employee stock options warrants and new shares for employee restricted stock may include employees of companies controlled by the Group or subordinate companies who meet certain criteria, which are authorized to be set by the board of directors.	The Company's total capital was approved to be NT$1,000,000,000, divided into 100,000,000 shares of NT$10 each, of which the unissued shares are authorized to be issued by the board of directors in installments. 5,000,000 shares of the aforementioned total shares are reserved for employee stock options warrants. The targets for issuance of employee stock options warrants and new shares for cash capital increase and new shares for restricted employee stock may include employees of companies controlled by the Group or subordinate companies who meet certain criteria, which are authorized to be set by the board of directors.	This provision is added to specify the targets for issuance of new shares for cash capital increase in accordance with Article 267 of the Company Act
Article 5	There shall be two types of shareholders' meetings: regular meetings shall be held once a year, within six months after the end of each fiscal year, convened by the board of directors in accordance with the law, and extraordinary meetings shall be convened when necessary in accordance with the law.	There shall be two types of shareholders' meetings: regular meetings shall be held once a year, within six months after the end of each fiscal year, convened by the board of directors in accordance with the law, and extraordinary meetings shall be convened when necessary in accordance with the law. The Company’s shareholders’ meeting can be held by video conference or other methods promulgated by the central competent authority.	This provision is added in accordance with Article 172-2 of the Company Act.
Article 21	(Omitted) The 19th amendment was made on June 24, 2020.	(Omitted) The 19th amendment was made on June 24, 2020. The 20th amendment was made on June 15, 2022.	Date of amendment is added

Attachment 6

Comparison of amendments to the Procedures for Acquisition or Disposal of Assets

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
Article 5	Professional appraisers and their personnel, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions and the parties to the transaction shall meet the following requirements: I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. II. May not be a related party or de facto related party of any party to the transaction. III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal personnel may not be related parties or de facto	Professional appraisers and their personnel, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions and the parties to the transaction shall meet the following requirements: I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. II. May not be a related party or de facto related party of any party to the transaction. III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal personnel may not be related parties or de facto	The main reason is that each of the trade association societies to which the external expert belongs has relevant regulations for the business he or she undertakes, so the relevant content is amended in accordance with the amendment of the law.

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
	related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following: I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. II. When examining a case, they shall appropriately plan and execute adequate working procedures to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. III. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.	related parties of each other. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules of the respective trade association to which he or she belongs and the following matters: I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. II. When executing a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. III. They shall undertake an item-by-item evaluation of the appropriateness, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate and reasonable, and that they have complied with applicable laws and regulations.	
Article 6	Procedures for Acquisition or Disposal of Real Estate, Equipment	Procedures for Acquisition or Disposal of Real Estate,	The relevant content is

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
	or Right-of-Use Assets Paragraph 1 (Omitted) II. Procedures for determining transaction terms and authorization limits: 1. When acquiring or disposing of real estate, the Company shall make reference to the announced current value, the assessed value, and the actual transaction price of the adjacent real estate to decide on the transaction terms and transaction price, prepare an analysis report and submit it to the president, and have it approved by the responsible officer in accordance with the Company's approval authority. If the amount of a single transaction reaches 10% or more of the Company's paid-in capital, it must be submitted to the board of directors for approval before it can be processed. 2. The acquisition or disposal of equipment or right-of-use assets thereof shall be carried out by one of the means of price quotation, comparison, bargaining or tender, and shall be approved by the responsible officer in accordance with the Company's approval authority. If the amount of a single transaction reaches 10% or more of the Company's paid-in capital, it must be submitted to the board of directors for approval before it can be	Equipment or Right-of-Use Assets Paragraph 1 (Omitted) II. Procedures for determining transaction terms and authorization limits: 1. When acquiring or disposing of real estate <u>or right-of-use assets thereof</u>, the Company shall make reference to the announced current value, the assessed value, and the actual transaction price of the adjacent real estate to decide on the transaction terms and transaction price, prepare an analysis report and submit it to the president, and have it approved by the responsible officer in accordance with the Company's approval authority. If the amount of a single transaction reaches 10% or more of the Company's paid-in capital, it must be submitted to the board of directors for approval before it can be processed. 2. The acquisition or disposal of equipment or right-of-use assets thereof shall be carried out by one of the means of price quotation, comparison, bargaining or tender, <u>shall be reported to the president on the status of price quotation and comparison,</u> and shall be approved by the responsible officer in accordance with the Company's approval authority. If the amount of a single transaction reaches 10% or more of the	amended in accordance with the amendment of the law.

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
	processed. 3. The total amount of real estate and right-of-use assets thereof acquired by the Company or its subsidiaries not for business use shall not exceed 10% of the net worth of the respective companies. III. Executive unit: When the Company acquires or disposes of real estate, equipment or right-of-use assets thereof, the Company shall obtain the approval in accordance with the aforementioned approval authority, and then the user department and the general affairs department shall be responsible for execution. IV. Obtaining expert opinions: In acquiring or disposing of real estate, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT$300 million or more, the Company, unless transacting with a domestic government agency, engages others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: 1. Where due to special circumstances, it is necessary to give a limited	Company's paid-in capital, <u>it shall be approved by the chairperson and </u>submitted to the board of directors for approval before it can be processed. 3. The total amount of real estate and right-of-use assets thereof acquired by the Company or its subsidiaries not for business use shall not exceed 10% of the net worth of the respective companies. III. Executive unit: When the Company acquires or disposes of real estate, equipment or right-of-use assets thereof, the Company shall obtain the approval in accordance with the aforementioned approval authority, and then the user department and the general affairs department shall be responsible for execution. IV. Obtaining expert opinions: In acquiring or disposing of real estate, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT$300 million or more, the Company, unless transacting with a domestic government agency, engages others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a	

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
	price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. 2. Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (1) The discrepancy between the appraisal result and the transaction amount is	professional appraiser and shall further comply with the following provisions: 1. Where due to special circumstances, it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction. 2. Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained. 3. In the event that the professional appraiser's appraisal result is one of the following, unless the appraisal result of the assets acquired is higher than the transaction amount or the appraisal result of the assets disposed of is lower than the transaction amount, a CPA shall be requested to express a specific opinion on the reason for the difference and the fairness of the transaction price. (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. (2) The discrepancy	

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
	20 percent or more of the transaction amount. (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. 4. The date of the professional appraiser's report is issued shall not be more than three months from the date of establishment of the contract. However, if the announced current value of the same period is applicable and is less than six months old, an opinion letter issued by the original professional appraiser shall suffice.	between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. 4. The date of the professional appraiser's report is issued shall not be more than three months from the date of establishment of the contract. However, if the announced current value of the same period is applicable and is less than six months old, an opinion letter issued by the original professional appraiser shall suffice.	
Article 7	Procedures for Acquisition or Disposal of Marketable Securities (I. to III remain unchanged) IV. Obtaining expert opinions: Where the Company acquires or disposes of marketable securities and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>if it is necessary to use an expert report, the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF</u>. This requirement does not apply, however, to publicly quoted prices of securities that have an active	Procedures for Acquisition or Disposal of Marketable Securities (I. to III remain unchanged) IV. Obtaining expert opinions: The Company, when acquiring or disposing of marketable securities <u>shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and</u> if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the	The relevant content is amended in accordance with the amendment of the law.

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
	market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).	
Article 8	Procedures for Acquisition or Disposal of Intangible Assets or their Right-of-Use Assets or Membership Certificates Paragraphs 1~3 (Omitted) IV. Obtaining expert opinions: Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>if it is necessary to use an expert report, the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u>	Procedures for Acquisition or Disposal of Intangible Assets or their Right-of-Use Assets or Membership Certificates Paragraphs 1~3 (Omitted) IV. Obtaining expert opinions: Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant <u>or professional appraisal personnel</u> prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.	The reasons for the amendment are the same as those stated in Article 5.
Article 11	Procedures for Related Party Transactions I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the	Procedures for Related Party Transactions I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets,	This provision is amended to strengthen the management of related party transactions in accordance with the law.

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
	Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9 herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered. II. Evaluation and Operating Procedures When the Company intends to acquire or dispose of real estate or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real estate or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the board of directors.	the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9 herein. <u>The resolution procedure in Article 1 refers to the special resolution of the board of directors (i.e., with two-thirds or more of the directors present and the approval of the majority of the directors present) and the announcement and reporting on the Market Observation Post System in accordance with the provisions of Article 16.</u> When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered. II. Evaluation and Operating Procedures When the Company intends to acquire or dispose of real estate or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real estate or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more, except in trading of domestic	

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
	1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a transaction counterparty. 3. With respect to the acquisition of real estate or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraph 3 of the Article. 4. The date and price at which the related party originally acquired the real estate, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, an evaluation of the necessity of the transaction, and reasonableness of the fund's utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion is obtained in compliance with paragraph 1 of the Article. 7. Restrictive covenants and other important stipulations associated with the transaction. <u>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 16, paragraph 1, subparagraph 8, and "within the preceding year" as used</u>	government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the board of directors. 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a transaction counterparty. 3. With respect to the acquisition of real estate or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraph 3 of the Article. 4. The date and price at which the related party originally acquired the real estate, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, an evaluation of the necessity of the transaction, and reasonableness of the fund's utilization. 6. An appraisal report from a	

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
	herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and the board of directors need not be counted toward the transaction amount. With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may delegate the chairperson to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting: 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real estate right-of-use assets held for business use. (Hereinafter omitted)	professional appraiser or a CPA's opinion is obtained in compliance with paragraph 1 of the Article. 7. Restrictive covenants and other important stipulations associated with the transaction. With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may delegate the chairperson to decide such matters when the transaction is within NT$100 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting: 1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use. 2. Acquisition or disposal of real estate right-of-use assets held for business use. When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. The Company's audit committee has been established in accordance with the provisions of the Act. The matters shall first be approved by one-half or more of all audit committee members and then	

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
		submitted to the board of directors for a resolution, and shall be subject to the provision of Article 15 mutatis mutandis. If the Company or its subsidiaries that are not domestic public companies have the transaction specified in Article 1 and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the information listed in paragraph 1 to the shareholders' meeting for approval before signing the transaction contract and making the payment. However, this does not apply to the transactions between the Company, its parent, or its subsidiaries or between the subsidiaries. The calculation of the transaction amounts referred to in paragraph 1 and the preceding paragraph shall be made in accordance with Article 17, paragraph 1, subparagraph 8, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Shareholders' Meeting, the board of directors and the audit committee need not be counted toward the transaction amount. (Hereinafter omitted)	
Article 13	Procedures for Acquisition or Disposal of Derivatives I. Trading Principles and Guidelines (Paragraphs 1~3 omitted 4. Approval Authority: (1) The amount of each transaction for hedging purpose is subject to the following approval authority: Approval authority officer / Single transaction approval authority	Procedures for Acquisition or Disposal of Derivatives I. Trading Principles and Guidelines (Paragraphs 1~3 omitted 4. Approval Authority: (1) The amount of each transaction for hedging purpose is subject to the following approval authority: Approval authority officer / Single transaction approval authority	Additional levels and amounts of authority may be established in accordance with the Company's actual operational needs.

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
	Chief finance officer Less than US$300,000 (2) Transactions for specific purposes must be submitted to the board of directors for approval and authorization by the officer of the relevant unit. (Hereinafter omitted)	President Less than US$1,000,000 Chief finance officer Less than US$300,000 (2) Transactions for specific purposes must be submitted to the board of directors for approval and authorization by the officer of the relevant unit. (Hereinafter omitted)	
Article 15	The Company shall acquire or dispose of assets in accordance with these Procedures or other laws and regulations with the consent of the audit committee and the approval of the board of directors. If an audit committee member or a director expresses a dissenting opinion and there is a record or written statement, the Company shall state its dissenting opinion or reservation in the minutes of the board of directors' meeting. Significant asset or derivative transactions of the Company shall be approved by at least one-half of all audit committee members and submitted to the board of directors for resolution._If the approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the Operational Procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The term "all audit committee members" and "all directors" mentioned above shall mean the actual number of persons currently holding those positions.	The Company shall acquire or dispose of assets in accordance with these Procedures or other laws and regulations with the consent of the audit committee and the approval of the board of directors. If an audit committee member or a director expresses a dissenting opinion and there is a record or written statement, the Company shall state its dissenting opinion or reservation in the minutes of the board of directors' meeting. Significant asset or derivative transactions of the Company shall be approved by at least one-half of all audit committee members and submitted to the board of directors for resolution._If the approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the Operational Procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The term "all audit committee members" and "all directors" mentioned above shall mean the actual number of persons currently holding those positions.	This provision is added in accordance with Article 15, paragraph 4 and Article 31, paragraph 1 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
		<u>If any of the resolutions of the board of directors has one of the two aforementioned circumstances, it shall be stated in the minutes of the board of directors' meeting, and shall be announced and reported on the information reporting website designated by the competent authority within two days from the date of the board of directors' meeting.</u>	
Article 16	Procedures for Public Disclosure of Information I. After the public offering of the Company's shares, the items and criteria for announcement and reporting are: 1. Acquisition or disposal of real estate or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real estate or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reach the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by	Procedures for Public Disclosure of Information I. After the public offering of the Company's shares, the items and criteria for announcement and reporting are: 1. Acquisition or disposal of real estate or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real estate or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reach the limits on aggregate losses or losses on individual contracts set out	The relevant content is amended in accordance with the relaxation of the law on the trading of domestic government bonds and foreign government bonds.

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
	the Company. 4. Where the type of asset acquired or disposed of is equipment or right-of-use assets thereof for business use, and furthermore, the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million or more. 5. Where the type of asset acquired or disposed of by a public company engaged in the construction business is real estate or right-of-use assets thereof for construction use, and furthermore, the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million or more. 6. Where land is acquired under an arrangement of engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT$500 million. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million;	in the procedures adopted by the Company. 4. Where the type of asset acquired or disposed of is equipment or right-of-use assets thereof for business use, and furthermore, the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million or more. 5. Where the type of asset acquired or disposed of by a public company engaged in the construction business is real estate or right-of-use assets thereof for construction use, and furthermore, the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million or more. 6. Where land is acquired under an arrangement of engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT$500 million. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of	

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
	provided, this shall not apply to the following circumstances: (1) Purchase and sale of government bonds. (2) Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. (3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (Hereinafter omitted)	paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances: (1) Purchase and sale of domestic government bonds or foreign government bonds with credit ratings not lower than the sovereign rating of Taiwan (2) Professional investors buy or sell marketable securities on the stock exchange or on the business premises of a securities firm, or subscribe to foreign government bonds or ordinary corporate bonds and general financial bonds not involving equity interests (excluding subordinated debentures) in the primary market, or subscribe for or buy back securities investment trust funds or futures trust funds, or subscribe for or sell back index investment securities, or securities firms subscribe for the marketable securities in accordance with the TPEx regulations for the purpose of underwriting business to act as an advisor for emerging companies. (3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. (Hereinafter omitted)	

Attachment 7

Comparison of amendments to the Rules of Procedure for Shareholders' Meetings

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
Article 5	The location for a shareholders' meeting should 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. Independent directors' opinions on the meeting location and time shall also be fully considered.	The location for a shareholders' meeting should 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. Independent directors' opinions on the meeting location and time shall also be fully considered. The Company shall not be restricted from holding a video shareholders' meeting at the location as described above.	The relevant content is amended in accordance with the law
Article 9	Attendance in a shareholders' meeting should be calculated based on the number of shares. The number of shares in attendance shall be calculated based on the shares indicated by the signature book or sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically. The chair should call the meeting to order at the scheduled meeting time, and at the same time announce ~~relevant information~~ such as the number of shares with no voting rights and the number of shares present, etc. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement. No more than two such postponements may be made for a combined total of no more than one hour. When there are still insufficiently attending shareholders representing more than one-third of the total issued shares after two postponements, the chair shall announce the meeting to be aborted. When there are still insufficiently attending shareholders representing	Attendance in a shareholders' meeting should be calculated based on the number of shares. The number of shares in attendance shall be calculated based on the shares indicated by the signature book or sign-in cards handed in and the video conference platform, plus the number of shares whose voting rights are exercised by correspondence or electronically. The chair should call the meeting to order at the scheduled meeting time, and at the same time, announce the number of shares with no voting rights and the number of shares present, etc. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement. No more than two such postponements may be made for a combined total of no more than one hour. When there are still insufficiently attending shareholders representing more than one-third of the total issued shares after two postponements, the chair shall announce the meeting to be aborted. If the meeting is held by video conference, the Company shall also announce the	The relevant content is amended in accordance with the amendment of the law.

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
	more than one-third of the total issued shares after two postponements, a tentative resolution may be adopted in accordance with Article 175, Paragraph 1 of the Company Act and all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. Before the conclusion of the meeting, if the attending shareholders represent a majority of the total number of issued shares, the chair may submit a tentative resolution for voting by the shareholders' meeting in accordance with Article 174 of the Company Act.	meeting to be aborted on the video conference platform of the shareholders' meeting. When there are still insufficiently attending shareholders representing more than one-third of the total issued shares after two postponements, a tentative resolution may be adopted in accordance with Article 175, Paragraph 1 of the Company Act and all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. If the shareholders' meeting is held by video conference, the shareholders who wish to attend the meeting by video conference shall re-register with the Company in accordance with Article 16. Before the conclusion of the meeting, if the attending shareholders represent a majority of the total number of issued shares, the chair may submit a tentative resolution for voting by the shareholders' meeting in accordance with Article 174 of the Company Act.	
Article 11	When speaking, an attending shareholder shall specify on a speaker's slip the subject of the speech, shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. 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 slip, the spoken content shall prevail. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal and each speech shall not last for more than 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.	When speaking, an attending shareholder shall specify on a speaker's slip the subject of the speech, shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. 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 slip, the spoken content shall prevail. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal and each speech shall not last for more than 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.	The relevant content is amended in accordance with the law

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
	When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation. When a corporate 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 chair may respond in person or direct relevant personnel to respond	When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation. When a corporate 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 chair may respond in person or direct relevant personnel to respond If the shareholders' meeting is convened by video conference, shareholders participating by video conference may ask questions by text on the video conference platform after the meeting chair calls the meeting to order and before the meeting is adjourned, and the number of questions shall not exceed two for each motion, and each time shall be limited to 200 words, and the provisions of Article 1 to Article 5 shall not apply.	
Article 19		Article 19 (Disclosure of Information for Video Conference) If a shareholders' meeting is held by video conference, the Company shall disclose the voting results of each motion and election results on the video conference platform of the shareholders' meeting immediately after the close of voting in accordance with the regulations, and shall continue to do so for at least fifteen minutes after the chair announces the adjournment of the meeting.	This Article is newly added.
Article 20		Article 20 (Handling of Disconnection) If a shareholders' meeting is convened by video conference, the chair shall, at the time of calling the meeting to order, separately announce, except for the circumstances specified in Article 44-20-4 of the Regulations Governing the Administration of Shareholder Services of Public Companies that do	This Article is newly added.

Provisions	Contents before amendment	Contents after amendments	Explanation for the amendment
		<u>not require the adjournment or resumption of the meeting. If, before the chair announces the adjournment of the meeting, there is an obstacle to participation on the video conference platform or by video means that lasts for more than 30 minutes due to a natural disaster, an event or other force majeure, the meeting shall be adjourned and resumed within five days. The provisions of Article 182 of the Company Act shall not apply</u>	
Article 21	Article 19 The Rules shall be effective upon approval by the shareholders' meeting and the same applies to amendments. The Rules were established on March 15, 2013. The 1st amendment was made on June 29, 2017. The 2nd amendment was made on June 24, 2020. The 3rd amendment was made on July 20, 2021.	Article <u>21</u> The Rules shall be effective upon approval by the shareholders' meeting and the same applies to amendments. The Rules were established on March 15, 2013. The 1st amendment was made on June 29, 2017. The 2nd amendment was made on June 24, 2020. The 3rd amendment was made on July 20, 2021. <u>The 4th amendment was made on June 15, 2022.</u>	The article order is adjusted in accordance with this amendment. Date of amendment is added

Appendix 1

BAFANG YUNJI INTERNATIONAL CO., LTD.
Articles of Incorporation (before amendment)

Chapter I. General Principles

Article 1 The Company is organized in accordance with the Company Act and is named BAFANG YUNJI INTERNATIONAL CO., LTD.

The English name of the Company is "BAFANG YUNJI INTERNATIONAL CO., LTD.”

Article 2 The Company’s scope of business is as follows:

1. C103050 Manufacturing of Canning, Freezing, Dehydration, Pickled of Food
2. C104020 Manufacture of Bakery and Steam Products
3. C104020 Manufacture of Seasoning
4. C199010 Manufacture of Noodles, Vermicelli, and Similar Products
5. C199030 Instant Meal Box Food Manufacturing
6. C199040 Beans Processed Food Manufacturing
7. C199990 Manufacture of Other Food Products Not Elsewhere Classified
8. F102170 Wholesale of Foods and Groceries
9. F203010 Retail Sale of Food, Grocery and Beverage
10. F399040 Retail Sale No Storefront
11. F401010 International Trade
12. F501060 Restaurants
13. A102020 Agricultural Products Preparations
14. A102050 Crops Cultivation
15. A102060 Food Dealers
16. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The Company has its head office in New Taipei City, Taiwan, and may establish branches domestically and abroad when necessary by resolution of the board of directors.

Article 3.1 Article 3-1: The Company may, with the consent of the board of directors, provide external endorsement and guarantee for business or investment needs, and the procedures shall be handled in accordance with the Company's endorsement and guarantee regulations.

Article 3.2 The Company's domestic and foreign investments shall be resolved by the board of directors, and the total amount of investments shall not be limited by Article 13 of the Company Act.

Chapter II. Shares

Article 4 The total capital of the Company was approved to be NT$1,000,000,000, divided into 100,000,000 shares of NT$10 each, of which the unissued shares are authorized to be issued by the board of directors in installments.

5,000,000 shares of the aforementioned total shares are reserved for employee stock options warrants.

The targets for issuance of employee stock options warrants and new shares for employee restricted stock may include employees of companies controlled by the Group or subordinate companies who meet certain criteria, which are authorized to be set by the board of directors.

Article 4.1 Article 4-1: The shares of the Company shall be in registered form.

The Company shall assign its share certificates with serial numbers, and the share certificates shall be affixed with the signatures or personal seals of the director representing the Company, and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance thereof:

The Company shall be exempted from printing its share certificate and shall register the issued shares with a centralized securities depository institution and follow the regulations of that institution.

Article 4-2: The transfer of shares shall cease within 60 days before a regular shareholders' meeting or within 30 days before a special shareholders' meeting or within 5 days before the base date on which the Company decides to distribute dividends and bonuses or other benefits.

Article 4-3: The handling of the Company's stock affairs shall be in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies” and other relevant laws and regulations.

Chapter III. Shareholders’ Meeting

Article 5 There shall be two types of shareholders' meetings: regular meetings shall be held once a year, within six months after the end of each fiscal year, convened by the board of directors in accordance with the law, and extraordinary meetings shall be convened when necessary in accordance with the law.

Article 6 When a shareholder is unable to attend the shareholders' meeting for some reason, the proxy form issued by the Company shall be provided, specifying the scope of authorization, and a proxy shall be appointed to attend. The procedure shall be governed by the "Regulations Governing the Use of Proxies for Attendance at shareholders' meetings of Public Companies" in addition to the provisions of Article 177 of the Company Act.

Article 7 If a shareholders’ meeting is convened by the board of directors, the chairperson of the board shall chair the meeting. When the chairperson is on leave or for any reason unable to exercise the powers of office, the appointment of his or her acting person shall be governed by Article 208 of the Company Act.

If the shareholders’ meeting is convened by someone with the convening right but other than the board of directors, the chair of the meeting shall be the person with the convening right, and if there are more than two such persons, one of them shall be elected as the chair of the meeting.

Article 8 The shareholders of the Company shall have one voting right per share, except for those who have no voting rights under Article 179 of the Company Act.

Article 9 Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, the Company’s Rules of Procedure for Shareholders’ Meetings or the Articles of Incorporation, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares. During the period when the Company's shares are listed on TWSE (TPEx), voting rights for shareholders' meetings may be exercised by electronic means, and shareholders who exercise their voting rights by electronic means are considered to be present in person.

Article 9.1 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within twenty (20) days after the close of the meeting.

The preparation, distribution and retention of the foregoing minutes shall be in accordance with Article 183 of the Company Act.

Article 10 After the public offering of the Company's shares, the public offering of the Company's shares may only be revoked by a resolution of the shareholders' meeting, and this provision shall not be changed during the period when the Company's shares are listed on the Emerging Market and TWSE (TPEx)

Chapter IV. Directors and audit committee and other functional committees

Article 11 The Company shall have five to nine directors, who shall be elected from among persons capable of conduct by the shareholders' meeting for a term of three years and shall be eligible for re-election.

The Company's directors are elected by the single cumulative registered voting system and each share shall have the same number of voting rights as the number of directors to be elected, which may be cast collectively for a single candidate or split among several candidates, and the person with the greater number of election rights represented by the votes received shall be elected as a director. If there is a need to amend the method, it shall be listed and described in the main content of the causes and subjects, and shall also be handled in accordance with the provisions of Article 172 of the Company Act.

The Company shall adopt the candidate nomination system for the election of directors in accordance with Article 192-1 of the Company Act, and the shareholders shall elect the directors from the list of candidates.

The percentage of the total shareholding of all directors of the Company shall be in accordance with the regulations of the competent securities authorities.

The Company may purchase liability insurance for its directors to reduce the risk of being sued by shareholders or other related parties as a result of the directors carrying out their business in accordance with the law.

Article 11.1 The Company may appoint independent directors, at least two in number and not less than one-fifth of the total number of directors, and shall adopt the nomination system for candidates to be elected by the shareholders' meeting from the list of independent director candidates. The professional qualifications, restrictions on shareholding and concurrent employment, determination of independence, nomination and election of independent directors, and other matters to be complied with shall be in accordance with the relevant regulations of the competent securities authorities.

Article 12 The board of directors shall be organized by the directors, and a chairperson shall be elected by and from among the directors with the presence of at least two-thirds of the directors and the consent of a majority of the directors present.

The Company may have a vice chairperson, who shall be elected by the directors from among themselves.

In case the chairperson of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case there is no vice chairman, or the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the chairperson of the board of directors shall designate one of the directors to act on his or her behalf. In the absence of such a designation, the directors shall elect from among themselves an acting chairperson of the board of directors.

If a director is unable to attend a board meeting for any reason, he or she may appoint another director to act as his or her proxy, but the proxy may be appointed by one person only.

In case a meeting of the board of directors proceeds via video means, then the directors taking part in such a video communication meeting shall be deemed to have attended the meeting in person.

Article 13 A board meeting shall be convened by giving seven days' notice to the directors, but may be convened at any time in case of emergency.

The foregoing may be notified in writing, by facsimile or e-mail.

Article 14 Functional committees may be established under the board of directors of the Company, and each functional committee shall establish charters and regulations for the exercise of its powers and functions, which shall be implemented upon approval by the board of directors.

Article 14.1 Article 14-1: The Company may establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act. The audit committee shall consist of all independent directors and shall consist of not less than three members, one of whom shall be the convener and at least one of whom shall have accounting or financial expertise. The number of members, term of office, authority, and rules of procedure of the audit committee meeting shall be determined in accordance with the relevant provisions of the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies" and shall be governed by the Audit Committee Charter.

Article 15 The directors of the Company are entitled to remuneration and travel expenses and the amount is authorized to the board of directors to determine in accordance with their participation in and contribution to the operations of the Company at a level commensurate with the usual standard of the industry.

The aforementioned remuneration and travel expenses of directors shall be paid regardless of operating profit or loss.

Chapter V. Managerial officers

Article 16 The Company may have managerial officers whose appointment, dismissal and remuneration shall be in accordance with Article 29 of the Company Act.

Chapter VI. Accounting

Article 17 At the end of each fiscal year, the board of directors shall prepare (1) the business report (2) financial statements (3) an earnings distribution or loss make-up proposal and submit them to shareholders for adoption at the regular shareholders' meeting in accordance with the law.

Article 18 The Company shall use the current year's pre-tax profit before the distribution of the profit sharing remuneration to employees and directors to make up for the accumulated loss, and if there is any remaining balance, the Company shall appropriate not less than 1% as employees' profit sharing remuneration and not more than 1% as directors' profit sharing remuneration.

The determination of the distribution rates of profit sharing remuneration to employees and directors and whether employee profit sharing remuneration is paid by stock or cash, shall be made by a resolution of the board of directors with the attendance of two-thirds of the directors and the approval of a majority of the directors present, and reported to the shareholders' meeting. Employee profit sharing remuneration in the form of stock or cash may be granted to employees of companies controlled by the Group or subordinate companies who meet certain criteria, which are authorized to be set by the board of directors. The aforementioned profit sharing remuneration to directors may be made in cash only.

Article 19 The Company's earnings distribution or loss make-up is made after the end of each semi-fiscal year. If there is any surplus in earnings after the semi-fiscal year accounting close, the Company shall first pay tax, make up for the accumulated loss and then set aside 10% as legal reserve. However, if the accumulated legal reserve has reached the Company's paid-in capital, no more legal reserve should be provided for, and the remainder may be appropriated or reversed as a special reserve in accordance with the law or the regulations of the competent authorities. If there is still a surplus, the remainder shall be added to the accumulated undistributed earnings of the previous semi-fiscal year and the board of directors shall prepare an earnings distribution proposal. If the distribution is made by issuing new shares, the distribution shall be approved by the shareholders' meeting; if the distribution is made by cash, the distribution shall be approved by the board of directors.

If the Company has any surplus in earnings after the annual accounting close, the Company shall first pay tax, make up for the accumulated loss of previous years and then set aside 10% as legal reserve. However, if the legal reserve balance has reached the Company's paid-in capital, no more legal reserve should be provided for, and the remainder may be appropriated or reversed as a special reserve in accordance with the law or the regulations of the competent authorities. If there is still a surplus, the remainder shall be added to the accumulated undistributed earnings and the board of directors shall prepare an earnings distribution proposal. If the distribution is made by issuing new shares, the distribution shall be approved by the shareholders' meeting;

The Company may, in accordance with the provisions of the Company Act, authorize the distributable dividends and bonuses or legal reserve and capital surplus as provided in Article 241, paragraph 1 of the Company Act in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition, thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company is in a growth stage and its dividend policy is based on the different stages of Company's business development, profitability, medium- and long-term financial capital budget planning, and shareholders' interests, and other factors. Dividends are paid in the form of stock dividends or cash dividends as appropriate. No less than 20% of the available-for-distribution earnings is appropriated annually as stockholders' dividends, of which no less than 20% of the total dividends should be in cash.

Chapter VII. Supplementary Provisions

Article 20 All matters not provided for in the Articles of Incorporation shall be governed by the Company Act and relevant laws and regulations.

Article 21 The Articles of Incorporation was established on January 12, 2000

The 1st amendment was made on August 14, 2001.
The 2nd amendment was made on August 25, 2008.
The 3rd amendment was made on October 12, 2009.
The 4th amendment was made on November 22, 2011.
The 5th amendment was made on February 6, 2012
The 6th amendment was made on April 2, 2012
The 7th amendment was made on April 2, 2012
The 8th amendment was made on May 30, 2012
The 9th amendment was made on January 17, 2013
The 10th amendment was made on March 15, 2013
The 11th amendment was made on September 6, 2013
The 12th amendment was made on November 8, 2013
The 13th amendment was made on February 5, 2014
The 14th amendment was made on June 30, 2014

The 15th amendment was made on June 29, 2015
The 16th amendment was made on June 16, 2016
The 17th amendment was made on June 29, 2017
The 18th amendment was made on June 3, 2019
The 19th amendment was made on June 24, 2020.

Appendix 2

BAFANG YUNJI INTERNATIONAL CO., LTD.

Procedures for Acquisition or Disposal of Assets (before amendment)

Article 1 Purpose

In order to protect assets and enforce information disclosure, the Procedures were established in accordance with Article 36-1 of the Securities and Exchange Act and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".

Article 2 The Company shall acquire or dispose of assets in accordance with the provisions of the Procedures, except as otherwise provided in other laws and regulations.

Article 3 The term "assets" as used in the Procedures includes the following:

I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
II. real estate (including land, houses and equipment, investment property) and equipment.
III. Memberships.
IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
V. Right-of-use assets.
VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
VII. Derivatives.
VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with the law.
IX. Other significant assets.

Article 4 Definition of terms

I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institutions Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
IV. Professional appraiser: Refers to a real estate appraiser or another person duly authorized by law to engage in the value appraisal of real estate or equipment.
V. Date of occurrence of the fact: The earlier the date of contract signing, the date of payment, the date of settlement of the transaction, the date of ownership transfer, the date of resolution of the board of directors, or any other date that is sufficient to determine the counterparty and the amount of the transaction. However, for investors subject to the approval of the competent authority, it should be the earlier of the preceding dates or the date of receipt of approval from the competent authority.
VI. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
VII. Latest financial statements: The financial statements of the Company that have been audited and attested or reviewed by CPAs prior to the acquisition or disposal of assets in accordance with the law.
VIII. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
IX. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
X. Business premises of securities firms: Business premises of domestic securities firms refer to the places where securities firms have set up counters to conduct transactions in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; business premises of foreign securities firms refer to the business offices of financial institutions that are under the control of the foreign securities competent authorities and are allowed to conduct securities business.

Article 5 Professional appraisers and their personnel, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions and the parties to the transaction shall meet the following requirements:
I. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration

of the period of a suspended sentence, or since a pardon was received.

II. May not be a related party or de facto related party of any party to the transaction.

III. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal personnel may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:

I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

II. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

III. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.

IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Article 6 Procedures for Acquisition or Disposal of Real Estate, Equipment or Right-of-Use Assets

I. Evaluation and Operating Procedures:
The Company acquires or disposes of real estate, equipment or right-of-use assets thereof in accordance with the real estate, plant and equipment cycle procedures of the Company's internal control system.

II. Procedures for determining transaction terms and authorization limits:

1. When acquiring or disposing of real estate, the Company shall make reference to the announced current value, the assessed value, and the actual transaction price of the adjacent real estate to decide on the transaction terms and transaction price, prepare an analysis report and submit it to the president, and have it approved by the responsible officer in accordance with the Company's approval authority. If the amount of a single transaction reaches 10% or more of the Company's paid-in capital, it must be submitted to the board of directors for approval before it can be processed.
2. The acquisition or disposal of equipment or right-of-use assets thereof shall be carried out by one of the means of price quotation, comparison, bargaining or tender, and shall be approved by the responsible officer in accordance with the Company's approval authority. If the amount of a single transaction reaches 10% or more of the Company's paid-in capital, it must be submitted to the board of directors for approval before it can be processed.
3. The total amount of real estate and right-of-use assets thereof acquired by the Company or its subsidiaries not for business use shall not exceed 10% of the net worth of the respective companies.

III. Executive unit:

When the Company acquires or disposes of real estate, equipment or right-of-use assets thereof, the Company shall obtain the approval in accordance with the aforementioned approval authority, and then the user department and the general affairs department shall be responsible for execution.

IV. Obtaining expert opinions:

In acquiring or disposing of real estate, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT$300 million or more, the Company, unless transacting with a domestic government agency, engages others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances, it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
   (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
   (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. The date of the professional appraiser's report is issued shall not be more than three months from the date of establishment of the contract. However, if the announced current value of the same period is applicable and is less than six months old, an opinion letter issued by the original professional appraiser shall suffice.

Article 7 Procedures for Acquisition or Disposal of Marketable Securities

I. Evaluation and Operating Procedures:

The Company acquires or disposes of marketable securities in accordance with the investment cycle procedures of the Company's internal control system.

II. Procedures for determining transaction terms and authorization limits:

1. Marketable securities traded on the centralized trading market or at

business premises of securities firms shall be determined by the responsible unit based on market conditions and approved by the responsible officer in accordance with the Company's approval authority. If the amount of a single transaction reaches 5% or more of the Company's paid-in capital, it must be submitted to the board of directors for approval before it can be processed.

2. For marketable securities transactions that are not conducted in the centralized trading market or business premises of securities firms, the latest financial statements of the subject company audited and attested or reviewed by CPAs should be obtained before the date of occurrence of the fact as a reference for evaluating the transaction price, taking into account the net worth per share, profitability and future development potential, etc., and approved by the responsible officer in accordance with the Company's approval authority. If the amount of a single transaction reaches 5% or more of the Company's paid-in capital, it must be submitted to the board of directors for approval before it can be processed.
3. The aggregate amount of marketable securities acquired by the Company or its subsidiaries shall not exceed 50% of the net worth of the respective company; the amount of individual marketable securities acquired by the Company or its subsidiaries shall not exceed 30% of the net worth of the respective company; except for the shareholding of each controlled subsidiary that directly or indirectly holds the shares of the actual operating subsidiary.

III. Executive unit:

When the Company acquires or disposes of marketable securities, the finance and accounting department shall be responsible for the execution of such acquisition or disposal after submitting for approval in accordance with the aforementioned approval authority.

IV. Obtaining expert opinions:

Where the Company acquires or disposes of marketable securities and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; if it is necessary to use an expert report, the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 8 Procedures for Acquisition or Disposal of Intangible Assets or their Right-of-Use Assets or Membership Certificates

I. Evaluation and Operating Procedures:

The Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships in accordance with the real estate, plant and equipment procedures of the Company's internal control system.

II. Procedures for determining transaction terms and authorization limits:

1. When acquiring or disposing of right-of-use assets and memberships, the Company shall make reference to the market price to decide on the transaction terms and transaction price, prepare an analysis report and

have it approved by the responsible officer in accordance with the Company's approval authority. If the amount of a single transaction reaches 1% or more of the Company's paid-in capital, it must be submitted to the board of directors for approval before it can be processed.

2. When acquiring or disposing of intangible assets shall make reference to the expert evaluation report, market price to decide on the transaction terms and transaction price, prepare an analysis report and have it approved by the responsible officer in accordance with the Company's approval authority. If the amount of a single transaction reaches 5% or more of the Company's paid-in capital, it must be submitted to the board of directors for approval before it can be processed.

III. Executive unit:
When the Company acquires or disposes of intangible assets and memberships, the Company shall obtain the approval in accordance with the aforementioned approval authority, and then the user department and the general affairs department shall be responsible for execution.

IV. Obtaining expert opinions:
Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; if it is necessary to use an expert report, the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 9 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 16, paragraph 1, subparagraph 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 10 Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 11 Procedures for Related Party Transactions

I. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.
The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9 herein.
When judging whether a transaction counterparty is a related party, in

addition to legal formalities, the substance of the relationship shall also be considered.

II. Evaluation and Operating Procedures

When the Company intends to acquire or dispose of real estate or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real estate or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the board of directors.

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real estate or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraph 3 of the Article.
4. The date and price at which the related party originally acquired the real estate, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of the signing of the contract, an evaluation of the necessity of the transaction, and reasonableness of the fund's utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion is obtained in compliance with paragraph 1 of the Article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The amount of the foregoing transaction shall be calculated in accordance with the provisions of Article 16, paragraph 1, subparagraph 8.

And the reference to within one year shall be based on the date of occurrence of the transaction and shall be retroactive to one year, and the part of the transaction that has been submitted to and approved by the audit committee and the board of directors for ratification in accordance with the provisions of the Procedures shall be exempt.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may delegate the chairperson to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real estate right-of-use assets held for business use.

III. Evaluation of the reasonableness of transaction costs

1. The Company acquiring real estate or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:
   (1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
   (2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
2. Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
3. The Company acquiring real estate or right-of-use assets thereof from a related party and appraises the cost of the real estate or right-of-use assets thereof in accordance with subparagraphs 1 and 2 of this paragraph shall also engage a CPA to check the appraisal and render a specific opinion.
4. If the Company acquires real estate or right-of-use assets thereof from a related party and the appraisal result is lower than the transaction price in accordance with the provisions of paragraphs 1 and 2 of this Article, the Company shall comply with the provisions of paragraph 5 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA have been obtained, this restriction shall not apply:
   (1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
      a. Where undeveloped land is appraised in accordance with the means in the preceding Articles 1 and 2, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
      b. Completed transactions by unrelated parties within the

preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

(2) Where the Company acquiring real estate, or obtaining real estate right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land mentioned above in principle refer to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real estate or obtainment of the right-of-use assets thereof.

5. Where the Company acquires real estate or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding 4 articles are uniformly lower than the transaction price, the following steps shall be taken: As the Company has set aside a special reserve under the preceding paragraph, the Company may not utilize the special reserve until it has recognized a loss on decline in the market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

(1) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real estate transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

(2) Audit committee members shall comply with Article 218 of the Company Act.

(3) Actions taken pursuant to items 1 and 2 shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

When the Company obtains real estate or right-of-use assets thereof from a related party, it shall also comply with the preceding paragraph if there is other evidence indicating that the acquisition was not an arms length transaction.

6. If the Company acquires real estate or right-of-use assets thereof from a related party under any of the following circumstances, the Company shall comply with the provisions of the second paragraph of this Article with respect to the evaluation and operating procedures, and the provisions of the first to third paragraphs of this Article shall not apply:
   (1) The related party acquired the real estate or right-of-use assets thereof through inheritance or as a gift.
   (2) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real estate or right-of-use assets thereof to the signing date for the current transaction.
   (3) The real estate is acquired through the signing of a joint development contract with the related party, or through engaging a related party to build real estate, either on the Company's own land or on rented land.
   (4) The real estate right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.
7. When the Company obtains real estate or right-of-use assets thereof from a related party, it shall also comply with paragraph 5 of this Article if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 12 Procedures for acquiring or disposing of creditor’s rights of financial institutions

In principle, the Company does not engage in transactions to acquire or dispose of creditor’s rights of financial institutions. If the Company wishes to engage in transactions to acquire or dispose of creditor’s rights of financial institutions in the future, the Company will submit to the board of directors for approval and then establish the evaluation and operating procedures.

Article 13 Procedures for Acquisition or Disposal of Derivatives

I. Trading Principles and Guidelines
   1. Transaction Type:
      The derivatives engaged in by the Company are limited to the scope defined in Article 4, paragraph 1 of the Procedures.
   2. Operating or hedging strategies.
      The Company shall engage in derivative financial instruments for the purpose of hedging, and the instruments traded shall be selected to hedge the risks arising from the Company's business operations, and the currencies held shall be consistent with the Company's actual foreign currency requirements for import and export transactions in order to reduce the Company's overall foreign exchange risk and save foreign exchange operation costs. Other transactions for specific purposes must be carefully evaluated and submitted to the board of directors for approval before proceeding.
   3. Division of authority and responsibility.
      (1) Trading personnel: As the role in executing transactions in accordance with the approval authority, and should regularly

calculate the position and conduct risk assessment based on the position changes and financial market information.

(2) Confirmation personnel: As the role to execute transaction confirmation.

(3) Settlement personnel: As the role responsible for settlement matters.

(4) The aforementioned trading, confirmation, and settlement roles shall be filled by the personnel of the finance and accounting unit and shall not be concurrently served for more than 1 of the aforementioned 3 roles. The counterparty shall be notified of any change of trading personnel before the effective date.

4. Approval Authority:

(1) The amount of each transaction for hedging purpose is subject to the following approval authority:

Approval authority officer	Single transaction approval authority
Chief finance officer	Less than US$300,000

(2) Transactions for specific purposes must be submitted to the board of directors for approval and authorization by the officer of the relevant unit.

5. Performance evaluation:

(1) Hedging transaction:
Performance is evaluated on the basis of the overall profit or loss of the hedged item and the hedging transaction.

(2) Specific purpose transaction:
Performance is evaluated on the basis of the overall profit or loss of the specific item and the specific transaction.

(3) The finance personnel shall provide transaction position evaluation and market analysis to the chief finance officer for management reference and instruction on a regular basis.

6. Determination of total contract amount and loss limit:

(1) Total contract amount:

a. The total amount of outstanding contracts for hedging transactions is limited to the exposure positions of the Company arising from its operations.

b. The total amount of outstanding contracts for special purpose transactions is limited to not more than 10% of the Company's most recent quarter's operating revenue.

(2) Loss limit:

a. The loss limit for individual contracts or all contracts for hedging transactions is 20% of the contract amount.

b. The loss limit for individual contracts or all contracts for special purpose transactions is 10% of the contract amount.

II. Risk management measures

1. Credit risk management:
The Company's trading counterparties are mainly domestic and foreign well-known financial institutions and should consider their credit ratings as the principle.

2. Market risk management:
The Company shall control the risk of changes in the market value of derivative financial instruments due to changes in interest rates,

exchange rates or other factors at all times.

3. Liquidity risk management:
To ensure the liquidity of the market, the financial products selected should have a high degree of liquidity (i.e., they can readily be offset in the market), and the financial institution entrusted with the transaction must have sufficient information and the ability to trade in any market at any time.

4. Cash flow risk management:
In order to ensure the stability of the Company's working capital turnover, the Company's sources of funding for derivative transactions are limited to its own funds, and for the amount of its operations, the Company should take into account the funding requirements based on cash flow projections for the relevant future periods.

5. Operating risk management:
   (1) The Company should follow the authority limit and operating procedures and include them in internal audits to avoid operating risks.
   (2) Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in subparagraph 3 of the preceding paragraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.

6. Legal risk management:
Documents signed with financial institutions should be reviewed by specialized personnel in finance and legal affairs or legal counsel before they are formally signed to avoid legal risks.

III. Internal audit system.
The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all independent directors shall be notified in writing.

IV. Regular evaluation method
Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by the business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

V. Board of directors' supervisory and management principles and handling of exceptions

1. The board of directors shall designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk and the management principles are as follows:
   (1) The Company shall periodically evaluate the appropriateness of the risk management measures currently in use and ensure that the Procedures are followed.
   (2) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and

express an opinion.

2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.
3. The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivates trading in accordance with the Procedures.

VI. The Company engaging in derivatives trading shall establish a logbook in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under paragraphs 4 and 5 of this Article shall be recorded in detail in the logbook.

Article 14 Procedures for merger, demerger, acquisition, or transfer of shares.

I. Evaluation and Operating Procedures:

1. In the event the Company is engaged in a merger, demerger, acquisition or transfer of shares, the Company shall appoint an attorney, a CPA and securities underwriter to jointly discuss the estimated timetable for the statutory procedures and organize a dedicated project team to carry out the deal in accordance with the statutory procedures. Prior to convening the board meeting to resolve the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
2. The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders' meeting and include it along with the expert opinion referred to in the preceding subparagraph when sending shareholders notification of the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, that a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. In addition, where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restrictions, or the proposal is rejected by the shareholders' meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

II. Other matters that should be noted:

1. Date of the board of directors' meeting: A company participating in a

merger, demerger, or acquisition shall convene a board of directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

2. Prior non-disclosure undertaking: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
3. Principles for determining and changing the share exchange ratio or acquisition price: A company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board meetings of both companies to resolve the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the shareholders' meeting. In principle, the share exchange ratio or acquisition price shall not be changed arbitrarily, and the circumstances under which such changes may be made shall be stipulated in the contract of merger, demerger, acquisition or transfer of shares.
   (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
   (2) An action, such as a disposal of major assets, that affects the Company's financial operations.
   (3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
   (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company buys back treasury stock.
   (5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
   (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
4. Contents that should be contained in the contract: In addition to the provisions of Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, the contract of a merger, demerger, acquisition, or transfer of shares shall also contain the following information:
   (1) Handling of breach of contract.

(2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
(3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
(4) The manner of handling changes in the number of participating entities or companies.
(5) Preliminary progress schedule for plan execution, and anticipated completion date.
(6) Scheduled date for convening the legally mandated shareholders' meeting if the plan exceeds the deadline without completion, and relevant procedures.

5. In the event of a change in the number of companies involved in a merger, demerger, acquisition or transfer of shares. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders' meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders' meeting to resolve on the matter anew.
6. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of subparagraphs 1, 2, and 5 of this Article.
7. Data retention: When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
   (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to the disclosure of the information.
   (2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
   (3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of the board of directors meetings.

8. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in items 1 and 2 of the preceding subparagraph to the FSC for recordation.
9. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the subparagraphs 7 and 8 of this paragraph.

Article 15 The Company shall acquire or dispose of assets in accordance with these Procedures or other laws and regulations with the consent of the audit committee and the approval of the board of directors. If an audit committee member or a director expresses a dissenting opinion and there is a record or written statement, the Company shall state its dissenting opinion or reservation in the minutes of the board of directors' meeting.

Significant asset or derivative transactions of the Company shall be approved by at least one-half of all audit committee members and submitted to the board of directors for resolution. If not approved by at least one-half of all audit committee members, such transactions shall be approved by at least two-thirds of all directors and the resolution of the audit committee shall be recorded in the minutes of the board of directors' meeting. The term “all audit committee members” and “all directors” mentioned above shall mean the actual number of persons currently holding those positions.

Article 16 Procedures for Public Disclosure of Information

I. After the public offering of the Company’s shares, the items and criteria for announcement and reporting are:
1. Acquisition or disposal of real estate or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real estate or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reach the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
4. Where the type of asset acquired or disposed of is equipment or right-of-use assets thereof for business use, and furthermore, the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million or more.
5. Where the type of asset acquired or disposed of by a public company engaged in the construction business is real estate or right-of-use

assets thereof for construction use, and furthermore, the transaction counterparty is not a related party, and the transaction amount reaches NT$500 million or more.

6. Where land is acquired under an arrangement of engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT$500 million.
7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances:
   (1) Trading of domestic government bonds.
   (2) Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
   (3) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
8. The aforementioned transaction amount is calculated as follows, and the term "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with regulations need not be counted toward the transaction amount.
   (1) The amount of any individual transaction.
   (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
   (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real estate or right-of-use assets thereof within the same development project within the preceding year.
   (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

II. Time limit for making announcement and reporting:

1. Under any of the aforementioned circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

2. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.
3. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowledge of such error or omission.
4. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.
5. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
   (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
   (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
   (3) Change to the originally publicly announced and reported information.

Article 17 The Company's subsidiaries shall comply with the following regulations

I. When a subsidiary acquires or disposes of assets, it should follow the Company's procedures or follow the procedures established by it for the acquisition or disposal of assets.
II. The subsidiary shall follow the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and submit to the shareholders' meeting of the subsidiary after the approval by the board of directors of the subsidiary, and the same applies to any amendment.
III. If the subsidiary is not a public company and the assets acquired or disposed of meet the standards for public announcement and reporting as stipulated in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the Company shall make the announcement and reporting on behalf of the subsidiary.
IV. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory reporting.

Article 18 Penalty

The Company's related personnel should follow the provisions of the Procedures when handling matters related to the acquisition or disposal of assets, so that the

Company will not suffer losses from improper practices. If there is any violation of the relevant laws and regulations or the provisions of the Procedures, the disciplinary actions shall be in accordance with the provisions of the relevant personnel regulations of the Company.

Article 19 Supplementary Provisions

I. For the calculation of 10 percent of total assets under the Procedures, the total assets stated in the most recent parent company only financial report or standalone financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Article 20 Implementation and amendments

I. The Procedures are approved by at least one-half of the audit committee members and submitted to the board of directors for approval, and then submitted to the shareholders' meeting for approval, and the same applies to amendments. If the approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the Operational Procedures may be implemented if approved by two-thirds or more of all directors. If an audit committee member or a director expresses a dissenting opinion and there is a record or written statement, the Company shall state its dissenting opinion or reservation in the minutes of the board of directors' meeting and submitted to the shareholders' meeting for discussion. The same applies to amendments.

II. The term “all audit committee members” and “all directors” in the preceding paragraph shall mean the actual number of persons currently holding those positions.

Appendix 3

BAFANG YUNJI INTERNATIONAL CO., LTD.
Rules of Procedure for Shareholders' Meetings (before amendment)

Article 1 The Rules are established for compliance and for the purpose of establishing a good governance system for the Company's shareholders' meetings, improving the supervisory function and strengthening the management function.

Article 2 The rules of procedure for shareholders' meetings of the Company shall be in accordance with the Rules unless otherwise provided by law or the Articles of Incorporation.

Article 3 Convening and notice of shareholders' meetings

The Company's shareholders' meeting shall, unless otherwise provided for in law, be convened by the board of directors.

The Company shall send to the Market Observation Post System (MOPS) the notice of the shareholders' meeting, the proxy form, and the agenda and explanatory materials for each motion for adoption, discussion, and election or dismissal of directors 30 days prior to the regular shareholders' meeting or 15 days prior to the extraordinary shareholders' meeting. The Company shall send the shareholders' meeting handbook and supplementary information to the Market Observation Post System (MOPS) as electronic files no later than 21 days before the regular shareholders' meeting or 15 days before the extraordinary shareholders' meeting. 15 days prior to the shareholders' meeting, the shareholders' meeting handbook and supplementary information shall be made available to the shareholders at any time and shall be displayed at the Company and the professional stock affairs agency appointed by the Company, and shall be distributed at the shareholders' meeting. The cause(s) or subject(s) of a shareholders' meeting to be convened shall be indicated in the individual notice to be given to shareholders and public announcement; and the notice may, as an alternative, be given by means of electronic transmission, after obtaining prior consent from the recipient(s) thereof.

Matters pertaining to election or discharge of directors and alteration of 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, dissolution, merger, spin-off, or any matters as set forth in Article 185, Paragraph I, of the Company Act, Article 26-1, Article 43-6 of the Securities and Exchange Act, Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extempore motions.

The causes and subjects of the shareholders' meeting have stated the full re-election of directors and the date of their appointment. After the completion of the re-election at such shareholders' meeting, the date of their appointment shall not be changed by way of an extempore motion or otherwise at the same meeting.

Shareholders holding at least one percent of the total number of issued shares may propose a motion to the Company for a regular shareholders' meeting. Any proposal with more than one motion shall not be included in the agenda. In addition, the board of directors must not include the motion proposed by the shareholder under any of the circumstances set forth in Article 172-1, Paragraph IV of the Company Act. Shareholders may submit proposals to urge the Company to promote public interests or fulfill its social responsibilities. In terms of procedures, the number of items in the proposals should be limited to one in accordance with the relevant provisions of Article 172-1 of the Company Act. Any proposal with more than one item shall not be included in the meeting agenda.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the Company shall give a public notice announcing acceptance of the proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten days.

Article 4 Proxy to attend shareholders' meetings and authorization

A shareholder may appoint a proxy printed and issued by the Company to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the Company no later than 5 days prior to the meeting date of the shareholders' meeting. In case two or more written proxies are received from one shareholder, the first one received by the Company shall prevail; unless an explicit statement to revoke the previously written proxy is made in the proxy, which comes later.

After the service of the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by way of electronic transmission, a proxy rescission notice shall be filed with the Company two days prior to the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue. Otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 5 Principles for the location and time of shareholders' meetings

The location for a shareholders' meeting should 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. Independent directors' opinions on the meeting location and time shall also be fully considered.

Article 6 Preparation of signature books and other documents

The time during which shareholder attendance registrations will be accepted should be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted should be clearly marked and a sufficient number of suitable personnel should be assigned to handle the registrations.

Shareholders or their proxies (hereinafter referred to as the shareholders) should present attendance cards, sign-in cards, or other attendance certificates to attend a shareholders' meeting. The Company must not arbitrarily add requirements for other documents from the shareholders in support of their eligibility to attend. Solicitors seeking proxy forms should also bring identification documents for verification.

The Company shall furnish a signature book for the attending shareholders to sign in, or the attending shareholders shall submit a sign-in card to sign in on their behalf.

The Company should furnish attending shareholders with the meeting handbook, annual report, attendance card, speaker slips, voting ballots, and other meeting materials. Where there is an election of directors, election ballots should also be furnished.

When a shareholder is a government or a corporation, the number of representatives to attend the shareholders' meeting is not limited to one. When a juristic person is entrusted to attend a shareholders' meeting, only one representative can be appointed to attend.

Article 7 Chair and attendees at shareholders' meetings

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

When a director serves as chair, 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 be true for a representative of a corporate director that serves as chair.

For the shareholders’ meeting convened by the board of directors, the chairperson of the board should preside in person, and a majority of the directors (including at least one independent director) and at least one representative of various functional committees should attend, and the attendance should be recorded in the shareholders' meeting minutes.

If a shareholders’ meeting is convened by someone with the convening right but other than the board of directors, the convening person shall chair the meeting and if there are more than two such persons, one of them shall be elected as the chair of the meeting.

The Company may appoint lawyers, CPA, or related personnel to attend the shareholders’ meeting.

Article 8 Audio or video recordings of shareholders' meetings as evidence

After the public offering of the Company’s shares, the Company, beginning from the time it accepts shareholder attendance registrations, should make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting, and the voting and vote counting processes. The recorded materials of the preceding paragraph should be kept for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the minutes of the shareholders' meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

Article 9 Calculation of the number of shares attending and convening the shareholders’ meeting

Attendance in a shareholders' meeting should be calculated based on the number of shares. The number of shares in attendance shall be calculated based on the shares indicated by the signature book or sign-in cards handed in, plus the number

of shares whose voting rights are exercised by correspondence or electronically.
The chair should call the meeting to order at the scheduled meeting time, and at the same time, announce relevant information such as the number of shares with no voting rights and the number of shares present, etc. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement. No more than two such postponements may be made for a combined total of no more than one hour. When there are still insufficiently attending shareholders representing more than one-third of the total issued shares after two postponements, the chair shall announce the meeting to be aborted.
When there are still insufficiently attending shareholders representing more than one-third of the total issued shares after two postponements, a tentative resolution may be adopted in accordance with Article 175, Paragraph 1 of the Company Act and all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.
Before the conclusion of the meeting, if the attending shareholders represent a majority of the total number of issued shares, the chair may submit a tentative resolution for voting by the shareholders' meeting in accordance with Article 174 of the Company Act.

Article 10 Motion discussion

If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting should proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.
If a shareholders' meeting is convened by someone with the convening right but other than the board of directors, the provisions of the preceding paragraph shall apply mutatis mutandis.
The chair must not declare the meeting adjourned before the conclusion of the meeting agenda of the preceding two paragraphs (including extempore motions) except by a resolution of the shareholders' meeting. However, if the chair violates the rules of procedure and adjourns the meeting, a majority of the shareholders present may vote to elect a chair to continue the meeting.
The chair shall give sufficient explanation and opportunity to discuss the proposals and any amendments or extempore motions proposed by the shareholders, and when he/she is of the opinion that the motion is ready to be voted on, he/she may declare that the discussion is closed and put it to the vote.

Article 11 Shareholders' speech

When speaking, an attending shareholder shall specify on a speaker's slip the subject of the speech, shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.
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 slip, the spoken content shall prevail.
Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal and each speech shall not last for more than 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
When an attending shareholder is speaking, other shareholders may not speak or

interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
When a corporate 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 chair may respond in person or direct relevant personnel to respond

Article 12 Calculation of voting shares and recusal system
Voting in a shareholders' meeting should be calculated based on the number of shares.
The shares held by shareholders having no voting right shall not be counted in the total number of issued shares while adopting a resolution at a meeting of shareholders.
A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the Company, shall not vote nor exercise the voting right on behalf of another shareholder.
The number of shares for which voting rights are not allowed to be exercised in the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
Except for trust enterprises or stock agencies approved by the competent authority, when a person acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the Company. Otherwise, the portion of excessive voting power shall not be counted.

Article 13 Voting on motions
A shareholder shall have one voting right per share, except when the shares are restricted shares or have no voting rights under Article 179, Paragraph 2 of the Company Act.
When the Company holds a shareholders' meeting, it shall allow the exercise of voting rights by electronic means or by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise should be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means shall be deemed to have attended the meeting in person. But his or her rights shall be considered abstained with respect to the extempore motions and amendments to original proposals of that meeting
In case a shareholder elects to exercise his/her/its voting power in writing or by way of electronic transmission, as mentioned in the preceding paragraph, his/her/its declaration of intention shall be served to the Company two days prior to the scheduled meeting date of the shareholders' meeting, whereas if two or more declarations of the same intention are served to the Company, the first declaration of such intention received shall prevail; unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.
In case a shareholder who has exercised his/her/its voting power in writing or by way of electronic transmission intends to attend the shareholders' meeting in person, he/she/it shall, two days prior to the meeting date of the scheduled shareholders' meeting at the latest and in the same manner previously used in exercising his/her/its voting power, serve a separate declaration of intention to rescind his/her/its previous declaration of intention made in exercising the voting

power under the preceding Paragraph Two. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised in writing or by way of electronic transmission shall prevail. In case a shareholder has exercised his/her/its voting power in writing or by way of electronic transmission, and has also authorized a proxy to attend the shareholders' meeting on his/her/its behalf, then the voting power exercised by the authorized proxy for the said shareholder shall prevail.

Unless otherwise required by the Company Act and by the Company's Article of Incorporation, the approval of a proposal shall require an affirmative vote of a majority of the voting rights of the attending shareholders. During voting, if the chair solicits and receives no dissents, the motion is deemed passed, with equivalent force as a resolution by vote. The outcome of a vote at the audit committee meeting shall be reported on the spot and be recorded accordingly. At the time of voting, the chair or the person designated by the chair should first announce the total number of voting rights of the attending shareholders for each proposal, then the shareholders shall vote on each proposal. On the same day after the meeting, the results of shareholders’ approvals, disapprovals and abstentions, shall be entered into the Market Observation Post System.

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

Monitoring and counting personnel for voting on a proposal shall be appointed by the chair, but all monitoring personnel should be shareholders.

Vote counting for shareholders' meeting proposals or elections should be conducted in a public place during the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistics of the number of rights, shall be announced on the spot in the meeting, and recorded

Article 14 Election matters

In the event of an election of directors in a shareholders' meeting, the election results, including the list of elected directors and the number of their elected rights, should be announced on the spot in accordance with the relevant election regulations established by the Company.

The election ballots for the aforementioned election shall be sealed and signed by the vote monitoring personnel and kept in a safe place for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the minutes of the shareholders' meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

Article 15 Meeting minutes and signatures

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within twenty (20) days after the close of the meeting. The preparation and distribution of the minutes of shareholders' meetings may be effected by means of electronic transmission.

After the public offering of the Company’s shares, the distribution of the

aforementioned resolutions can be entered into the Market Observation Post System to be publicly announced.
The minutes of meetings should correctly record the year, month, day, venue, name of the chair, voting method, the essentials of the proceedings and the voting results (including the statistical weights). If there is an election of directors, the votes received by each nominee shall also be disclosed. The minutes are to be kept permanently during the Company's existence.
The method of the preceding resolution shall be recorded as "approved by the chair after consultation with all shareholders present without dissent" if the shareholders do not object to the resolution after consultation by the chair; however, if the shareholders object to the resolution, the method of voting and the number and proportion of votes in favor shall be stated.

Article 16 External announcement
On the day of a shareholders' meeting, the Company should compile in the prescribed format a statistical statement of the number of shares obtained by solicitors and the number of shares represented by proxies, and shall make an express disclosure in the shareholders' meeting.
After the public offering of the Company’s shares, if a resolution in a shareholders' meeting constitutes material information required by relevant laws or regulations or by Taiwan Stock Exchange (Taipei Exchange), the Company should transmit the content of such resolution to the Market Observation Post System within the prescribed time period.

Article 17 The personnel administering the shareholders' meeting should wear identification cards or armbands.
The chair may direct proctors or security personnel to help maintain order in the meeting place. Proctors or security officers, when helping maintain order at the scene, should wear armbands or identification cards with the word “Proctor”.
If the meeting place is equipped with sound-amplifying equipment, the chair may stop any shareholders from speaking unless they are using the equipment set up by the Company.
When a shareholder violates the rules of procedure, disobeys the chair's correction, or obstructs the proceedings and refuses to follow the call to stop, the chair may direct proctors or security personnel to escort the shareholder out of the meeting.

Article 18 Rest and resumption of the meeting
When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. If the meeting place cannot be further used and not all of the items (including extempore motions) on the meeting agenda have been addressed, the shareholders' meeting may ratify a resolution to resume the meeting at another place. The shareholders' meeting may, in accordance with the provisions of Article 182 of the Company Act, be resolved to be postponed or resumed within five days.

Article 19 The Rules shall be effective upon approval by the shareholders' meeting and the same applies to amendments.
The Rules were established on March 15, 2013.
The 1st amendment was made on June 29, 2017.

The 2nd amendment was made on June 24, 2020.
The 3rd amendment was made on July 20, 2021.

Appendix 4

BAFANG YUNJI INTERNATIONAL CO., LTD.

Shareholding of all directors

I. The total number of issued shares of the Company is 66,044,796 shares.

II. The minimum number of shares required by law to be held by all directors is 5,283,583 shares (66,044,796*10%*80%)

III. The Company has an audit committee, so there are no supervisors holding any shares.

IV. As of April 17, 2022, the stock transfer suspension date for the shareholders' meeting, all directors of the Company had the following shareholding status as recorded in the shareholder roster: (the criteria for the number of shares required by Article 26 of the Securities and Exchange Act have been met)

Status	Name	Shareholding	
		Number of shares	Shareholding percentage (%)
Chairperson	Lin, Hsin-Yi	3,183,628	4.82%
Director	Lin, Chia-Yu	5,095,963	7.72%
Director	FU YU INVESTMENT CO., LTD. Representative : Lin, Ming-Che	9,304,966	14.09%
Director	Chang, Jui-Lien	600,200	0.91%
Director	Lee, Ming-Shen	0	0
Independent director	Chiu, Shih-Fang	0	0
Independent director	Chang, Ming-Hui	0	0
Independent director	Jao, Shih-Chen	0	0
Independent director	Wu, Sheng-Chi	0	0
Total of all directors		18,184,757	27.53%