

## Excerpt of GRAND OCEAN RETAIL GROUP LIMITED

2022 Annual General Shareholder's Meeting Minutes

Date and Time: June 23, 2022 9:00 AM

Location: No. 231 Jiangou S. Rd, Sec 2, Taipei, Taiwan

Shares Presented or Represented:

Total shares issued: 195,531,000 shares

Shares Presented or Represented: 130,730,217 shares

Percentage of Shares Presented or Represented: 66.85%

Chairman: Kuo Jen Hao



Secretary: Hung Wei



- I. Chairman's Address: Omitted.
- II. Report Items
  - (I) 2021 Business Report : Annex I.
  - (II) 2021 Audit Committee Annual Financial Statement : Annex II.
  - (III) 2021 Rewards Distribution to Employees and Board Members Report.
  - (IV) Report of the "Ethical Corporate Management Best Practice Principles" of the Company is provided here.
  - (V) Report of the "Corporate Social Responsibility Best Practice Principles" of the Company is provided here.



## III. Recognition Items

- (I) 2021 Business Report and Consolidated Financial Statements

  Descriptions:
  - I. The board has passed the resolution of the 2021 consolidated financial statements, and authorizes the KPMG Taiwan accountants Zhang Shuying as well as Lai Lizhen, to perform the audit, having been fulfilled.
    Consequently, the consolidated statements will be submitted to the audit committee along with the business report for further check, and the written check report is to be documented.
  - II. For the business report, please refer to Annex I; for the audit report, consolidated income statement, consolidated statement of changes in shareholders' equity, as well as consolidated statement of cash flows, please refer to Annex III.

III. Please be informed for recognition.

## Resolution:

After voting, the total voting rights of the shareholders present in this case were 127,117,217, 125,165,846 in favor, accounting for 98.46% of the total voting rights (including 115,535,846 in electronic means); 206,789 in opposition (including 206,789 in electronic means); Invalidity rights: 0; abstentions/non-voting rights: 1,744,582 rights (including electronic voting abstentions: 1,744,582 rights), and this case was recognized as the case.



## (II) 2021 Loss Make Up Proposal

## Descriptions:

I. Net loss after tax of the company in 2021 is NT\$232,134,868, which is planned to be made up from undistributed surplus. The loss make-up proposal is as follows:

GRAND OCEAN RETAIL GROUP LIMITED

2021 Loss Make Up Proposal

Currency: NTD

2020 Closing Retained Earnings	714,867,395
Affected amount of non-current assets pending for sale	(9,834,080)
Deduction: 2021 Net loss after Tax	(232,134,868)
Deduction : Set aside Special Reserve	(36,013,759)
2021 Closing Retained Earnings	436,884,688

Chairman:

GUO RENHAO

Manager:

**HUANG QINGHA** 



Accounting

Supervisor:





II. Please be informed for recognition.

## Resolution:

After voting, the total voting rights of the shareholders present in this case were 127,117,217, 125,349,846 in favor, accounting for 98.60% of the total voting rights (including 115,719,846 in electronic means); 206,808 in opposition (including 206,808 in electronic means); Invalidity rights: 0; abstentions/non-voting rights: 1,560,563 rights (including electronic voting abstentions: 1,560,563 rights), and this case was recognized as the case.



## IV. Topic Discussions

- (I) Cash dividends Distribution by Capital Reserves

  Descriptions:
  - I. Pursuant to Article 241 of the Company Act, "Where a company incurs no loss, it may distribute the premium over the shares issued at the par value in its capital reserve to its shareholders in proportion to the number of shares being held by each of them in cash," it is intended to distribute NT\$ 195,531,000 from the capital reserve to the shareholders in cash, for NT\$1 per share
  - II. For the proposal for distribution of dividends from the capital reserve, upon the approval of the shareholders, it is intended to request the shareholders' meeting to authorize the Board to determine the distribution base date and payment date, among other related matters.
  - III. If later, the changes of the Company's share capital result in the number of outstanding shares and thus the changes of shareholder dividend yield, and amendments are required, it is intended to request the shareholders' meeting to authorize the Board fully to handle and announce.

## Resolution:

After voting, the total voting rights of the shareholders present in this case were 127,117,217, 10,138,846 in favor, accounting for 7.97% of the total voting rights (including 6,290,846 in electronic means); 116,341,808 in opposition (including 110,559,808 in electronic means); Invalidity rights: 0; abstentions/non-voting rights: 636,563 rights (including electronic voting abstentions: 636,563 rights). The case was not passed as per the case.



- (II) Amendment to Certain Articles of "Articles of Incorporation"

  Descriptions:
  - I. In compliance with considering practical operations for the company, a proposal is made here to amend the certain articles of "Articles of Incorporation" of the company.
  - II. Please refer to Annex IV for comparison table of the articles.
  - III. Please be informed for discussion.

## Resolution:

After voting, the total voting rights of the shareholders present in this case were 127,117,217, 125,188,846 in favor, accounting for 98.48% of the total voting rights (including 115,558,846 in electronic means); 206,789 in opposition (including 206,789 in electronic means); Invalidity rights: 0; abstentions/non-voting rights: 1,721,582 rights (including electronic voting abstentions: 1,721,582 rights). The case was passed as per the case.

- (III) Amendment to Certain Articles of "Principles for Election of Directors" Descriptions:
  - In compliance with the recent act amendments and considering practical operations for the company, a proposal is made here to amend the certain articles of "Principles for Election of Directors" of the company.
  - II. Please refer to Annex V for comparison table of the articles.
  - III. Please be informed for discussion.

## Resolution:

After voting, the total voting rights of the shareholders present in this case were 127,117,217, 125,188,845 in favor, accounting for 98.48% of the total voting rights (including 115,558,845 in electronic means); 206,790 in opposition (including 206,790 in electronic means); Invalidity rights: 0; abstentions/non-voting rights: 1,721,582 rights (including electronic voting abstentions: 1,721,582 rights). The case was passed as per the case.



(IV) Amendment to Certain Articles of "Procedures of Acquisition and/or Disposal of Assets"

## Descriptions:

- I. In compliance with the recent act amendments and considering practical operations for the company, a proposal is made here to amend the certain articles of "Procedures of Acquisition and/or Disposal of Assets".
- II. Please refer to Annex VI for comparison table of the articles.
- III. Please be informed for discussion.

## Resolution:

After voting, the total voting rights of the shareholders present in this case were 127,117,217, 125,192,846 in favor, accounting for 98.48% of the total voting rights (including115,562,846 in electronic means); 202,789 in opposition (including 202,789 in electronic means); Invalidity rights: 0; abstentions/non-voting rights: 1,721,582 rights (including electronic voting abstentions: 1,721,582 rights). The case was passed as per the case.

- V. A.O.B. Shareholders' questions and voice content and the company's reply: Omitted.
- VI. Adjournment: 9:56 am on June 23, 2022



## 2020 Business Report

## Ladies and Gentlemen:

Thanks for everyone for your kindly support as well as encouragement to Grand

Ocean Retail Group Limited for such a long time as always. We are honored to be on

behalf of the whole operating team to present the operational results and development in

2021 as well as operational strategies in 2022

## 1 > 2021 Operational Results:

Annual consolidated operating revenues of the group in 2021 was NT\$ 5,159,425 thousand, which grew by a increase of 7.69% than NT\$ 4,790,864 thousand in 2020; net loss after tax in 2021 was NT\$ (232,135) thousand, which grew by a decrease of 124.99% than NT\$ (103,177) thousand in 2020; Loss per share in 2021 was NT\$1.19.

## 2 > 2021 Operational Development:

It has been two years since the outbreak of COVID-19; the pandemic continued in 2021, and the shadow still shrouds people's lives and businesses. 2020 was a difficult year. We originally expected to turn the tide in 2021, but due to the triple squeeze of the pandemic, income and taxes, the consumption as the "first carriage" driving the economic growth in previous years was no longer there. The business indicators of Grand Ocean in 2021 were also unsatisfactory, which only resumed to 80% of what it was in 2019. In 2021, with the work theme of "taking customers as the center to build a consumer experience demonstration platform; taking artificial intelligence as assistance to cross the time and space boundary of online and offline-channels", Grand Ocean has made achievements in the following aspects:

## (1) Upgraded the Group's member system

In the process of digital transformation of the Group, the most critical thing is the portrait and labeling of consumers. It was difficult for the previous



membership system to meet the current needs. Therefore, based on its own needs and characteristics, Grand Ocean borrowed the experience from its peers, integrated the original independent membership system of each store into a unified membership system of the Group on July 1, 2021, and built a customer-centered membership system that integrates all the channels and platforms to improve the shopping experience. A hierarchical management is implemented to fine tune the management and increase the consumption loyalty of members.

(2) Formulated and implemented the target responsibility system of all employees

In order to further improve the management ability of managers, clarify the responsibilities and objectives, more effectively achieve the performance and benefit indicators and tasks assigned by the Group, encourage the advanced, spur the backward, and provide the basis for promotion, salary increase, demotion and salary reduction, the Group formulated and tried out the full target responsibility system for managers in 2021. Throughout the Group, the full target responsibility system has a strong incentive effect; many stores have been rewarded for meeting the standards, the target responsibility system of all employees has been implemented, and the reward standards have been made open and transparent. These have greatly stimulated the enthusiasm of all employees of the Group.

(3) Further strengthened intelligent construction

Further strengthened the intelligent construction of shopping malls, and launched the data analysis app at the end of 2021. It is the first real-time big data analysis system of Grand Ocean and a milestone in its history. This data analysis app has greatly improved the relevance, comparability and



multidimensional nature of the data, so that everyone can check the sales performance at any time and master the sales dynamics in a multidimensional way. The PC end page will be launched in March 2022, with finer granularity and more powerful functions in all aspects.

## (4) Continuous improvement in brand building

In 2021, Grand Ocean continued to improve its brand building and sought cooperation with leading brands in different fields. Among them, the Fuzhou Store II comprehensively upgraded the image of high-end watch area, Omega refurbished its class A flagship counter, the Lining counter of Wuhan Store I was upgraded to become the first store with a 570 double deck in the province, the Puma counter was upgraded to the first store of black label cobranded products, and the Mo&Co store was upgraded to the highest level in China. In addition, we won over popular and high-performance Internet celebrity brands. For example, our South I Store introduced the internet celebrity restaurant "Dongfadao"; our Wuhan Store I introduced internet celebrities "Chyanyuese (Sexy Tea)" and the first store of "Momo Dim Sums" in Wuhan; our South II Store launched LELECHA Tea Drinks; our Yichang Store introduced the Hubei internet celebrities "Chinese Chef Kojika" and "Pangji Barbecue" which Dianping highly recommends; our Hefei Store introduced snack brands with Changsha characteristics, such as "Xiangxialao" and "Sevenbus". In 2022, the Group's stores will continue to actively look for cooperation with more top brands and the joining of more brands that have not yet cooperated with Grand Ocean to improve the market competitiveness of each store.

## (5) Launched the 1000 trees project

The first battle of the strategy of building another Grand Ocean was won.



It took eight and a half months to prepare and launch the 1000 trees project; compared with the peers, the time spent was short and the quality was high. After the opening, 1000 trees has attracted the customer flow in Shanghai and even the whole country, won the top attention, and contributed to Shanghai as a landmark artistic and trendy shopping place. Since its opening, there has been an endless stream of consumers. The business of most catering brands has been booming, which has also driven the sales of retail brands which are gradually performing well. The positioning, management and operation of 1000 trees have provided valuable experience for large shopping centers of Grand Ocean, which is of strategic significance.

## 3 · 2022 Operational Strategies:

In 2022, the Group put forward the business theme of "building a new retail landmark of humanities, art and innovative; and standing out to be a leader in consumption, experience and lifestyle" to deepen the reform and actively carry out the following work:

(1) Actively think and seek change in integration with the new work theme of 2022

At present, the complex and changeable external environment is both a challenge and an opportunity for Grand Ocean. In the surging tide of the times, we need to stick to our original intention, closely examine the new work theme of 2022, constantly improve ourselves, rise to the difficulties and bravely stand at the forefront of the tide. How to play a big role in the retail market is not only the strategic planning at the group level, but also the finer operation of every store and the down-to-earth efforts of every employee. We have the responsibility to create a new retail landmark of humanities, art and innovation, and stand out to be the leader of consumption, experience and



lifestyle. We also have the responsibility to lead the industry and forge ahead.

(2) Strong stores continue to give full play to their advantages and weak stores actively seek breakthroughs.

Strong stores must win the industry's leading brands without any hesitation. They should also seek the cooperation of leading brands in other fields. Strong stores should also unswervingly eliminate empty counters. As of December 2021, the empty counter area of the whole Group was still 27506m². Although the empty counter area of most stores decreased in 2021, there is still much room for improvement. At the same time, it should be noted that while filling up the empty counters, we should not ignore the brand quality, so as not to put the cart before the horse. For poor performing stores, we should give full play to the strength of the Group and region, explain the investment attraction of weak stores, and formulate an eye-catching plan and position based on our own characteristics and needs.

(3) Strengthen the target responsibility system of all employees

The key of the all-employee target responsibility system is to break down the budget into each floor, counter and post according to the existing standards, so as to form a strong network to ensure the implementation of the budget. There will be rewards for achieving the goal and incentives for exceeding the goal. The implementation of the all-employee target responsibility system has begun to take effect in 2021. The Fuzhou Store II has received rewards of more than RMB1 million in the four quarters. With its size of less than 100 people, the per capita reward is very considerable. For the stores that cannot achieve the target for three consecutive quarters, the general manager of the stores will be replaced. This year, on the basis of continuing to implement the original policy, we should further refine the



indicators and assessment of each post of managers and first and second level supervisors, so as to solve the persistent problem of having unqualified people on the posts.

(4) Make the Group's Investment Solicitation Department play its role

The Investment Solicitation Department shall provide assistance in investment solicitation according to the needs of each store in order to position the brand. In the past, Grand Ocean did not do enough in the centralized investment solicitation of the Group and lagged behind its competitors. This year, we should make up for the deficiencies and make breakthroughs in this regard. Qianshu's investment solicitation has been completed. Next, we need to return to the headquarters to complete the important task of investment solicitation and give full play to the advantages of Group-level investment solicitation.

(5) Continue to play the role of boundless retail

Since its establishment on March 13, 2020, the Boundless Retail
Business Department has worked closely with the O2O Business Department
to make the Group's online sales exceed 10%, and the attention and activity
of the WeChat mall after upgrading have also been improved. Various stores
have also carried out normalized live broadcasting activities; some of these
live broadcasts have physical sales, and some increase customers'
opportunities to come to the store by displaying the store's contents. At
present, the number of members of the Group's WeChat mall has reached
450,000, and the number of Tiktok fans has reached 330,000. These are to
be further increased in 2022. Now the data analysis app has been launched.
Still, we need to know that the biggest challenge for the intelligent
construction of enterprises is not the lack of funds or tools, but the lack of a



deep understanding of intelligence and the inability to find the integration point of digital technology and business work. We require the general manager and manager of each store to be proficient in using it. The boundless and O2O parts should be continuously improved to truly realize the unified management of one-screen management and make the data available for our work. Before the mid-year celebration, each store shall use the data analysis computer tool's data chart to explain the ideas, plans, and objectives of the marketing activities in the activity proposal and review the data after the activity. On the day of each scheduled activity, each store should try its best to communicate with the top ten members via WeChat on that day, take the initiative to understand customers' needs and provide high-quality services.

## (6) Correctly perform adjustment and reform

Lao Tzu said: "governing a big country is like cooking small delicacies. If you rule the world with Tao, no ghosts will be terrible". It means that to manage a country, we should be as careful as frying a small fish, work properly, and act according to the law, and then no ghosts will be scary and will not hurt people. It can therefore be seen that the adjustment and reform work of any store should be cautious and careful. You can't push it down and start over again. Otherwise, customers will have gone to other stores before you complete the adjustment and reform. Once they get used to other stores, it's difficult to have them back. Quanzhou store and Hengyang store are the typical negative teaching materials. In addition, the adjustment and reform is not only the choice and management of brands, but also the key process of shaping the scene power. A good adjustment and reform should bring topics, traffic and spontaneous communication to the mall to give it its own unique



temperament, rather than making consumers feel that "it's all the same no matter which mall we go to. Just pick the nearest one".

(7) Build another Grand Ocean and achieve great results

The opening of Qianshu gives Grand Ocean the most fashionable stores in the first-tier cities. This is only the first step of building another Grand Ocean, and there are still the second and third steps to come. In 2022, we should take the second step and continue to expand steadily in new first-tier cities or cities with a good foundation of our members, so as to lay the foundation for us and closely follow the times and leads the trend.

(8) Coordinate and arrange the planning activities of each store

Coordinate and arrange the planning activities of each store, so as to not only do a good job in the planning of major schedules, but also pay more attention to the activity arrangement of other holidays and related consumer holidays. Pay close attention to the key points of marketing, control the planning expenses, grasp the market rhythm and purchase trend, use various innovative online momentum and offline attraction to gather customers, boost popularity, increase the bag carrying rate and improve sales.

GRAND OCEAN RETAIL GROUP LIMITED

Chairman: GUO JEN HAO

Manager: HUANG QING HA



Accounting Supervisor: LI MIN FANG





## **Audit Committee Audit Reports**

The board has prepared the 2021 business report and consolidated financial statements, wherein the latter ones have been authorized to the KPMG Taiwan accountants Zhang Shu Ying as well as Lai Li Zhen and accomplished; the audit reports are issued here. Business report, consolidated financial statements and earnings distribution bill as above have been checked by the audit committee, and incompatibility is not yet found. Thus Article 14.4 of Securities Exchange Act as well as Article 219 of Company Act of R.O.C. are to be adopted for the report, please be informed.

Sincerely

GRAND OCEAN RETAIL GROUP LIMITED
2022 Shareholders Meeting

GRAND OCEAN RETAIL GROS

Audit Committee Coordinator: SHER CHING Y

May 13, 2022



## **Accountant's Audit Reports**

To the board of Grand Ocean Retail Group Ltd.:

## **Audit Comment**

We have audited the consolidated financial statements of Grand Ocean Retail Group Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2021 and 2020, and the consolidate7 statement of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

## **Foundation of Audit Comment**

We conducted our audit of the consolidated financial statements in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis of our opinion.



## **Critical Audit Matters (CAM)**

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

## I. Impairment of Goodwill and Trademark Rights

Please refer to notes 4(m), 5(b), and 6(h) to the consolidated financial statements for the accounting principles on the recognition of impairment of non- financial assets, the accounting estimates and uncertainty of assumptions in assessment of impairment of goodwill and trademark privileges, as well as details of impairment of goodwill and intangible assets, respectively.

## Description of key audit matter:

As of December 31, 2021, the carrying amounts of intangible assets 7% of the total assets of the Group. The major part of goodwill and trademark originated from the acquisition of GORG in 2006. Since retailing business was influenced by COVID-19 pandemic, maintaining revenue and profitability had become a challenge. Therefore, the goodwill and trademark from acquisition were affected, and the Group concerned if the carrying amounts exceeded recoverable amounts of retailing department. The Group's management should follow IAS 36 to determine the value in use using a discounted cash flow forecast of retailing department. Due to the fact that the estimated recoverable amounts involved management's judgment, and it had great uncertainty, there was an overestimated risk on value in use of goodwill, trademark, and assets of retailing business department. Therefore, we considered the assessment of assets impairment as one of the key audit matters to the consolidated financial statements in the audit process.

## How the matter was addressed in our audit

We obtain the model that the Group's management used to assess the impairment of goodwill and trademark and assumptions, including to evaluate whether management had identified cash generating units ("CGU") which might have impairments, and to consider all the assets that had to be tested had been included in the assessment. We also reviewed separate financial assumptions that the management used to assess impairments and related verification of recoverable amounts. We verified the reasonability of the assumptions and accuracy of management's calculation based on available data. We also examined the appropriateness of disclosure for the aforesaid assets.



## II. Impairment of Assets

Please refer to notes 4(m), 5(a), 6(f), and 6(g) to the consolidated financial statements for the accounting principles on the recognition of impairment of non-financial assets, the accounting estimates and assumptions uncertainty in assessment of impairment of property, plant and equipment, and right of use assets, details of impairment of property, plant and equipment, as well as right -of- use assets, respectively.

## Description of key audit matter:

As of December 31, 2021, the carrying amounts of property, plant and equipment and right- of- use assets constitute 70% of the total assets of the Group. Since retailing business was influenced by COVID-19 pandemic; shipping business was affected by the uncertainty of international economic cycle and transportation volume, maintaining revenue and profitability had become a challenge. Therefore, the carrying amounts of operating assets were affected, and the Group concerned if the carrying amounts exceeded recoverable amounts. The Group's management should follow IAS 36 to determine the recoverable amounts by the higher of using discounted cash flow forecast or fair value less disposal costs. Due to the fact that the estimated recoverable amounts involved management's judgment, and it had great uncertainty, there was an overestimated risk on value in use of operating assets. Therefore, we considered the assessment of assets impairment as one of the key audit matters to the consolidated financial statements in the audit process.

## How the matter was addressed in our audit

We obtain the model that the Group's management used to assess assets impairment and assumptions, including to evaluate whether management had identified CGU which might have impairments, and to consider all the assets that had to be tested had been included in the assessment. We also reviewed separate financial assumptions that the management used to assess impairments and related verification of recoverable amounts. We verified the reasonability of the assumptions and accuracy of management's calculation based on available data. We also examined the appropriateness of disclosure for the aforesaid assets.



## III. Recoverability of Other Receivables

Please refer to notes 4(g), 6(c), and 6(i) to the consolidated financial statements for the accounting principles on the recognition of financial instruments, the disclosures of other receivables and other financial assets, respectively.

## Description of key audit matter:

The retailing department of the Group recently ended part of their investment due to the downturn of business cycle and rigorous competition in mainland China. As of December 31, 2021, the carrying amounts of other receivables, originated from uncollected prepaid investments, amounted to \$462,201 thousand, and constituted 2% of the total assets of the Group. The Group measured loss allowance for expected credit losses of other receivables in accordance with IFRS 9 "Financial Instruments". Therefore, we considered the assessment as one of the key audit matters to the consolidated financial statements in the audit process.

## How the matter was addressed in our audit

We obtained the management's assessment for the expected credit losses of other receivables to examine the related supporting documents of default risk. We evaluated the reasonability of expected credit losses of other receivables in duration according to IFRS 9 "Financial Instruments".

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

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

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

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

## 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 that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting



from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Shu-Ying Chang and Li-Chen Lai.

## **KPMG**

Taipei, Taiwan (Republic of China)

March 30, 2022

\$ 27,277,407 100 24,326,044 100



	GR	RAND OCEA	NRE	Part G	See and a	STALL GROUP LED, and Re Consolidated Balance Sheets	GRAND OCEAN RETSUL GROUP LETD, and Relational Subsidiaries Consolidated Balance Sheets	
				eeembe	18 18	December 31, 2021 and 2020	1 2020	Currency: NTD (thousand)
		2021		Dec 31, 2020	0 2			2021 Dec 31, 2021
	Assets	Amount	R	Amount	R		Comment I inhibition	Name of Theorem
1100		3 575 058	-	3 757 438	4	2100	Short-down Loans (Note 6 (11)	\$ 2540.031 9 2303.897 9
1110				74.619		2171	Accounts Payable (Note 6 (1))	2,005,631 8
						2219	Other Payables (Note 6 (f),(s) and 7)	875,611 3 741,751 3
1170	0 Accounts Receivable of Net Amount (Note 6 (c) )	189,072	-	198,626	-	2230	Current Tax Liabilities	54,514 - 2,671 -
1200	0 Other Receivables (Note 6 (c),(t) &7)	568,734	0	460,733	CI	2280	Current lease liabilities(Note 6 (m) and 7)	832,236 4 870,702 4
1300	0 Inventones - Merchandising Business	233,185	-	314,428	-	2322	Current portion of long-term borrowings (Note 6 (k) )	907,627 2 604,616 2
1410	0 Pre-payments (Note 7)	365,430	-	270,170	-	2399	Other current liabilities	10,081 - 10,142 -
1476	6 Other Financial Assets - Current (Note 6 (i) and 8)	47,250		40,668				7,225,731 26 6,839,423 28
		4,999,105	18	5,116,672	20		Non-current Liabilities:	
	Non-current Assets:					2541	Long-term Loans of Bank (Note 6 (k))	523,548 2 1,132,535 5
1550	Investments accounted for using equity method, net (Notes 6(d))	36,634	ř			2570	Deferred Tax Liabilities (Note 6 (o))	50,533 - 61,473 -
1600	0 Property, Plants and Equipment (Note 6 (t) ~ 8)	6,733,070	25	7,101,445	29	2580	Non-Current lease liabilities(Note 6 (m) and 7)	10,767,895 40 7,297,423 30
1755	S Right of use asset (Note 6 (g))	12,440,063	45	8,641,219	36	2645	Deposit Received (Note 6 (e) )	670,699 2 498,699 2
1780	0 Intangible Assets (Note 6 (h))	1,849,497	7	1.765,189	7			12,012,875 44 8,990,130 37
1840	0 Deferred Tax Assets (Note 6 (o) )	861,906	m	1,051,329	10		Total Liabilities:	19,238,606 70 15,829,553 65
1980	0 Other Financial Assets - Non-current (Note 6 (i) & 7)	216,039	-	466,514	7			
1990	Other Non-current Assets (Note 6 (p) and 7)	141,093	-	183,676	-		Equity of Owner of Parent Company (Note 6 (p) ):	
		22,278,302	82	19,209,372	80	3100	Share Capital	1,955,310 7 1,955,310 8
						3200	Additional Paid-in Capital	5,066,363 21 5,065,491 21
						3310	Legal Reserve	580,244 2 580,244 2
						3320	Appropriated Retained Earnings	956,578 4 1,114,697 5
						3350	Retained Earnings	472,898 2 742,445 3
						3400	Other Equity	(992,592) (4) (961,696) (4)
							Total Equity	8,638,801 30 8,496,491 35



Total Liabilities and Equity

S 27.277,407 100 24,326,044 100

Total Assets



Accounting Supervisor: LI MINFANG

(please refer to the note for details attacher the open statements)
Manager: HUANG QINGHAI 即清

\$ 6,285,240 100 5,573,209 100

Total Liabilities and Equity

S 6,285,240 100 5,573,209 100

Total Assets



		RAND	OCEA	NRE	TAILSG	ROIL	Sept 1	GRAND OCEAN RETAIL GROUP LIDe and Relational Subsidiaries			
					Consolid	ate B	Consolidated Balance Sheets	leefs			
				-	Decembe	mber 31,2	December 31, 2021 and 2020	2020	Currency: RMB (thousand)	thousand)	
	Asserts	Dec 31,	2021	1 ×	Dec 31, 2020 Amount 5	° %		Liabilities and Equity	Dec 31, 2021 I	Dec 31, 2020 Amount 9	28
	Current Assets:		Ĺ	l,	1	1		Current Liabilities:		ľ	1
1100	Cash and Cash Equivalents (Note 6 (a) )	×9	812,449	13	860,844	15	2100	Short-tenn Loans (Note 6 (j) )	\$ 585,272 9	527,833	6
1110	Financial Assets Measured at Fair Value through Profit or Loss - Current (Note 6		16,009		17,096		2171	Accounts Payable (Note 6 (1) )	462,136 8	528,234	01
	(b)						2219	Other Payables (Note 6 (f),(s) and 7)	201,758 3	169,938	15
1170	Accounts Receivable of Net Amount (Note 6 (c) )		43,566	_	45,506	-	2230	Current Tax Liabilities	12,561	612	
1200	Other Receivables (Note 6 (c),(f) &7)	-	131,047	7	105,556	7	2280	Current lease liabilities(Note 6 (m)and 7)	191,763 3	199,482	4
1300	Inventories - Merchandising Business		53,730	-	72,037	-	2322	Current portion of long-term borrowings (Note 6 (k) )	209,135 3	138,520	N
1410	Pre-payments (Note 7)		84,202	-	61,897	-	2399	Other current liabilities	2,323	2,325	.1
1476	Other Financial Assets - Current (Note 6 (i) and 8)		10.887		9,317				1,644,948 26	1,566,944	28
		1.1	1,151,890	80	1,172,253	20		Non-current Liabilities:			
	Non-current Assets:						2541	Long-term Loans of Bank (Note 6 (k) )	120,636 2	259,469	'n
1550	Investments accounted for using equity method, net (Notes 6(d))		8,441	,	·		2570	Deferred Tax Liabilities (Note 6 (o) )	- 11,690	14,084	1
1600	Property, Plants and Equipment (Note 6 (f) > 8)	1,5	,551,429	25	1,626,974	53	2580	Non-Current lease liabilities(Note 6 (m) and 7)	2,481,130 40	1,671,874	30
1755	Right of use asset (Note 6 (g))	2,8	2,866,430	45	1.979,743	36	2645	Deposit Received (Note 6 (e) )	154,542 2	114,254	1
1780	Intangible Assets (Note 6 (h) )	4	426,159	7	404,413	7			2,767,998 44	2,059,681	37
1840	Deferred Tax Assets (Note 6 (0))		009'861	.0	240,864	2		Total Liabilities:	4,432,946 70	3,626,625	9
1980	Other Financial Assets - Non-current (Note 6 (i) & 7)		49,780	_	106,881	5					
1990	Other Non-current Assets (Note 6 (p) and 7)		32,511		42,081	-		Equity of Owner of Parent Company (Note 6 (p) );			
		5.1	5,133,350	82	4,400,956	80	3100	Share Capital	492,105 8	492,105	6
							3200	Additional Paid-in Capital	1,017,940 16	1,017,738	18
							3310	Legal Reserve	121,053 2	121,053	~
							3320	Appropriated Retained Earnings	213,635 3	250,178	5
							3350	Retained Earnings	32,665 1	94,811	~
							3400	Other Equity	(25,104)	(29,301)	d
								Total Equity	1,852,294 30	1,949,584	35



22



GRAND OCEAN RETAIL GROUP L'D, and Relational Subsidiaries

Consolidated Income Statement

For the years ended December 31, 2021 and 2020

			Cur 2021	rency:	NTD (thousand 2020	ad)
			Amount	%	Amount	96
4000	Operating Revenues (Note 6 (r) &7)	\$	5,159,425	100	4,790,864	100
5000	Operating Costs		1,433,268	28	1,573,658	33
	Gross Profit		3,726,157	72	3,217,206	67
6000	Operating Expenses (Note 6 (f), (g), (h), (m), (n), (s)and 7)		3,294,613	64	2,958,101	62
6450	Expected credit loss(Note 6 (c))	_	2,686	(m)	12,625	-
		_	3,297,299	64	2,970,726	62
	Operating Income		428,858	8	246,480	5
	Non-operating Income and Expenses:					
7100	Total interest income(Note 6 (t))		25,759	1	26,242	1
7010	Other Revenues (Note 6 (t))		2,639		2,796	-
7020	Other Gains and Losses (Note 6 (f) and (t) )		147,439	3	188,756	4
7050	Financial Costs (Note 6 (m), (t) and 7)		(529,580)	(10)	(560,110)	(12)
7055	Expected Credit Losses (Note 6 (i),(h) and (u))		5,572		(66,628)	(1)
7060	Share of profit (loss) of associates accounted for using equity method, net(Notes 6(d))	9	(2,771)	-		-
			(350,942)	(6)	(408,944)	(8)
7900	Earnings before Tax		77,916	2	(162,464)	(3)
7950	Deduction: Income Tax Expenses (Note 6 (a) )	_	310,051	6	(59,287)	(1)
	Current Net Income		(232, 135)	(4)	(103,177)	(2)
8300	Other Comprehensive Income:					
8360	Items that may be Re-classified Subsequently to Profit or Loss					
8361	Exchange Difference on Translation of Foreign Operations		(30,574)	(1)	159,304	3
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	•	(322)	S=2.	-	
8399	Income tax related to components of other comprehensive	_		-		-
	income that will be reclassified to profit or loss  Sum of Items that may be Re-classified Subsequently to  Profit or Loss	_	(30,896)	(1)	159,304	3
8300	Other comprehensive income (loss)		(30,896)	(1)	159,304	_3
	Comprehensive income	S	(263,031)	(5)	56,127	1
	Profit (loss), attributable to:					
8610	Owners of parent	\$	(232, 135)	(4)	(103,177)	(2)
8620	Non-controlling interests		-	-		-
		\$	(232,135)	(4)	(103,177)	(2)
	Comprehensive income (loss) attributable to:					
8710	Owners of parent	\$	(263,031)	(5)	56,127	1
8720	Non-controlling interests			-	_	-
	es and a second that is destroyed to the state of the sta	\$	(263,031)	(5)	56,127	_1
	Earnings (loss) per Share (Note 6 (q))	A.				
	Basic earnings (loss) per share (NT dollars)	\$		(1.19)		(0.53)

(please refer to the note for details attached in the consolidated financial statements)

Chairman: GUO RENHAO



Manager: HUANG OINGHAI



Accounting Supervisor



7

Currency: RMB (thousand)

2020

16,197

16,197

(7.895)

(24,092)

(24.092)

(7,895)

(2)

(1)

(0.12)

2021



GRAND OCEAN RETAI ROUP LTD. and Relational Subsidiaries

d December 31, 2021 and 2020 For the years en

		_				
			Amount	%	Amount	%
4000	Operating Revenues (Note 6 (r) &7)	\$	1,189,084	100	1,118,630	100
5000	Operating Costs		330,323	28	367,437	33
	Gross Profit		858,761	72	751,193	67
6000	Operating Expenses (Note 6 (f), (g), (h), (m), (n), (s) and 7)		759,304	64	690,694	62
6450	Expected credit loss(Note 6 (c))	_	619	7/25	2,948	2
		_	759,923	64	693,642	62
	Operating Income		98,838	8	57,551	5
	Non-operating Income and Expenses:					
7100	Total interest income(Note 6 (t))		5,937	1	6,127	1
7010	Other Revenues (Note 6 (t))		608		653	-
7020	Other Gains and Losses (Note 6 (f) and (t))		33,980	3	44,073	4
7050	Financial Costs (Note 6 (m), (t) and 7)		(122,051)	(10)	(130,782)	(12)
7055	Expected Credit Losses (Note 6 (i),(h) and (u))		1,284	-	(15,557)	(1)
7060	Share of profit (loss) of associates accounted for using equity method, net(Notes 6(d))	-	(639)	-	<b>4</b>	-
			(80,881)	(6)	(95,486)	(8)
7900	Earnings before Tax		17,957	2	(37,935)	(3)
7950	Deduction: Income Tax Expenses (Note 6 (o) )	-	71,457	6	(13,843)	(1)
	Current Net Income	_	(53,500)	(4)	(24,092)	(2)
8300	Other Comprehensive Income:					
8360	Items that may be Re-classified Subsequently to Profit or Loss					
8361	Exchange Difference on Translation of Foreign Operations		4,273	-	16,197	1
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(76)	*	-	•
8399	Income tax related to components of other comprehensive		-	-	-	-

(please refer to the note for details attached in the consolidated financial statements)

Chairman: **GUO RENHAO** 

8300

8610

8710



Profit or Loss

Comprehensive income

Owners of parent

Owners of parent

Profit (loss), attributable to:

Other comprehensive income (loss)

Comprehensive income (loss) attributable to:

Earnings (loss) per Share (Note 6 (q)) Basic earnings (loss) per share (NT dollars)

> Manager: HUANG QINGH

income that will be reclassified to profit or loss

Sum of Items that may be Re-classified Subsequently to



Accounting Sup

4,197

4,197

(4)

(4)

(4)

(0.27)

(49,303)

(53,500)

(53,500)

(49,303)





GRAND OCEAN RETAIL GROOPLED, and Relational Subsidiaries Consolidated Statement of Changes in Shareholders' Equity For the years edged December 31, 2021 and 2020 Currency:

Owner's Equity

neen Betail,

Currency: NTD (thousand)

				Retained Earnings	mings		Other Equity Exchange	100	
	Share Capital	Additional Paid-in Capital	Legal Reserve	Appropriated Retained Earnings Reserve	Retained Earnings	Sum	Out the control of Foreign Operations	Parent Company Total Equity	Total Equity
Balance as of Jan 1, 2020	1,955,310	5,063,420	580,244	742,835	1,647,652	2,970,731	(1,121,000)	8,868,461	8.868,461
Current Net Income	731.5	(30)	•		(103,177)	(103,177)		(103,177)	(103,177)
Current Other Comprehensive Income							159,304	159,304	159,304
Current Total Comprehensive Income					(103.177)	(103,177)	159,304	56,127	56,127
Appropriation and Distribution of Retained Earnings:									
Secial reserve appropriated	1	ū		371,862	(3.71,862)			21	•
Cash dividends of ordinary share	1		•	1	(430,168)	(430,168)	·	(430,168)	(430,168)
Share based payment transaction		2,071						2,071	2,071
Balance as of Dec 31, 2020	1,955,310	5,065,491	580,244	1,114,697	742,445	2,437,486	(961,696)	8,496,491	8,496,491
Current Net loss	ı	1	,		(232,135)	(232, 135)	,	(232,135)	(232,135)
Current Other Comprehensive Income	<b>31</b>				•		(30,896)	(30,896)	(30,896)
Current Total Comprehensive Income					(232,135)	(232,135)	(30,896)	(263,031)	(263,031)
Appropriation and Distribution of Retained Earnings:									
Cash dividends of ordinary share	I	×		è	(195,531)	(195,531)	×	(195,531)	(195,531)
Reversal of secial reserve	1	×	ï	(158,119)	158,119	1	ï		1
appropriated Share based payment transaction	i.	872			,	r		872	872
Balance as of Dec 31, 2021	S 1,955,310	5,066,363	580,244	956,578	472,898	2,009,720	(992,592)	8,038,801	8,038,801

Accounting Supe LI MINFANG ched in the consolidated financial statements)

(please refer to the note for details HUANG QINGHAI Manager:





GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
For the years ended December 31, 2021 and 2020

Owner's Equity

Currency: RMB (thousand)

		'		Retained Earnings	mings		Other Exchange		
	Share Capital	Additional Paid-in Capital	Legal Reserve	Appropriated Retained Earnings Reserve	Retained Earnings	Sum	Ontrerences on Translation of Foreign Operation	Autributed to Parent Company Total	Total Equity
Balance as of Jan 1, 2020	492,105	1,017,256	121,053	161.321	310,550	592.924	(45,498)	2.056,787	2.056,787
Current Net Income	1	1			(24,092)	(24,092)	3.00	(24,092)	(24,092)
Current Other Comprehensive Income							16.197	16,197	16,197
Current Total Comprehensive Income					(24,092)	(24,092)	16,197	(7,895)	(7.895)
Appropriation and Distribution of Retained Earnings:									
Secial reserve appropriated	•	,	ÿ <b>1</b>	88,857	(88,857)	(4)	1	1	•
Cash dividends of ordinary share	1	1	ı	r	(102,790)	(102,790)	T	(102,790)	(102,790)
Share based payment transaction		482						482	482
Balance as of Dec 31, 2020	492,105	1,017,738	121,053	250,178	94,811	466,042	(29,301)	1,946,584	1,946,584
Current Net Joss		,	ı		(53,500)	(53,500)		(53,500)	(53,500)
Current Other Comprehensive Income	1		•		,	,	4.197	4,197	4.197
Current Total Comprehensive Income		,			(53,500)	(53,500)	4,197	(49,303)	(49,303)
Appropriation and Distribution of									
Retained Earnings:									
Cash dividends of ordinary share	ī		,	ì	(45,189)	(45,189)	1	(45,189)	(45,189)
Reversal of secial reserve	ı	i	i	(36,543)	36,543		ï	3.	7
appropriated									
Share based payment transaction	1	202						202	202
Balance as of Dec 31, 2021	\$ 492,105	1,017,940	121,053	213,635	32,665	367,353	(25,104)	1,852,294	1,852,294

Accounting Supervi LI MINFANG (please refer to the note for details ratmehed in the consolidated financial statements)

Manager:

Accounting S

HUANG QINGHAI





GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

## Consolidated Statement of Cash Flows

For the years ended December 31, 2021 and 2020

	Currency: N 2021	NTD (thousand) 2020
ash Flows from Operating Activities		
(Loss) profit before tax	77,916	(162,464)
Adjusting Events:		
Income and Expenses		
Depreciation expense	1,503,564	1,487,375
Amortization expense	4,552	4,727
Expected credit loss	(2,886)	79,253
Net gain on financial assets or liabilities at fair value through profit or loss	(25,191)	(69,706)
Interest expense	529,580	560,110
Interest income	(25,759)	(26,242)
Dividend income	(2,639)	(2,796)
Cost of share-based payments awards	872	2,071
Share of loss (profit) of associates accounted for using equity method	2,771	H .
Loss on disposal of property, plant and equipment	2,348	1,113
Impairment loss on non-financial assets	21,893	÷
Gain on rent concessions	(31,195)	(190,193)
Total adjustments to reconcile profit (loss)	1,977,910	1,845,712
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets and liabilities at fair value through profit	28,247	52,709
Accounts receivable	5,733	(64,607)
Other receivables	(26,152)	59,580
Inventories	79,432	(20,771)
Prepayments	(60,035)	8,956
Sum of Net Variance of Assets Concern Operating Activities	27,225	35,867
Changes in operating liabilities:		55,007
Accounts Payable	(28,798)	(762,709)
Other Payables	16,624	76,828
Other current liabilities	(3)	(183)
Sum of Net Variance of Liabilities Concern Operating	(270,177)	(686,064)
Activities		(000000)
Sum of Net Variance of Assets and Liabilities Concern	(242,952)	(650,197)
Operating Activities Total adjustments		
	1,734,958	1,195,515
Cash inflow generated from operations	1,812,874	1,033,051
Interest received	19,250	21,713
Dividends received	2,639	2,796
Interest paid	(528,930)	(560,792)
Income taxes paid	(114,694)	(205,523)
Cash Inflow from Operating Activities	1,191,139	291,245



GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Cash Flows (continued) For the years ended December 31, 2021 and 2020

Currency: NTD (thousand)

	2021	2020
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(39,727)	-
Acquisition of subsidiaries (net of cash obtained)	(3,529)	u=1
Acquisition of property, plant and equipment	(229,624)	(409,271)
Proceeds from disposal of property, plant and equipment	228	434
Decrease in Refundable Deposits	(65,893)	24,156
Decrease in other receivables	240,815	-
Acquisition of Intangible Assets	(1,047)	(344)
(Decrease) Increase in other financial assets	(6,500)	4,455
Decrease in other non-current assets	41,491	32,278
Net cash flows used in investing activities	(63,786)	(348,292)
Cash flows from (used in) financing activities:		
Increase in Short-term Loans	265,852	131,142
Lease from Long-term Loans	270,538	915,170
Payments for Long-term Loans	(548,493)	(596,709)
(Decrease) Increase in Deposit Received	128,540	(59,493)
Other payables - increase in related parties	41,990	_
Payment of lease liabilities	(1,300,894)	(826,541)
Distribution of Cash Dividends	(195,531)	(430,168)
Net cash flows used in financing activities	(1,337,998)	(866,599)
Effect of exchange rate changes on cash and cash equivalents	(20,825)	39,750
Net decrease in cash and cash equivalents	(231,470)	(883,896)
Cash and cash equivalents at beginning of period	3,757,428	4,641,324
Cash and cash equivalents at end of period	\$ 3,525,958	3,757,428

(please refer to the note for details attached in the consolidated financial statements)

Chairman: **GUO RENHAO** 



Manager: HUANG QINGH



Accounting Super LI MINFANG



GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Cash Flows

For the years ended December 31, 2021 and 2020

Cash Flows from Operating Activities         \$ 17,957         (37,935)           Adjusting Events:         \$ 17,957         (37,935)           Income and Expenses         346,524         347,291           Depreciation expense         346,524         347,291           Amortization expense         1,049         1,104           Expected credit loss         (665)         18,505           Net gain on financial assets or liabilities at fair value through profit or loss         (665)         18,505           Interest income         (5,937)         (6,127)           Dividend income         (5,937)         (6,127)           Dividend income         (5,937)         (6,127)           Dividend income         (5,937)         (6,127)           Loss on disposal of property, plant and equipment         541         260           Impairment loss on non-financial assets         5,046         -           Gain on rent concessions         7,1189         (44,409)           Total adjustments to recorcile profit (loss)         455,847         430,959           Changes in operating assets and liabilities         6,510         12,307           Accounts receivable         1,321         (15,085)           Other receivables         6,627         13,913			Currency: 2021	RMB (thousand 2020
Class  profit before tax   17,957   (37,935)	Cash Flows from Operating Activities			
Adjusting Events:		\$	17 057	(27.025)
Depreciation expense	Adjusting Events:	Ψ	17,957	(37,933)
Amortization expense         1,049         1,104           Expected credit loss         (665)         18,505           Net gain on financial assets or liabilities at fair value through profit or loss         (5,806)         (16,276)           Interest expense         122,051         130,782           Interest income         (5,937)         (6,127)           Dividend income         (608)         (633)           Cost of share-based payments awards         202         482           Share of loss (profit) of associates accounted for using equity method         639         -           Loss on disposal of property, plant and equipment         541         260           Impairment loss on non-financial assets         5,046         -           Gain on rent concessions         (7,189)         (44,409)           Total adjustments to reconcile profit (loss)         455,847         430,959           Changes in operating assets and liabilities:         -         -           Changes in operating assets and liabilities at fair value through profit         6,510         12,307           Accounts receivable         1,321         (15,085)           Other receivables         (6,027)         13,913           Inventories         18,307         (4,850)           Prepayments <td>Income and Expenses</td> <td></td> <td></td> <td></td>	Income and Expenses			
Amortization expense			346 524	247 201
Expected credit loss   18,505   Net gain on financial assets or liabilities at fair value through profit or loss   122,051   130,782   Interest expense   122,051   130,782   Interest income   (5,937)   (6,127)   Dividend income   (608)   (633)   (633)   Cost of share-based payments awards   202   482   Share of loss (profit) of associates accounted for using equity method   639   Loss on disposal of property, plant and equipment   541   260   Impairment loss on non-financial assets   5,046   - (44,409)   Total adjustments to reconcile profit (loss)   455,847   430,959   Total adjustments (loss)   46,510   12,307   44,850   Total adjustments (loss)   46,510   12,307   48,500   Total adjustments (loss)   47,811   241,209   Interest received (loss)   44,437   5,070   14,437	Amortization expense			
Net gain on financial assets or liabilities at fair value through profit or loss Interest expense         122,051         130,782           Interest income         (5,937)         (6,127)           Dividend income         (608)         (653)           Cost of share-based payments awards         202         482           Share of loss (profit) of associates accounted for using equity method         639         -           Loss on disposal of property, plant and equipment         541         260           Impairment loss on non-financial assets         5,046         -           Gain on rent concessions         (7,189)         (44,409)           Total adjustments to reconcile profit (loss)         455,847         430,959           Changes in operating assets:         Financial assets and liabilities:         -           Changes in operating assets:         Financial assets and liabilities at fair value through profit         6,510         12,307           Accounts receivable         1,321         (15,085)         0.060         13,913           Inventories         (6,027)         13,913         11,913         11         11,013         11         11,013         11         11,013         11         11,015         11         11,015         11         11,015         11         11,015         1	Expected credit loss			11.27
Interest income	profit or loss		and the second s	
Interest income			122,051	130.782
Dividend income	Control of the extre			
Cost of share-based payments awards				
Share of loss (profit) of associates accounted for using equity method         639         -           Loss on disposal of property, plant and equipment         541         260           Impairment loss on non-financial assets         5,046         -           Gain on rent concessions         (7.189)         (44,409)           Total adjustments to reconcile profit (loss)         455,847         430,959           Changes in operating assets and liabilities:         -         455,847         430,959           Changes in operating assets and liabilities:         -         -         12,307           Accounts receivable         1,321         (15,085)         00         13,913         (15,085)           Other receivables         (6,027)         13,913         11,085)         13,913         11,085)         13,913         11,085)         13,913         11,085)         14,850)         13,836         2,091         12,307         13,913         11,085)         13,913         11,085)         13,913         11,085)         13,913         11,085)         13,913         11,085)         13,913         11,085)         13,913         11,085)         13,913         11,085)         13,913         11,085)         13,913         11,085)         13,014         13,007         13,913         11,08			140000000000000000000000000000000000000	
Impairment loss on non-financial assets         5,046         -           Gain on rent concessions         (7,189)         (44,409)           Total adjustments to reconcile profit (loss)         455,847         430,959           Changes in operating assets and liabilities:         -         455,847         430,959           Changes in operating assets and liabilities:         -         -         12,307           Accounts receivable         1,321         (15,085)         0 (15,085)	Share of loss (profit) of associates accounted for using equity method			-
Impairment loss on non-financial assets         5,046         -           Gain on rent concessions         (7,189)         (44,409)           Total adjustments to reconcile profit (loss)         455,847         430,959           Changes in operating assets and liabilities:         -           Changes in operating assets:         -         -           Financial assets and liabilities at fair value through profit         6,510         12,307           Accounts receivable         1,321         (15,085)           Other receivables         (6,027)         13,913           Inventories         18,307         (4,850)           Prepayments         (13,836)         2,091           Sum of Net Variance of Assets Concern Operating Activities         6,275         8,376           Changes in operating liabilities:         (66,098)         (178,087)           Other Payables         (66,098)         (178,087)           Other Payables         (1)         (43)           Other current liabilities         (60,098)         (178,087)           Other current liabilities         (1)         (43)           Sum of Net Variance of Assets and Liabilities Concern         (55,993)         (151,815)           Operating Activities         399,854         279,144			541	260
Gain on rent concessions         (7,189)         (44,409)           Total adjustments to reconcile profit (loss)         455,847         430,959           Changes in operating assets and liabilities:         Changes in operating assets:           Financial assets and liabilities at fair value through profit         6,510         12,307           Accounts receivable         1,321         (15,085)           Other receivables         (6,027)         13,913           Inventories         18,307         (4,850)           Prepayments         (13,836)         2.091           Sum of Net Variance of Assets Concern Operating Activities         6,275         8,376           Changes in operating liabilities:         (66,098)         (178,087)           Other Payables         3,831         17,939           Other current liabilities         (1)         (43)           Sum of Net Variance of Liabilities Concern Operating         (62,268)         (160,191)           Activities         (1)         (43)           Sum of Net Variance of Assets and Liabilities Concern         (55,993)         (151,815)           Operating Activities         399,854         279,144           Cash inflow generated from operations         417,811         241,209           Interest received <td></td> <td></td> <td>5.046</td> <td>-</td>			5.046	-
Total adjustments to reconcile profit (loss)	A CONTRACT OF THE PROPERTY OF			(44,409)
Changes in operating assets:         6,510         12,307           Accounts receivable         1,321         (15,085)           Other receivables         (6,027)         13,913           Inventories         18,307         (4,850)           Prepayments         (13,836)         2,091           Sum of Net Variance of Assets Concern Operating Activities         6,275         8,376           Changes in operating liabilities:         (66,098)         (178,087)           Accounts Payable         (66,098)         (178,087)           Other Payables         3,831         17,939           Other current liabilities         (1)         (43)           Sum of Net Variance of Liabilities Concern Operating Activities         (62,268)         (160,191)           Sum of Net Variance of Assets and Liabilities Concern Operating Activities         (55,993)         (151,815)           Total adjustments         399,854         279,144           Cash inflow generated from operations         417,811         241,209           Interest received         4,437         5,070           Dividends received         608         653           Interest paid         (121,902)         (130,941)           Income taxes paid         (26,433)         (47,987) <td></td> <td></td> <td></td> <td>The state of the s</td>				The state of the s
Financial assets and liabilities at fair value through profit         6,510         12,307           Accounts receivable         1,321         (15,085)           Other receivables         (6,027)         13,913           Inventories         18,307         (4,850)           Prepayments         (13,836)         2,091           Sum of Net Variance of Assets Concern Operating Activities         6,275         8,376           Changes in operating liabilities:         (66,098)         (178,087)           Other Payable         (66,098)         (178,087)           Other Payables         3,831         17,939           Other current liabilities         (1)         (43)           Sum of Net Variance of Liabilities Concern Operating         (62,268)         (160,191)           Activities         399,854         279,144           Cash inflow generated from operations         417,811         241,209           Interest received         4,437         5,070           Dividends received         608         653           Interest paid         (121,902)         (130,941)           Income taxes paid         (26,433)         (47,987)				100,707
Accounts receivable Other receivables Other receivables Inventories Inventorie				
Accounts receivable         1,321         (15,085)           Other receivables         (6,027)         13,913           Inventories         18,307         (4,850)           Prepayments         (13,836)         2,091           Sum of Net Variance of Assets Concern Operating Activities         6,275         8,376           Changes in operating liabilities:         40,275         8,376           Accounts Payable         (66,098)         (178,087)           Other Payables         3,831         17,939           Other current liabilities         (1)         (43)           Sum of Net Variance of Liabilities Concern Operating         (62,268)         (160,191)           Activities         (1)         (43)           Sum of Net Variance of Assets and Liabilities Concern         (55,993)         (151,815)           Operating Activities         399,854         279,144           Cash inflow generated from operations         417,811         241,209           Interest received         4,437         5,070           Dividends received         608         653           Interest paid         (121,902)         (130,941)           Income taxes paid         (26,433)         (47,987)	Financial assets and liabilities at fair value through profit		6.510	12 307
Other receivables         (6,027)         13,913           Inventories         18,307         (4,850)           Prepayments         (13,836)         2,091           Sum of Net Variance of Assets Concern Operating Activities         6,275         8,376           Changes in operating liabilities:         (66,098)         (178,087)           Accounts Payable         (66,098)         (178,087)           Other Payables         3,831         17,939           Other current liabilities         (1)         (43)           Sum of Net Variance of Liabilities Concern Operating         (62,268)         (160,191)           Activities         Sum of Net Variance of Assets and Liabilities Concern         (55,993)         (151,815)           Total adjustments         399,854         279,144           Cash inflow generated from operations         417,811         241,209           Interest received         4,437         5,070           Dividends received         608         653           Interest paid         (121,902)         (130,941)           Income taxes paid         (26,433)         (47,987)	Accounts receivable		C1 1000000000	
Inventories   18,307   (4,850)	Other receivables			
Prepayments	Inventories			
Sum of Net Variance of Assets Concern Operating Activities         6,275         8,376           Changes in operating liabilities:         (66,098)         (178,087)           Other Payables         3,831         17,939           Other current liabilities         (1)         (43)           Sum of Net Variance of Liabilities Concern Operating Activities         (62,268)         (160,191)           Sum of Net Variance of Assets and Liabilities Concern Operating Activities         (55,993)         (151,815)           Total adjustments         399,854         279,144           Cash inflow generated from operations         417,811         241,209           Interest received         4,437         5,070           Dividends received         608         653           Interest paid         (121,902)         (130,941)           Income taxes paid         (26,433)         (47,987)	AND THE WAR DISTRICT AND THE CONTROL OF THE CONTROL			
Changes in operating liabilities:       3.831       (178,087)         Other Payables       3,831       17,939         Other current liabilities       (1)       (43)         Sum of Net Variance of Liabilities Concern Operating Activities       (62,268)       (160,191)         Sum of Net Variance of Assets and Liabilities Concern Operating Activities       (55,993)       (151,815)         Total adjustments       399,854       279,144         Cash inflow generated from operations       417,811       241,209         Interest received       4,437       5,070         Dividends received       608       653         Interest paid       (121,902)       (130,941)         Income taxes paid       (26,433)       (47,987)	Sum of Net Variance of Assets Concern Operating Activities	S	All the second	
Other Payables         (86,998)         (178,087)           Other current liabilities         3,831         17,939           Other current liabilities         (1)         (43)           Sum of Net Variance of Liabilities Concern Operating Activities         (62,268)         (160,191)           Sum of Net Variance of Assets and Liabilities Concern Operating Activities         (55,993)         (151,815)           Total adjustments         399,854         279,144           Cash inflow generated from operations         417,811         241,209           Interest received         4,437         5,070           Dividends received         608         653           Interest paid         (121,902)         (130,941)           Income taxes paid         (26,433)         (47,987)				0,570
Other Payables         3,831         17,939           Other current liabilities         (1)         (43)           Sum of Net Variance of Liabilities Concern Operating Activities         (62,268)         (160,191)           Sum of Net Variance of Assets and Liabilities Concern Operating Activities         (55,993)         (151,815)           Total adjustments         399,854         279,144           Cash inflow generated from operations         417,811         241,209           Interest received         4,437         5,070           Dividends received         608         653           Interest paid         (121,902)         (130,941)           Income taxes paid         (26,433)         (47,987)	Accounts Payable		(66,098)	(178 087)
Other current liabilities         (1)         (43)           Sum of Net Variance of Liabilities Concern Operating         (62,268)         (160,191)           Activities         Sum of Net Variance of Assets and Liabilities Concern Operating Activities         (55,993)         (151,815)           Total adjustments         399,854         279,144           Cash inflow generated from operations         417,811         241,209           Interest received         4,437         5,070           Dividends received         608         653           Interest paid         (121,902)         (130,941)           Income taxes paid         (26,433)         (47,987)				
Sum of Net Variance of Liabilities Concern Operating Activities         (62,268)         (160,191)           Sum of Net Variance of Assets and Liabilities Concern Operating Activities         (55,993)         (151,815)           Total adjustments         399,854         279,144           Cash inflow generated from operations         417,811         241,209           Interest received         4,437         5,070           Dividends received         608         653           Interest paid         (121,902)         (130,941)           Income taxes paid         (26,433)         (47,987)	116.00;20.04. 500;250;26.00;16.00;10		200 80000000000	C. 0.10-91 (1-550-00)
Operating Activities         (55,753)         (151,813)           Total adjustments         399,854         279,144           Cash inflow generated from operations         417,811         241,209           Interest received         4,437         5,070           Dividends received         608         653           Interest paid         (121,902)         (130,941)           Income taxes paid         (26,433)         (47,987)	Activities			
Cash inflow generated from operations       399,834       279,144         Interest received       417,811       241,209         Dividends received       4,437       5,070         Interest paid       608       653         Income taxes paid       (121,902)       (130,941)         Income taxes paid       (26,433)       (47,987)	Operating Activities		(55,993)	(151,815)
Interest received       4,437       5,070         Dividends received       608       653         Interest paid       (121,902)       (130,941)         Income taxes paid       (26,433)       (47,987)			399,854	279,144
Interest received 4,437 5,070  Dividends received 608 653  Interest paid (121,902) (130,941)  Income taxes paid (26,433) (47,987)			417,811	241,209
Dividends received       608       653         Interest paid       (121,902)       (130,941)         Income taxes paid       (26,433)       (47,987)			4,437	
Interest paid (121,902) (130,941) Income taxes paid (26,433) (47,987)			608	5-40 Minute (1995)
Income taxes paid (26.433) (47.987)	•		(121,902)	
Cash Inflow from Operating Activities 274,521 68,004	Cash Inflow from Operating Activities			



GRAND OCEAN RETAIL GROVE LTD. and Relational Subsidiaries
Consolidated Statement of Cash Flows (continued)
For the years ended December 31, 2021 and 2020

Currency: RMB (thousand)

	2021	2020
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(9,156)	-
Acquisition of subsidiaries (net of cash obtained)	(810)	-
Acquisition of property, plant and equipment	(52,921)	(95,562)
Proceeds from disposal of property, plant and equipment	53	100
Decrease in Refundable Deposits	(15,186)	5,640
Decrease in other receivables	55,500	-
Acquisition of Intangible Assets	(241)	(80)
(Decrease) Increase in other financial assets	(1,498)	1,040
Decrease in other non-current assets	9,562	7,537
Net cash flows used in investing activities	(14,697)	(81,325)
Cash flows from (used in) financing activities:		
Increase in Short-term Loans	61,271	30,620
Lease from Long-term Loans	62,350	213,685
Payments for Long-term Loans	(126,410)	(139,327)
(Decrease) Increase in Deposit Received	29,624	(13,891)
Other payables - increase in related parties	9,677	-
Payment of lease liabilities	(299,815)	(192,991)
Distribution of Cash Dividends	(45,189)	(102,790)
Net cash flows used in financing activities	(308,492)	(204,694)
Effect of exchange rate changes on cash and cash equivalents	273	2,436
Net decrease in cash and cash equivalents	(48,395)	(215,579)
Cash and cash equivalents at beginning of period	860,844	1,076,423
Cash and cash equivalents at end of period	\$ 812,449	860,844

(please refer to the note for details attached in the consolidated financial statements)

Chairman: GUO RENHAO



Manager: HUANG QINGHA



Accounting Su



Comparison Chart of the Articles of Incorporation of Grand Ocean Retail Group Limited

Articles	per 2-2 of
(Proposed Revision)  In these Articles Table A in the Schedule to the Statute does not apply and, unless there be' something in the subject or context inconsistent therewith,  A reference to a meeting: shall mean a meeting convened and held in any manner permitted by these Articles and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all	2-2 of
1. In these Articles Table A in the Schedule to the Statute does not apply and, unless there be' something in the subject or context inconsistent therewith,  A reference to a meeting: shall mean a meeting convened and held in any manner permitted by these Articles and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all	2-2 of
the Schedule to the Statute does not apply and, unless there be' something in the subject or context inconsistent therewith,  A reference to a meeting: shall mean a meeting convened and held in any manner permitted by these Articles and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all	2-2 of
does not apply and, unless there be' something in the subject or context inconsistent therewith,  A reference to a meeting: shall mean a meeting convened and held in any manner permitted by these Articles and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all	2-2 of
there be' something in the subject or context inconsistent therewith,  A reference to a meeting: shall mean a meeting convened and held in any manner permitted by these Articles and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all	2-2 of
there be' something in the subject or context inconsistent therewith,  A reference to a meeting: shall mean a meeting convened and held in any manner permitted by these Articles and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all	2-2 of
subject or context inconsistent therewith,  A reference to a meeting: shall mean a meeting convened and held in any manner permitted by these Articles and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all	2-2 of
inconsistent therewith,  A reference to a meeting: shall mean a meeting convened and held in any manner permitted by these Articles and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all	2-2 of
shall mean a meeting convened and held in any manner permitted by these Articles and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all	2-2 of
shall mean a meeting convened and held in any manner permitted by these Articles and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all	2-2 of
convened and held in any manner permitted by these Articles and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all	
manner permitted by these Articles and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all	. 101
Articles and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all	
Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all	
participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all	
means of electronic facilities shall be deemed to be present at that meeting for all	
shall be deemed to be present at that meeting for all	
present at that meeting for all	
purposes of the Statute and	
these Articles, and attend,	
participate, attending,	
participating, attendance and	
participation shall be	
construed accordingly;	
References to a person's N/A Revised p	er
participation in the business Article 172	2-2 of
of a general meeting include Company	'Act
without limitation and as_	
relevant the right (including,	
in the case of a corporation,	
through a duly authorised	
representative) to speak or	
communicate, vote, be	
represented by a proxy and	
have access in hard copy or	
electronic form to all	
documents which are	
required by the Statute or	
these Articles to be made	
available at the meeting, and	
participate and participating	
in the business of a general	
meeting shall be construed	
accordingly; and	



Articles No.	Amended and Restated Articles of Association (Proposed Revision)	Amended and Restated Articles of Association (Original)	Explanations
	References to electronic facilities include, without limitation, website addresses, webinars, webcast, video or any form of conference call systems to the extent that permitted by Applicable Law and do not conflict with or contravene the laws of the Cayman Islands.	N/A	Revised per Article 172-2 of Company Act
27(b)	General meetings of the Company can be convened by means of electronic facilities, visual communication network or other methods promulgated by the central competent authority which permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. The visual communication network shall be subject to the prerequisites, procedures, and other compliance matters set by the competent authority of the Company Act of the ROC to the extent that they do not conflict with or contravene the laws of the Cayman Islands. Participation in such a meeting shall constitute presence in person at such meeting.	N/A	Revised per Article 172-2 of Company Act
27(c)	In addition to sub- paragraphs (de) and (ed) below and Article 29, general meetings of the Company shall be convened by the Board and may be held at such time and place (unless the meeting is to be held electronically without any	In addition to sub- paragraphs (c) and (d) below and Article 29, general meetings of the Company shall be convened by the Board and may be held at such time and place as may be determined the Board. Such meeting shall be	Revised per Article 172-2 of Company Act



Articles	Amended and Destated	Amondod and Doctoted	Typlopetions
Articles	Amended and Restated	Amended and Restated	Explanations
No.	Articles of Association	Articles of Association	
	(Proposed Revision)	(Original)	
	physical place of meeting) as	convened in the ROC, and	
	may be determined the	may be convened outside	
	Board. Such meeting shall	the territory of the ROC only	
	be convened in the ROC,	if an application has been	
	and may be convened	submitted to the Designated	
	outside the territory of the	Stock Market for approval	
	ROC only if an application	within two (2) days after the	
	has been submitted to the	date of the Board resolve to	
	Designated Stock Market for	convene such meeting, and	
	approval within two (2) days	such approval has been	
	after the date of the Board	obtained by the Company.	
	resolve to convene such	obtained by the Company.	
	meeting, and such approval		
	has been obtained by the		
	Company.	A	<b>D</b>
30	At least thirty (30) days'	At least thirty (30) days'	Revised per
	notice of an annual general	notice of an annual general	Article 172-2 of
	meeting and fifteen (15)	meeting and fifteen (15)	Company Act
	days' notice for an	days' notice for an	
	extraordinary meeting	extraordinary meeting	
	(exclusive of the day on	(exclusive of the day on	
	which the notice is	which the notice is	
	dispatched, and the day on	dispatched, and the day on	
	which the meeting is to be	which the meeting is to be	
	held) shall be given to each	held) shall be given to each	
	Member entitled to attend	Member entitled to attend	
	and vote thereat, stating the	and vote thereat, stating the	
	date, place (save for a	date, place and time at which	
	meeting which is to be held	the meeting is to be held	
	entirely electronically without	and, as far as practicable,	
	any physical place of	the other business to be	
	meeting) and time at which	conducted at the meeting.	
	the meeting is to be held	conducted at the meeting.	
	and, as far as practicable,		
	the other business to be		
	conducted at the meeting.		
	•		
	If a general meeting is to be		
	held by way of electronic		
	facilities, visual		
	communication network or		
	other methods promulgated		
	by the competent authority of		
	the Company Act of the ROC		
	in whole or in part, the notice		
	of general meeting shall		
	include a statement to such		
	effect and with details of the		
	<u>electronic facilities, visual</u>		



			Annex I v
Articles	Amended and Restated	Amended and Restated	Explanations
No.	Articles of Association	Articles of Association	
	(Proposed Revision)	(Original)	
	communication network or		
	other methods promulgated		
	by the central competent		
	authority to be provided for		
	attendance and participation		
	by such means at such		
	meeting or in any event,		
	such details shall be made		
	available by the Company		
	prior to the meeting.		
32(a)	For as long as the	For as long as the	Revised per
	Company's shares are listed	Company's shares are listed	Article 6 of
	on the Designated Stock	on the Designated Stock	Regulations
	Market, the Board shall	Market, the Board shall	Governing
	prepare a manual setting out	prepare a manual setting out	Content and
	the agenda of a general	the agenda of a general	Compliance
	meeting of Members	meeting of Members	Requirements
	(including all the subjects	(including all the subjects	for
	and matters to be resolved at	and matters to be resolved at	Shareholders'
	the meeting), and shall make	the meeting), and shall make	Meeting
	public announcement(s) by	public announcement(s) by	Agenda
	uploading the content of the	uploading the content of the	Handbooks of
	manual any other	manual any other	Public
	supplemental information to	supplemental information to	Companies.
	an electronic database	an electronic database	'
	designated by the	designated by the	
	Designated Stock Market at	Designated Stock Market at	
	least twenty-one (21) days	least twenty-one (21) days	
	prior to a general annual	prior to a general annual	
	meeting and at least fifteen	meeting and at least fifteen	
	(15) days prior to an	(15) days prior to an	
	extraordinary annual	extraordinary annual	
	meeting. Such manual shall	meeting. Such manual shall	
	be distributed to the	be distributed to the	
	Members attending the	Members attending the	
	general meeting in person,	general meeting in person,	
	by proxy or by corporate	by proxy or by corporate	
	representative(s) (where the	representative(s) (where the	
	Member is a corporation) at	Member is a corporation) at	
	the general meeting. In the	the general meeting.	
	case that the Company's	30	
	paid-in capital at of the end		
	of the most recent fiscal year		
	exceeds NT\$10 billion or at		
	the last general meeting held		
	in the current recent fiscal		
	year, the total shareholding		
	ratio of foreign capital and		
	Talio of foleigh capital and		<u> </u>



A (: 1			Annexiv
Articles	Amended and Restated	Amended and Restated	Explanations
No.	Articles of Association	Articles of Association	
	(Proposed Revision)	(Original)	
	mainland capital recorded in		
	the Register of Member was		
	more than thirty percent		
	(30%), the manual shall be		
	distributed to the Members		
	by electronic form at least		
	thirty (30) days prior to a		
	general meeting.		
41	The Company shall list	Voting at a general meeting	Revised per
	electronic transmission as	shall be based on the	Article 177-1
	one of the ways for Members	number of shares issued and	and 177-2 of
	to exercise their voting rights	held by the Members. On a	Company Act
	when holding a general	poll, every Member	Joinpaily Aut
	meeting. Voting at a general	presenting person or by	
	meeting shall be based on	proxy and entitled to vote	
	the number of shares issued	shall have one vote for each	
	and held by the Members.	share of which he is the	
	On a poll, every Member	holder.	
	presenting person or by		
	proxy and entitled to vote		
	shall have one vote for each		
	share of which he is the		
	holder.		
55	To the extent permitted by	To the extent permitted by	Revised per
	Applicable Law and	Applicable Law and	Article 177-1
	notwithstanding any	notwithstanding any	and 177-2 of
	provisions provided in these	provisions provided in these	Company Act
	Articles, the Board may	Articles, the Board may	
	resolve to allow Members	resolve to allow Members	
	not attending and voting at a	not attending and voting at a	
	general meeting in person,	general meeting in person,	
	by proxy or by corporate	by proxy or by corporate	
	representatives (where a	representatives (where a	
	Member is a corporation), to	Member is a corporation), to	
	exercise their voting power	exercise their voting power	
	and cast their votes <del>by a</del>	and cast their votes by a	
	written instrument approved	written instrument approved	
	by the Board or by way of	by the Board or by way of	
	electronic transmission (as	electronic transmission (as	
	provided under the ROC	provided under the ROC	
	Electronic Signatures Act)	Electronic Signatures Act)	
	two (2) days prior to	two (2) days prior to	
	. , , , , , , , , , , , , , , , , , , ,	. , , , , , , , , , , , , , , , , , , ,	
	commencement of the	commencement of the	
	general meeting; if the	general meeting; if the	
	regulations in relation to the	regulations in relation to the	
	mandatory electronic voting	mandatory electronic voting	
	issued by the Commission	issued by the Commission	
	applies to the Company, the	applies to the Company, the	



Articles	Amended and Restated	Amended and Restated	Explanations
No.	Articles of Association	Articles of Association	•
	(Proposed Revision)	(Original)	
	Company must adopt	Company must adopt	
	electronic voting as one of	electronic voting as one of	
	the voting methods in the	the voting methods in the	
	general meeting, provided	general meeting, provided	
	that the relevant methods	that the relevant methods	
	and procedures are specified	and procedures are specified	
	in the notice of that meeting	in the notice of that meeting	
	and complied with by such	and complied with by such	
	Member(s). However, if a	Member(s). However, if a	
	general meeting is convened	general meeting is convened	
	outside the territory of the	outside the territory of the	
	ROC, to the extent permitted	ROC, to the extent permitted	
	by Applicable Law, the	by Applicable Law, the	
	Company must allow the	Company must allow the	
	Members to exercise their	Members to exercise their	
	voting rights and cast their	voting rights and cast their	
	votes by way of a written	votes by way of a written	
	instrument approved by the	instrument approved by the	
	Board or by way of electronic	Board or by way of electronic	
	transmission in the manner	transmission in the manner	
	referred to in the foregoing.	referred to in the foregoing.	
	For the avoidance of doubt,	For the avoidance of doubt,	
	those Members who have	those Members who have	
	voted in the manner	voted in the manner	
	mentioned in the foregoing	mentioned in the foregoing	
	shall, for purposes of these	shall, for purposes of these	
	Articles and the Statute, be	Articles and the Statute, be	
	deemed to have appointed	deemed to have appointed	
	the chairman of the general	the chairman of the general	
	meeting as their proxy to	meeting as their proxy to	
	vote their shares at the	vote their shares at the	
	general meeting in the	general meeting in the	
	manner directed by the	manner directed by the	
	written instrument or	written instrument or	
	electronic document. The	electronic document. The	
	chairman as proxy shall not	chairman as proxy shall not	
	have the power to exercise	have the power to exercise	
	the voting rights of such	the voting rights of such	
	Members with respect to any	Members with respect to any	
	matters not referred to or	matters not referred to or	
	indicated in the written or	indicated in the written or	
	electronic document and/or	electronic document and/or	
	any amendment to	any amendment to	
	resolution(s) proposed at the	resolution(s) proposed at the	
	general meeting, and the	general meeting, and the	
	Members shall be deemed to	Members shall be deemed to	
	have waived their voting	have waived their voting	
	rights with respect to any	rights with respect to any	



Articles No.	Amended and Restated Articles of Association (Proposed Revision)	Amended and Restated Articles of Association (Original)	Explanations
	extemporary matters or amendment to resolution(s) proposed at the general meeting.	extemporary matters or amendment to resolution(s) proposed at the general meeting.	
125	Where a Director is or may be in breach of his duties and subject to and if permitted by Applicable Law, one or more Member(s) of the Company holding one three-percent (13%) or more of the total number of the outstanding voting shares of the Company continuously for a period of ene (1) year six (6) months or more may request a member of the Audit Committee in writing, if permitted by Applicable Law, to institute a lawsuit against such Director(s) on behalf of the Company in a competent court having jurisdiction, including, if applicable, the Taipei District Court as the court of first instance.  Where a member of the Audit Committee fails to institute a lawsuit against the Director(s) within thirty (30) days of receipt of such request from the Member(s), such one or more Member(s) of the Company holding one three-percent (13%) or more of the total number of the outstanding voting shares of the Company continuously for a period of ene (1) year six (6) months or more, subject to and if permitted by Applicable Law, may initiate a lawsuit against the Director(s) on behalf of the Company in a competent court having jurisdiction, including, if applicable the Taipei District Court as the	Where a Director is or may be in breach of his duties and subject to and if permitted by Applicable Law, one or more Member(s) of the Company holding three-percent (3%) or more of the total number of the outstanding voting shares of the Company continuously for a period of one (1) year or more may request a member of the Audit Committee, if permitted by Applicable Law, to institute a lawsuit against such Director(s) on behalf of the Company in a competent court having jurisdiction, including, if applicable, the Taipei District Court as the court of first instance.  Where a member of the Audit Committee fails to institute a lawsuit against the Director(s) within thirty (30) days of receipt of such request from the Member(s), such one or more Member(s) of the Company holding three-percent (3%) or more of the total number of the outstanding voting shares of the Company continuously for a period of one (1) year or more, subject to and if permitted by Applicable Law, may initiate a lawsuit against the Director(s) on behalf of the Company in a competent court having jurisdiction, including, if applicable the Taipei District Court as the court of first instance.	Revised per Article 214 of Company Act



## Annex IV

Articles	Amended and Restated	Amended and Restated	Explanations
No.	Articles of Association	Articles of Association	
	(Proposed Revision)	(Original)	
	court of first instance.		



## Annex V

## The Comparison Table of Amended Articles of the Principles for Election of Directors

•	Articles of the Principles for Electi	
Amended Article	Original Article	Explanation
Article 1	Article 1	1. Wording of
To ensure a just, fair, and open	Cumulative voting method shall be	Article 1
election of Directors, these	used for election of the Directors at	was
Principles are adopted pursuant to	the Company. Each share shall	adjusted as
Articles 21 of the Corporate	have voting rights in number equal	Article 6.
Governance Best-Practice	to the Directors to be elected, and	2. The
Principles.	may be cast for a single candidate	purpose of
	or split among multiple candidates.	the
		Principles is
A (: 1 O	A (: 1 - 0	added.
Article 2	Article 2	1. Wording of
Except as otherwise provided by	Independent Directors shall be	paragraph 1
law and regulation or by the	elected by the Company according	of Article 2
corporate charter, elections of	to the corporate charter; the	was
Directors shall be conducted in	Independent Directors shall be	amended
accordance with these Principles.	elected along with Non-	and
	Independent Directors, where the	adjusted as
	numbers of candidates elected	Article 4.
	shall be calculated respectively.	2. Wording of
	Election and qualification of an	paragraphs
	Independent Director shall comply	2-4 of Article
	with the local laws and regulations	2 were
	in the country where the Company is listed.	amended and
		adjusted as
	Election of the Company shall comply with the local laws and	Article 5.
	regulations in the country where	3. The scope
	the Company is listed. Any	of the
	certificates in regard with other	Principles is
	conditions by qualification shall not	added.
	be arbitrarily supplemented, and	addcd.
	the outcomes of examination of	
	qualification shall be provided to	
	the shareholders for reference, to	
	elect the most adequate Directors.	
	If a Director is dismissed making	
	the Board less than 5 Directors,	
	the Company shall convene the	
	by-election for it at next	
	shareholders meeting. However	
	if the vacancy of the Board	
	approaches one-third of the total	
	chairs specified in the corporate	
	charter, a temporary shareholders	
	meeting shall be convened for the	
	by-election within 60 days of the	
	occurrence.	
	If the number of Independent	
	Directors is less than the	



Amended Article	Original Article	Explanation
, and add a district	stipulation of Article 14-2,	
	Paragraph 1 of the Securities	
	Exchange Law of the country	
	where the Company is listed, as	
	well as the relevant provisions of	
	the Taiwan Stock Exchange	
	Corporation Rules Governing	
	Review of Securities Listings, the	
	by-election shall be held at the	
	most recent shareholders meeting. If all the Independent Directors are	
	•	
	dismissed, a temporary	
	shareholders meeting shall be	
	convened for the by-election within	
A (: 1, 0	60 days of the occurrence.	4 10/ 1: 6
Article 3	Article 3	1. Wording of
(Omitted)	Election of the Directors of the	paragraph 1
Spouse or relative within the	Company is based on the quota	of Article 3
second-degree of kinship to a	stipulated in the charter of the	was
<u>Directors shall not be more than</u>	Company, and the voting rights of	amended
half of the chairs among the	Independent Directors and Non-	and
<u>Directors of Board.</u>	Independent Directors are	adjusted as
The Board of Directors of the	calculated separately, where those	Article 8.
Company shall consider adjusting	who with more voting power	2. Wording of
its composition based on the	represented by the votes obtained	paragraph 2
results of performance evaluation.	shall be elected sequentially. If	was
	there are at least two candidates to	moved to
	obtain the same votes, these	paragraph
	candidates who have the same	3.
	votes will need to draw the lots, the	3. Wording of
	Chairperson shall draw the lots for	paragraph 4
	those who are not present.	is added
	Spouse or relative within the	pursuant to
	second-degree of kinship to a	the newly
	Directors shall not be more than	amended
	half of the chairs among the	Sample
	Directors of Board.	Template.
	(Omitted)	
Article 4	Article 4	1. Wording of
Independent Directors shall be	Before the start of the election, the	Article 4
elected by the Company according	chairperson shall appoint a	was
to the corporate charter; the	number of scrutineers and tellers	amended
Independent Directors shall be	with shareholder status to perform	and
elected along with Non-	all relevant tasks. The ballot box	adjusted as
Independent Directors, where the	for the election is prepared by the	Article 9.
numbers of candidates elected	Board of Directors of the Company	2. Wording of
shall be calculated respectively.	and shall be opened for inspection	paragraph 1
Election and qualification of an	by the scrutineers before the vote.	of Article 2
Independent Director shall comply	<u> </u>	was
with the local laws and regulations		amended
with the local laws and regulations		anicilueu



Amended Article	Original Article	Explanation
in the region where the Company		and
is listed.		adjusted as
<u> </u>		Article 4.
		7 11 11010 11
A () 1 5	A (: 1 - 5	4 10/ 11 6
Article 5	Article 5	1. Wording of
Elections of Directors at the	The ballot papers are prepared by	Article 5
Company shall be conducted in	the Board of Directors with the	was
accordance with the candidate	same number of Directors as the	amended
nomination system and procedures	number of Directors to be elected,	and
set out in the Company Act in the	and distributed to shareholders	adjusted as
region where the Company is	who attend the shareholders	Article 7.
listed.	meeting. The voter's name shall be	2. Wording of
If a Director is dismissed making	replaced by the number of the	paragraphs
the Board less than 5 Directors,	attendance card printed on the	2-4 of Article
the Company shall convene the	ballot paper, as well as the vote	2 were
by-election for it at next	weights thereof is marked.	amended
shareholders' meeting. However		pursuant to
if the vacancy of the Board		the newly
approaches one-third of the total		amended
chairs specified in the corporate		Sample
charter, an extraordinary general		Template and
meeting shall be convened for the		
by-election within 60 days from the		adjusted as Article 5.
date of the occurrence.  If the number of Independent		Article 5.
Directors is less than the		
stipulation of Article 14-2,		
Paragraph 1 of the Securities and		
Exchange Act of the region where		
the Company is listed, the by-		
election shall be held at the next		
shareholders' meeting. If all the		
Independent Directors are		
dismissed, an extraordinary		
general meeting shall be convened		
for the by-election within 60 days		
from the date of the occurrence.		
Article 6	Article 6	1. Wording of
Cumulative voting method shall be	If the person to be elected is a	Article 6
used for election of the Directors at	shareholder, the voter shall fill in	was
the Company. Each share shall	the name of the elector and the	deleted
have voting rights in number equal	account number of the shareholder	pursuant to
to the Directors to be elected, and	of the elector in the "Elector"	the newly
may be cast for a single candidate	column on the election ballot. If the	amended
or split among multiple candidates.	person to be elected is not a	Sample
	shareholder, the name and ID	Template.
	number thereof shall be filled in.	2. Wording of
		Article 1
		was
	1	



		Annex v
Amended Article	Original Article	Explanation
		amended
		pursuant to
		the newly
		amended
		Sample
		Template
		and
		adjusted as
A .: 1 =	A .: 1 =	Article 6.
Article 7	Article 7	1. Wording of
The Board of Directors shall	When the government or juridical	Article 7
prepare separate ballots for	person shareholder is the party to	was
<u>Directors in numbers</u>	be elected, the name of the	deleted
corresponding to the Directors to	elected party on the ballot box	pursuant to
be elected. The number of voting	shall contain the name of the	the newly
rights associated with each ballot	government or juridical person, as	amended
shall be specified on the ballots,	well as the name of the	Sample
which shall then be distributed to	government or juridical person and	Template.
the attending shareholders at the	its representative; when there are	2. Wording of
shareholders' meeting. Attendance	several representatives, the name	Article 5
card numbers printed on the	of each representative shall be	was
ballots may be used instead of	added.	amended
recording the names of voting	duded.	pursuant to
shareholders.		the newly
Statefolders.		amended
		Sample
		Template
		and
		adjusted as
		Article 7.
Article 8	None	Wording of
The number of Directors will be as		paragraph 1 of
specified in the corporate charter,		Article 3 was
with voting rights separately		amended
calculated for Independent and		pursuant to the
Non-Independent Director		newly
positions. Those receiving ballots		amended
representing the highest numbers		Sample
of voting rights will be elected		Template and
sequentially according to their		adjusted as
respective numbers of votes.		Article 8.
When two or more persons receive		, u dolo 0.
the same number of votes, thus		
exceeding the specified number of		
positions, they shall draw lots to		
determine the winner, with the		
chairperson drawing lots on behalf		
of any person not in attendance.		



Amandad Article	Original Article	Typlenetien
Amended Article	Original Article	Explanation
Article 9	None	Wording of
Before the election begins, the		Article 4 was
chairperson shall appoint a		amended
number of persons with		pursuant to the
shareholder status to perform the		newly
respective duties of vote		amended
monitoring and counting		Sample
personnel. The ballot boxes shall		Template and
be prepared by the Board of		adjusted as
		Article 9.
Directors and publicly checked by		Article 9.
the vote monitoring personnel		
<u>before voting commences</u> .		
Article 10	Article 8	The numbering
A ballot is invalid under any of the	A election ballot shall be	of this article is
following circumstances:	considered to be invalid if there is	changed and
I. The ballot was not prepared	any circumstance occurring as	slightly
by a person with the right to	follows:	amended
convene.	1. A ballot that does not comply	pursuant to the
II. A blank ballot is placed in the	with Article 5.	newly
ballot box.	2. Numbers of the persons to be	amended
III. The writing is unclear and	elected exceeds the quota.	Sample
		•
indecipherable or has been	3. Other words are written on a	Template.
altered.	ballot besides the name	
IV. The candidate whose name is	(account name), account	
entered in the ballot does not	<u>number or ID no.</u>	
conform to the director	4. <u>Illegible writing which is difficult</u>	
<u>candidate list.</u>	to identify, or, altered writing.	
V. Other words or marks are	5. If the filled elector is a	
entered in addition to the	shareholder, the account name	
number of voting rights	and shareholder account	
allotted.	number do not match the	
<u></u>	shareholder's registration, or, if	
	the filled elector is a non-	
	shareholder identity, the name	
	and ID number do not match.	
	6. A blank ballot which is not yet	
	written by the voter.	
	7. A ballot which is not put into the	
	ballot box.	
	8. The total voting power voted by	
	the elector exceeds the total	
	voting power held by the elector.	
	9. Those who are filled with the	
	name of the elected person are	
	the same as those of other	
	shareholders but have not filled	
	in the shareholder account	
	number or ID number for the	
	identification.	





Amended Article	Original Article	Explanation
Article 11	Article 9	The numbering
The voting rights shall be	After voting is finished,	of this article is
calculated on site immediately	announcement shall be	changed and
after the end of the poll, and the	immediately made for the election_	slightly
results of the calculation, including	results, which shall be announced	amended
the list of persons elected as	on the site by the Chairperson.	pursuant to the
Directors and the numbers of votes	(Omitted)	newly
with which they were elected, shall		amended
be announced by the chairperson		Sample
on the site.		Template.
(Omitted)		
Article 12	Article 10	The numbering
(Omitted)	(Omitted)	of this article is
		changed.
Article 13	Article 11	The numbering
The Principles, and any	The Principles, and any	of this article
amendments hereto, shall be	amendments hereto, shall be	was changed.
implemented after approval by a	implemented after approval by a	
shareholders' meeting.	shareholders meeting.	





The Comparison Table of Amended Procedures for Acquisition or Disposal of Assets

The Comparison Table of Amended	Procedures for Acquisition or Disp	OSAI OT ASSETS
Amended Article	Original Article	Explanation
Articale 3 Applicable Scope of Assets in the Procedures (Omitted)	Articale 3 Applicable Scope of Assets in the Procedures (Omitted) VI. Credit of financial institutions (including account receivables, bills purchase and discount, loans and overdue receivables). (Omitted)	Deleted Subparagraph 6 as it does not applicable.
Article 4 Definition (Omitted) IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment. (Omitted)	Article 4 Definition (Omitted) IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed assets. V. ~VI. (Omitted) VII. 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.	Slightly amended pursuant to the newly amended Regulations and deleted Subparagraph 7 as it does not applicable.
Article 9 Public announcement and reporting standards according to the regulations of the region of listing Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report	(Omitted)  Article 9 Public announcement and reporting standards according to the regulations of the region of listing Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report	Slightly amended pursuant to the newly amended Regulations and deleted inapplicable



Amended Article	Original Article	Explanation
the relevant information on the	the relevant information on the	subparagraph
FSC's designated website in the	FSC's designated website in the	ne and item.
appropriate format as prescribed	appropriate format as prescribe	
by regulations within 2 days	regulations within 2 days coun	- 1
counting inclusively from the date	inclusively from the date of	
of occurrence of the event:	occurrence of the event:	
I. Acquisition or disposal of real	I. Properties or their right-of-	·use
property or right-of-use assets	assets <u>acquired or dispos</u>	
thereof from or to a related	from/to a related party or	
party, or acquisition or disposal	assets <u>but excluding the</u> ri	
of assets other than real	of-use assets of properties	_
property or right-of-use assets	acquired or disposed from	
thereof from or to a related	related party, where the	
party where the transaction	transaction amount is 20%	or
amount <u>reaches</u> 20% or more	more of the paid-in capital	, <u>or</u>
of paid-in capital, 10% or more	10% or more of the total	_
of the company's total assets,	assets of the Company, or	
or NT\$300 million or more.	NT\$300,000 thousand or	
This shall not apply to trading	more. Whereas the purcha	ase
of government bonds or bonds	of government bonds, RP	
under repurchase and resale	securities, RS securities o	f the
agreements, in the region	region where the Compan	y is
where the Company is listed,	listed, <u>as well as the</u>	
or subscription or redemption	subscription or repurchase	<u>a</u> of <u>a</u>
of money market <u>funds</u> issued	money market <u>fund (MMF</u>	<u>)</u>
by the securities investment	issued by the securities	
trust enterprises of the region	investment trust enterprise	
where the Company is listed.	the region where the Com	
II. ~ III. (Omitted)	is listed <u>, are not subject to</u>	<u>the</u>
IV. Where equipment or right-of-	<u>limitations</u> .	
use assets thereof for	II. ~ III. (Omitted)	
business use are acquired or	IV. Acquisition or disposal of	<u>:he</u>
disposed of, and furthermore	nonoperating machines,	
the transaction counterparty is	equipment or right-of-use	4:
not a related party, and the	assets, where the transac	
transaction amount <u>reaches</u>	counterparty is not a relate	ŧu ut
NT\$500 million or more.	party and the transaction	
V. Where land is acquired under	amount <u>is more than</u>	woll
an arrangement on engaging others to build on the	NT\$500,000 thousand as	
	V. Acquisition or disposal of the properties of	
Company's own land. engaging others to build on	nonoperating properties o	
rented land, joint construction	right-of-use assets by a pu construction company, wh	
and allocation of housing units,	the transaction counterpar	
joint construction and	not a related party, and the	=
allocation of ownership	transaction amount is mor	
percentages, or joint	than NT\$500,000 thousan	
construction and separate	well.	<u> </u>
sale, <u>and furthermore</u> the	VI. Acquisition of the propertie	es by
transaction counterparty is not	engaging others to build o	
danadan boartorparty is not	origaging orners to balla o	



		Annex vi
Amended Article	Original Article	Explanation
a related party, and the	Company's own land <u>or a</u>	
amount the company <u>expects</u>	rented land, joint construction	
to invest in the transaction	and allocation of <u>a</u> housing	
reaches NT\$500 million.	unit, joint construction and	
VI. Where an asset transaction	allocation of <u>the</u> ownership	
other than any of those	<u>percentage</u> , or joint	
referred to in the preceding	construction and separate	
<u>five</u> subparagraphs or an	sale, <u>where</u> the transaction	
investment in China reaches	counterparty is not a related	
20% or more of the	party, and the <u>estimated</u>	
Company's paid-in capital or	<u>transaction</u> amount <u>of</u> the	
NT\$ <u>300 million</u> or more. This	Company <u>is more than</u>	
shall not apply to the following	NT\$500,000 thousand as well.	
circumstances:	Where an asset transaction	
(I)~(II) (Omitted)	other than any of those	
The <u>amount of transactions</u> above	referred to in the preceding six	
shall be calculated as follows:	subparagraphs <u>, a disposal of</u>	
<u>I.</u> <u>~ IV.</u> (Omitted)	claims by a financial institution,	
(Omitted)	or an investment in China <u>.</u>	
	reaches 20% or more of the	
	paid-in capital <u>of the Company,</u>	
	or NT\$ <u>300,000 thousand</u> or	
	more. <u>Provided,</u> this shall not	
	apply to the following	
	circumstances:	
	<u>1.</u> (Omitted)	
	2. Where done by a	
	professional investor —	
	securities trading on	
	securities exchanges or	
	OTC markets, or	
	subscription of the	
	ordinary corporate bonds	
	or general bank	
	debentures without equity	
	characteristics (excluding	
	subordinated debt), that	
	are offered and issued in	
	the Taiwan domestic	
	primary market, or	
	subscription or redemption	
	of the securities	
	investment trust funds or	
	futures trust funds, or	
	subscription by a securities	
	as necessitated by its	
	undertaking business or,	
	as an advisory	
	recommending securities	



Amended Article	Original Article	Explanation
Article 11 (Omitted) III. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:  (I)~(II) (Omitted)  Article 12	firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.  3. (Omitted) The transaction amounts as listed above are to be calculated as the following:  1. ~4. (Omitted) (Omitted) Article 11 (Omitted) III. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal 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.~2. (Omitted)  Article 12	Slightly amended pursuant to the newly amended Regulations.
Article 12 The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the	Article 12 The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the company's paid-in capital or	Slightly amended pursuant to the newly amended Regulations.



Amended Article  Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage  Company shall additionally engage  a certified public accountant prior to	n
NT\$300 million or more, the Company shall additionally engage	
Company shall additionally engage   a certified public accountant prior to	
Toompany shall additionally origage   a continue public accountant prior to	
a certified public accountant prior the date of occurrence of the event	
to the date of occurrence of the to provide an opinion regarding the	
event to provide an opinion reasonableness of the transaction	
regarding the reasonableness of price. If the CPA needs to use the	
the transaction price. This report of an expert as evidence, the	
requirement does not apply,  CPA shall do so in accordance with	
however, to publicly quoted prices the provisions of Statement of	
of securities that have an active Auditing Standards No. 20	
market, or where otherwise published by the ARDF. This	
provided by regulations of the requirement does not apply,	
Financial Supervisory Commission   however, to publicly quoted prices	
(FSC). of securities that have an active	
market, or where otherwise	
provided by regulations of the	
Financial Supervisory Commission	
(FSC).	
Article 13 Article 13 Slightly	
Where the Company acquires or Excluding the transactions with amended	
disposes of intangible assets or administration authorities of the pursuant to	
right-of-use assets thereof or region where the Company is the newly	
memberships and the transaction listed, any acquisitions or disposals amended	
amount reaches 20% or more of of intangible assets or right-of-use Regulations	3.
paid-in capital or NT\$300 million or assets thereof, or membership	
more, except in transactions with a cards whose transaction amount	
government agency of the region approaches 20% of the paid-in	
where the Company is listed, the capital of the Company or	
Company shall engage a certified NT\$300,000 thousand or more,	
public accountant prior to the date should be consulted with the	
of occurrence of the event to accountants for comments on the	
render an opinion on the rationality of transaction prices	
reasonableness of the transaction before the date of occurrence.	
price. Moreover, the accountants should	
comply with SAS No.20 issued by	
the accounting research and	
development foundation of the	
region/country where the Company	
is listed.	
Article 13-1 No	
(Omitted) (Omitted) amendmen	t
made.	
Article 15 Article 15 Slightly	
Any appraisal report or opinion Any appraisal report or opinion amended	
letter from the accountants, letter from the accountants, pursuant to	
attorneys or securities attorneys or securities the newly	
underwriters, which are acquired underwriters, which are acquired by amended	
by the Company, where the the Company, where the Regulations	<b>S</b> .
professional appraisers and professional appraisers and	



Amended Article	Original Article	Explanation
appraisal officers, accountants, attorneys or securities underwriters thereof should follow the related regulations as below: (Omitted) Any personnel described in the preceding paragraph should comply with the conditions as below when proposing an appraisal report or opinion letter:  I. Before receiving a case, one should discreetly examine his/her own professional capabilities, actual experience and independence.  II. When examining a case, one should properly make a plan and have it executed by an appropriate process, to propose the appraisal report or	appraisal officers, accountants, attorneys or securities underwriters, and the transaction parties thereof should follow the related regulations as below: (Omitted) Any personnel described in the preceding paragraph should comply with the conditions as below when proposing an appraisal report or opinion letter:  I. Before receiving a case, one should discreetly examine his/her own professional capabilities, actual experience and independence.  II. When auditing a case, one should properly make a plan and have it executed by an appropriate process, to	Explanation
opinion letter by his/her conclusions. Also, any procedures executed, information collected and comments concluded thereof should be exactly recorded in the original working drafts of the case.  III. In terms of the resources of data, parameters as well as information that are adopted, one should assess the appropriateness and rationality thereof one by one to be the fundamental of the appraisal report or opinion letter.  IV. Statement contents should include the proof of	propose the appraisal report or opinion letter by his/her conclusions. Also, any procedures executed, information collected and comments concluded thereof should be exactly recorded in the original working drafts of the case.  III. In terms of the resources of data, parameters as well as information that are adopted, one should assess the completeness, correctness and rationality thereof one by one to be the fundamental of the appraisal report or opinion letter.	
professionality and independence of the relational personnel, as well as the appropriateness, rationality and concerning laws which are to be followed of the information used for assessment.  Article 16 When the Company engages in	IV. Statement contents should include the proof of professionality and independence of the relational personnel, as well as the rationality, accuracy and concerning laws which are to be followed of the information used for assessment.  Article 16 When the Company engages in	The language of this article
any acquisition or disposal of	any acquisition or disposal of	were



		Annex vi
Amended Article	Original Article	Explanation
assets from or to a related party, in	assets from or to a related party, in	amended
addition to ensuring that the	addition to ensuring that the	pursuant to
necessary resolutions are adopted	necessary resolutions are adopted	the Name of
and the reasonableness of the	and the reasonableness of the	the
transaction terms is appraised, if	transaction terms is appraised, if	Procedures.
the transaction amount reaches	the transaction amount reaches	
10% or more of the Company's	10% or more of the Company's	
total assets, the Company shall	total assets, the Company shall	
also obtain an appraisal report from	also obtain an appraisal report from	
a professional appraiser or a CPA's	a professional appraiser or a CPA's	
opinion in compliance with the	opinion in compliance with the	
Procedures.	Regulations	
Article 17	Article 17	Slightly
When the Company intends to	Excluding the purchase of domestic	amended
acquire or dispose of real property	bonds of ROC (Taiwan), RP	pursuant to
or right-of-use assets thereof from	securities, RS securities or	the newly
or to a related party, or when it	subscription or repurchase of a	amended
intends to acquire or dispose of	MMF issued by the Taiwan	Regulations.
assets other than real property or	domestic securities investment	- 3
right-of-use assets thereof from or	trust enterprise, any acquisition or	
to a related party and the	disposal of properties or right-of-	
transaction amount reaches 20%	use assets thereof of The Company	
or more of paid-in capital, 10% or	from/to a related party, or any	
more of the Company's total	acquisition or disposal of other	
assets, or NT\$300 million or more,	assets than properties or right-of-	
except in trading of government	use assets thereof of The Company	
bonds or bonds under repurchase	from/to a related party, whose	
and resale agreements, in the	transaction amount approaches	
region where the Company is	20% of the paid-in capital or 10% of	
listed, or subscription or	the total assets of the Company, or	
redemption of money market funds	NT\$300,000 thousand or more,	
issued by securities investment	must be provided with the	
trust enterprises of the region	information as below. A transaction	
where the Company is listed, the	contract or payment will not be	
company may not proceed to enter	fulfilled unless the Board ratifies it,	
into a transaction contract or make	after at least half the members of	
a payment until the following	the audit committee consent:	
matters have been approved by	(Omitted)	
one-half or more of all audit	<u>'</u>	
committee members and submitted		
to the board of directors for a		
resolution:		
(Omitted)		
Where the Company or a non-		
listed subsidiary engages in any		
transaction referred to in the		
preceding paragraph, and the		
transaction amount reaches 10%		
or more of the Company's total		
assets, the Company shall submit		
acceto, the company onan additit		



Amended Article	Original Article	Explanation
the information listed in the		
preceding paragraph to the		
shareholders' meeting for approval		
before signing the transaction		
contract and making the payment.		
However, this restriction does not		
apply to transactions between the		
Company and its parent company		
or subsidiaries, or among its		
subsidiaries.		
The calculation of the transaction	The calculation of the transaction	
amounts referred to in the	amounts referred to in the	
paragraph 1 and preceding	preceding paragraph shall be made	
paragraph shall be made in	in accordance with Article 9,	
accordance with Article 9,	paragraph 2 herein, and "within the	
paragraph 2 herein, and "within the	preceding year" as used herein	
preceding year" as used herein	refers to the year preceding the date of occurrence of the current	
refers to the year preceding the date of occurrence of the current	transaction. Items that have been	
transaction. Items that have been	approved by the Audit Committee	
approved by the shareholders'	and the Board of Directors need	
meeting, the Audit Committee and	not be counted toward the	
the Board of Directors need not be	transaction amount.	
counted toward the transaction		
amount.	The decision/resolution procedures	
The decision/resolution procedures	in the preceding paragraph shall be	
in the paragraph 1 shall be made in	made in accordance with Article 26,	
accordance with Article 26,	paragraphs 2 and 3.	
paragraphs 2 and 3.	Regarding any transactions listed	
With respect to the types of	as below between The Company	
transactions listed below, when to	and <u>the</u> parent <u>company,</u>	
be conducted between the	subsidiaries, or <u>the</u> subsidiaries	
Company and <u>its</u> parent <u>or</u>	whose issued shares or total	
subsidiaries, or <u>between its</u>	capital are 100% possessed	
subsidiaries in which it directly or	directly or indirectly by The	
indirectly holds 100% of the issued	Company, the Board must comply	
shares or <u>authorized</u> capital, the	with Article 7.1.3 to authorize the	
Company's Board of Directors may	Chairman to be able to first decide	
delegate the board chairman to decide such matters when the	whether to fulfill them or not with a limitation of transaction amount	
transaction is within NT\$300,000	within NT\$300,000 thousand, and	
thousand and have the decisions	later to submit the report in the	
subsequently submitted to and	latest Board meeting for further	
ratified by the next board of	recognition:	
directors meeting:	(Omitted)	
(Omitted)	,	



Amended Article	Original Article	Explanation
Article 18	Article 18	Slightly
(Omitted)	(Omitted)	amended
,	,	
The Company that acquires real	Regarding any properties or right-	pursuant to
property or right-of-use assets	of-use assets thereof acquired	the newly
thereof from a related party and	from <u>/to</u> a related party by The	amended
appraises the cost of the real	Company, costs of the properties	Regulations.
property or right-of-use assets	should be measured in compliance	
thereof in accordance with the	with the two provisions in the	
preceding two paragraphs shall	preceding paragraph, and	
also engage a CPA to check the	accountants should be consulted	
appraisal and render a specific	with for reviewing and specific	
opinion.	commenting.	
(Omitted)	(Omitted)	
IV. The real property right-of-use	IV. Where any acquisition of right-	
assets for business use are	of-use assets <u>of operating</u>	
acquired by the Company with	properties between a public	
<u>its</u> parent <u>or</u> subsidiaries, or <u>by</u>	company and the parent	
<u>its</u> subsidiaries <u>in which it</u>	<u>company,</u> subsidiaries, or <u>the</u>	
directly or indirectly holds 100%	subsidiaries whose issued	
of the issued shares or	shares or <u>total</u> capital <u>are 100%</u>	
<u>authorized</u> capital.	possessed directly or indirectly	
(Omitted)	thereof.	
I. (Omitted)	(Omitted)	
<u>(I)∼(II)</u> (Omitted)	I. (Omitted)	
(Omitted)	<u>1.~ 2.</u> (Omitted)	
	3. Lease agreements to an	
	unrelated party within the	
	preceding year involving	
	other floors of the same	
	property, where the	
	agreement conditions are	
	similar after being assessed	
	for the reasonable	
	discrepancies in price	
	between each floor in	
	accordance with the	
	standard criteria of a	
	property lease agreement.	
	(Omitted)	
Article 19	Article 19	Slightly
(Omitted)	(Omitted)	amended
I. Appropriated retained earnings	I. Appropriated retained earnings	pursuant to
should be accounted for the	should be accounted for the	the newly
discrepancies between	discrepancies between	amended
transaction prices and	transaction prices and	Regulations.
estimated prices of properties	estimated prices of properties	
or right-of-use assets thereof,	or right-of-use assets thereof,	
and distribution or capital	and distribution or capital	
increase for share distribution	increase for share distribution	
shall be prohibited. If an	shall be prohibited. If an	
onan be prombited. If all	oriali de profildited. Il ali	



		Annex vi
Amended Article	Original Article	Explanation
investor who adopts the equity method to launch an investment to The Company is a public company of the region where The Company is listed, then the appropriated retained earnings should also be accounted for the accounting amount by shareholding ratio.  II. Independent directors of the audit committee shall comply with Article 218 of "Company Act".  (Omitted)	investor who adopts the equity method to launch an investment to The Company is a public company, then the appropriated retained earnings should also be accounted for the accounting amount by shareholding ratio.  II. Independent directors of the audit committee are allowed to apply to Article 218 of "Company Act".  (Omitted)	
Article 21 (Omitted)	Article 21 (Omitted)	No amendment
Article 22 The Company and the other company participating in a merger, demerger, or acquisition shall convene the 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 competent securities authority is notified in advance of extraordinary circumstances and grants consent. The Company and the other company participating in a transfer of shares shall call the Board of Directors Meeting on the day of the transaction, unless another act provides otherwise or the competent securities authority is notified in advance of extraordinary	Article 22 The Company shall convene the 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 competent securities authority is notified in advance of extraordinary circumstances and grants consent.  A company participating in a transfer of shares shall call the Board of Directors Meeting on the day of the transaction, unless another act provides otherwise or the competent securities authority is notified in advance of extraordinary circumstances and grants consent.  (Omitted)	made.  Slightly amended pursuant to the newly amended Regulations.
circumstances and grants consent. (Omitted) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company of the region where the Company is listed, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of this	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 this Article.	



		Annex VI
Amended Article	Original Article	Explanation
Article.		
Article 24 (Omitted)	Article 24 (Omitted) The said subsidiaries are investee companies in which the Company directly holds more than 50% of the issued voting shares, or investee companies in which the Company indirectly holds through its subsidiaries more than 50% of the issued voting shares and so on, or the investee companies in which the Company directly holds and indirectly holds through subsidiaries more than 50% of the issued voting shares and so on.	Slightly amended pursuant to the newly amended Regulations.
Article 24-1	Article 24-1	No
(Omitted)	(Omitted)	amendment
		made.
Article 25 With respect to the Company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the Company's procedures or other laws or regulations, it shall be approved by one-half or more of all Audit Committee members and submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 26, paragraphs 2 and 3.	Article 25 The Company's any transaction involving major assets or derivatives shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 26, paragraphs 2 and 3. With respect to the Company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the Company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall record the director's dissenting opinion in the minutes of the board of directors meeting.	Slightly amended pursuant to the newly amended Regulations.