

Stock code:4426

LI CHENG ENTERPRISE CO., LTD.



**The 2024 Annual Meeting of Shareholders
Handbook**

MEETING TIME: June 18, 2024

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

LI CHENG ENTERPRISE CO., LTD.

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LI CHENG ENTERPRISE CO., LTD.

Procedures of the 2024 Annual Meeting of Shareholders

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

LI CHENG ENTERPRISE CO., LTD.
2024Annual Shareholders Meeting Agenda

Convocation method: Physical shareholders meeting

Time & Date: 2 p.m., Tuesday, June 18, 2024

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

1. Call the Meeting to Order. (Announce the number of shares attending)
2. Chairperson Remarks
3. Management Presentations
 - a. 2023 Business Report
 - b. Audit Committee's Review Report on the 2023 Financial Statements
 - c. 2023 Report on Directors' Remuneration and Employee Remuneration Distribution
4. Proposals
 - a. Proposal for 2023 Business Report and Financial Statements
 - b. Proposal for 2023 Deficit Compensation
5. Elections
 - By-election of 2 independent directors
6. Other Matters
 - Proposal of Releasing the Prohibition on Directors from Participation in Competitive Business
7. Questions and Motions
8. Adjournment

1. Management Presentations

1. 2023 Business Report

Explanation: The 2023 Business Report is attached as pp. 7-8, Attachment 1.

2. Audit Committee's Review Report on the 2023 Financial Statements

Explanation: The Audit Committee's Review Report on the 2023 Financial Statements are attached as pp. 9, Attachment 2.

3. 2023 Report on Directors' Remuneration and Employee Remuneration Distribution

Explanation:

- (1) According to Article 27 of the Articles of Incorporation, if there is surplus of the profit status (that is, the pre-tax profit deducts the profit before the distribution of employee and director remuneration) less the accumulated loss, it should set aside no lower than 2% for employee compensation and no more than 5% of director's compensation.
- (2) Director's compensation and employee's compensation will not be distributed.

2. Proposals

1. Proposed by the Board

Proposal: Adoption of the 2023 Business Report and Financial Statements

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

(2) The 2023 Business Report, independent auditors' audit report is attached as pp. 7-8, Attachment 1, and the above-mentioned Financial Statements are attached as pp.10-28 Attachment 3.

Resolution:

2. Proposed by the Board

Proposal: Proposal for 2023 Deficit Compensation

Explanation: (1) The Company's 2023 year after tax net loss is NT\$41,803,762. As of December 31, 2023, the distributable surplus is NT\$488,546,389. Considering the future operation and the need of working capital, it is planned not to distribute the surplus.

(2) The 2023 Deficit Compensation table is attached as p.29 Attachment 4.

Resolution:

3. Elections

Proposal: By-election of 2 directors. Please proceed to vote. Proposed by the Board.

Explanation: (1) Due to the dismissal of directors, to comply with Article 14-4 of the Securities and Exchange Act and Article 4 of Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, it is planned to conduct a by-election along with this regular shareholder meeting.

(2) A total of 2 independent directors shall be elected from the nomination. The newly elected directors have a term starting from 18/6/2024 and conclude on 18/6/2026 to make up the original term.

(3) Personal information of the nominees is as follows:

	1	2
Name	Huang Quanchi	Chang ChiChi
Shareholding	0 shares	0 shares
Education	Junior high school graduate	National Chung Cheng University Institute of Finance and Economics
Experience	Rimei Co., Ltd. Manager Changmi Golf Course Manager	LUHAI HOLDING CORP.- GM-ROOM (Assistant) TAISHIN INTERNATIONAL BANK- Capital Markets Business Manager

(4) Please proceed to vote.

Voting Results:

4. Other Matters

Proposed by the Board

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

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

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

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

Title	Name	Concurrent title
independent director	Huang Quanchi	Rimei Co., Ltd. Manager

Resolution:

5. Questions and Motions

Adjournment

6. Attachments

【 Attachments 1 】

LI CHENG ENTERPRISE CO., LTD.

2023 Business Report

The 2023 business plan implementation results, budget execution, financial revenue and expenditure, profitability, and research and development status are as below:

(1) Implementation results of the business plan

Amounts in Thousands of New Taiwan Dollars

Item	2023 Actual amount	2022 Actual amount	Growth rate	
			Amount	Percentage
Net operating income	1,292,108	1,398,219	(106,111)	-7.59%
Operating cost	1,059,891	1,274,049	(214,158)	-16.81%
Operating profit	232,217	124,170	108,047	87.02%
Operating expense	254,245	282,761	(28,516)	-10.08%
Income from operations	(22,028)	(158,591)	136,563	-86.11%
Non-operating income and expenses	(20,783)	100,881	(121,664)	-120.60%
Income before tax	(42,811)	(57,710)	14,899	-25.82%
Net income	(41,948)	(79,481)	37,533	-47.22%

The company's net operating income of 2023 is NT\$ 1,292,108 thousand, which, comparing with NT\$1,398,219 of 2022, has decreased NT\$ 106,111 thousand with a ressession of 7.59%. Net loss is (NT\$41,948) thousand, comparing with 2022's (\$79,481) thousand has a decrease of NT\$37,533 thousand, growing for about 47.22%.

(2) Budget execution

Amounts in Thousands of New Taiwan Dollars

Item	2023 Actual amount	2023 Budgeted amount	Achievement rate	
			Amount	Percentage
Net operating income	1,292,108	1,544,180	(252,072)	83.68%
Operating cost	1,059,891	1,378,080	(318,189)	76.91%
Operating profit	232,217	166,100	66,117	139.81%
Operating expense	254,245	215,454	38,791	118.00%
Income from operations	(22,028)	(49,354)	27,326	44.63%
Non-operating income and expenses	(20,783)	(48,980)	28,197	42.43%
Income before tax	(42,811)	(98,334)	55,523	43.54%
Net income	(41,948)	(78,667)	36,719	53.32%

The company's 2023 budget execution status are: actual net operating income is NT\$1,292,108 thousand, with the budget amount of NT\$1,544,180 thousand, showing an achievement rate of 83.68%; Net income actual amount is (NT\$41,948) thousand, with a budget amount of (NT\$78,667) thousand, showing an achievement rate of 53.32%.

(3) Financial revenue and expenditure analysis

As of December 31, 2023, the total asset of the company is NT\$4,770,284 thousand, and the liability amount is NT\$2,111,625 thousand. The debt ratio is 44.27%. Current asset amount is NT\$1,029,977 thousand, and the current liability is NT\$784,285 thousand, with a current ratio of 131.33%. The above results show that the financial structure of the company is stable.

(4) Profitability analysis

Analyses			2023	2022
Profitability	Return on assets (%)		-0.18	-0.83
	Return on equity (%)		-1.57	-2.93
	Ratio to paid-in capital (%)	Net income	-1.28	-9.18
		Income before tax	-2.48	-3.34
	Net profit margin (%)		-3.25	-5.68
	Earnings per share(EPS)		(0.24)	(0.46)

(5) Research and development status

The 2023 research and development expense is NT\$15,958 thousand, and the results are the research of improvement of jacquard fabrics, etc. To catch up with the changes of industrial patterns and consumer awareness, we will continue to invest in human resource, material and resources to research on various products and the improvement of production technology in the future.

Chairman: Hong, Wen Yao



CEO: Hong, Wen Yao



Accounting manager: Chen, Chang Ci



【Attachments 2】

LI CHENG ENTERPRISE CO., LTD.
Audit Committee's Review Report on the 2023 Financial Statements

The board of directors have prepared the company's 2023 Business Report, Financial Statements, and the proposal of deficit compensation, etc. The financial statements were audited by KPMG and an audit report was issued. The aforementioned business report, financial statements, and the deficit compensation plan are reviewed by the Audit Committee, and they are considered no discrepancies. We hereby provide the report according to the Securities and Exchange Act and the Company Act. Please review.

To

LI CHENG ENTERPRISE CO., LTD.
The 2024 Annual Meeting of Shareholders

The convener of Audit Committee: Lin, Min Kai

林 民 凱

March 11, 2024

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

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

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

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

Representation Letter

The entities that are required to be included in the combined financial statements of LI CHENG ENTERPRISE CO.,LTD as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, LI CHENG ENTERPRISE CO.,LTD and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: LI CHENG ENTERPRISE CO.,LTD

Chairman: Hung Wen-Yau

Date: March 11, 2024



Independent Auditors' Report

To the Board of Directors of Li-Cheng Enterprise Co.,Ltd:

Opinion

We have audited the consolidated financial statements of Li-Cheng Enterprise Co.,Ltd and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Inventory valuation

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

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

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

Other Matter

The Group's has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chang, Tzu-Hsin and Chen, Cheng-Hsueh.

KPMG
Taipei, Taiwan (Republic of China)
March 28, 2024

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

LI-CHENG ENTERPRISE CO.,LTD AND SUBSIDIARIES**Consolidated Balance Sheets****December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

Assets:		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022			
		Amount	%	Amount	%			Amount	%	Amount	%		
Current assets:													
1100	Cash and cash equivalents (Note 6(1))	\$	609,810	13	402,732	8	2100	Short-term borrowings (Note 6(11) and 8)	\$	458,030	10	444,670	9
1120	Current financial assets at fair value through other comprehensive income (Note 6(2))		490	-	541	-	2151	Notes payable		11,361	-	31,007	1
1150	Notes receivable, net (Note 6(3))		15,420	-	26,197	1	2170	Accounts payable		18,483	-	12,895	-
1170	Accounts receivable, net (Note 6(3))		137,333	3	265,614	5	2200	Other payables		82,002	2	110,271	2
1200	Other receivables (Note 6(4))		5,873	-	26,032	1	2280	Current lease liabilities (Note 6(14))		8,109	-	15,288	1
1220	Current tax assets		2,082	-	463	-	2300	Other current liabilities (Note 6(12))		3,654	-	7,311	-
1310	Inventories (Note 6(5))		230,182	5	266,349	5	2320	Long-term borrowings, current portion (Note 6(13) and 8)		202,646	4	209,379	4
1470	Total other current assets(Note 6(10))		28,787	1	52,457	1				784,285	16	830,821	17
			1,029,977	22	1,040,385	21	Non-Current liabilities:						
Non-current assets:							2540	Long-term borrowings (Note 6(13) and 8)		1,297,831	28	1,335,488	27
1550	Investments accounted for using equity method, net (Note 6(6))		19,870	-	20,477	-	2570	Deferred tax liabilities		2	-	4,031	-
1600	Property, plant and equipment (Note 6(7) and 8)		2,910,870	61	3,018,778	62	2580	Non-current lease liabilities (Note 6(14))		3,283	-	9,992	-
1755	Right-of-use assets (Note 6(8))		196,393	4	216,182	5	2640	Net defined benefit liability		3,235	-	4,861	-
1780	Intangible assets (Note 6(9))		1,107	-	1,329	-	2670	Other non-current liabilities, others		22,989	-	23,666	1
1840	Deferred tax assets (Note 6(16))		211,198	4	214,364	4				1,327,340	28	1,378,038	28
1915	Prepayments for business facilities		175,546	4	121,654	3				2,111,625	44	2,208,859	45
1920	Guarantee deposits paid		8,728	-	44,327	1	Total liabilities						
1960	Non-current prepayments for investments		-	-	12,188	-	Equity : (Note 6(17))						
1984	Other non-current financial assets, others (Note 8)		215,435	5	215,470	4	3100	Common stock		1,726,773	36	1,726,773	35
1990	Other non-current assets		1,160	-	1,160	-	3200	Capital surplus		42,859	1	42,859	1
			3,740,307	78	3,865,929	79	3300	Retained earnings		868,160	19	908,736	19
							3400	Other equity interest		20,574	-	19,087	-
								Total equity attributable to owners of parent:		2,658,366	56	2,697,455	55
							36xx	Non-controlling interests		293	-	-	-
								Total equity		2,658,659	56	2,697,455	55
								Total liabilities and equity		\$ 4,770,284	100	4,906,314	100
Total assets		\$	4,770,284	100	4,906,314	100							

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(19))	\$ 1,292,108	100	1,398,219	100
5000	Operating costs (Note 6(5) 、(15) and (20))	<u>1,059,891</u>	<u>82</u>	<u>1,274,049</u>	<u>91</u>
	Gross profit from operations	<u>232,217</u>	<u>18</u>	<u>124,170</u>	<u>9</u>
	Operating expenses (Note 6(15) and (20)):				
6100	Selling expenses	66,900	5	128,826	9
6200	Administrative expenses	175,522	14	133,302	10
6300	Research and development expenses	15,958	1	16,585	1
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 (Note 6(3))	<u>(4,135)</u>	<u>-</u>	<u>4,048</u>	<u>-</u>
	Net operating loss	<u>254,245</u>	<u>20</u>	<u>282,761</u>	<u>20</u>
		<u>(22,028)</u>	<u>(2)</u>	<u>(158,591)</u>	<u>(11)</u>
	Non-operating income and expenses:				
7010	Other income (Note 6(21))	3,833	-	4,090	-
7020	Other gains and losses (Note 6(21))	(5,550)	-	118,275	9
7050	Finance costs (Note 6(21))	(33,994)	(2)	(27,967)	(2)
7060	Share of losses of associates accounted for using equity method (Note 6(16))	(1,661)	-	1,426	-
7100	Interest income (Note 6(21))	<u>16,589</u>	<u>1</u>	<u>5,057</u>	<u>-</u>
		<u>(20,783)</u>	<u>(1)</u>	<u>100,881</u>	<u>7</u>
7900	Loss before income tax	<u>(42,811)</u>	<u>(3)</u>	<u>(57,710)</u>	<u>(4)</u>
7950	Less: Income tax expenses(benefit) (Note 6(16))	<u>(863)</u>	<u>-</u>	<u>21,771</u>	<u>2</u>
	Loss	<u>(41,948)</u>	<u>(3)</u>	<u>(79,481)</u>	<u>(6)</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit obligation (Note 6(15))	1,228	-	(1,069)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 6(17))	<u>(51)</u>	<u>-</u>	<u>(1,068)</u>	<u>-</u>
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>1,177</u>	<u>-</u>	<u>(2,137)</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements (Note 6(17))	1,538	-	51,751	4
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>1,538</u>	<u>-</u>	<u>51,751</u>	<u>4</u>
8300	Other comprehensive income (loss) for the period,net of tax	<u>2,715</u>	<u>-</u>	<u>49,614</u>	<u>4</u>
8500	Total comprehensive income for the year	<u>\$ (39,233)</u>	<u>(3)</u>	<u>(29,867)</u>	<u>(2)</u>
	Profit (loss), attributable to:				
8610	Owners of parent	\$ (41,804)	(3)	(79,481)	(6)
8620	Non-controlling interests	<u>(144)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ (41,948)</u>	<u>(3)</u>	<u>(79,481)</u>	<u>(6)</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ (39,089)	(3)	(29,867)	(2)
8720	Non-controlling interests	<u>(144)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ (39,233)</u>	<u>(3)</u>	<u>(29,867)</u>	<u>(2)</u>
	Earnings per share(NT Dollars) (Note 6(18))				
9750	Basic earnings per share	<u>\$ (0.24)</u>		<u>(0.46)</u>	

See accompanying notes to consolidated financial statements.

LI-CHENG ENTERPRISE CO.,LTD AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent

	Retained earnings						Other equity					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	\$ 1,726,773	42,859	359,040	50,631	615,486	1,025,157	(32,877)	(34,590)	(67,467)	2,727,322	-	2,727,322
Loss for the period	-	-	-	-	(79,481)	(79,481)	-	-	-	(79,481)	-	(79,481)
Other comprehensive income for the period	-	-	-	-	(1,069)	(1,069)	51,751	(1,068)	50,683	49,614	-	49,614
Total comprehensive income for the period	-	-	-	-	(80,550)	(80,550)	51,751	(1,068)	50,683	(29,867)	-	(29,867)
Appropriation and distribution of retained earnings:												
Special reserve	-	-	-	16,836	(16,836)	-	-	-	-	-	-	-
	-	-	-	16,836	(16,836)	-	-	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(35,871)	(35,871)	-	35,871	35,871	-	-	-
Balance at December 31, 2022	\$ 1,726,773	42,859	359,040	67,467	482,229	908,736	18,874	213	19,087	2,697,455	-	2,697,455
Balance at January 1, 2022	\$ 1,726,773	42,859	359,040	67,467	482,229	908,736	18,874	213	19,087	2,697,455	-	2,697,455
Loss for the period	-	-	-	-	(41,804)	(41,804)	-	-	-	(41,804)	-	(41,804)
Other comprehensive income for the period	-	-	-	-	1,228	1,228	1,538	(51)	1,487	2,715	(144)	2,571
Total comprehensive income for the period	-	-	-	-	(40,576)	(40,576)	1,538	(51)	1,487	(39,089)	(144)	(39,233)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	437	437
Balance at December 31, 2023	\$ 1,726,773	42,859	359,040	67,467	441,653	868,160	20,412	162	20,574	2,658,366	293	2,658,659

See accompanying notes to consolidated financial statements.

LI-CHENG ENTERPRISE CO.,LTD AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
Cash flows from (used in) operating activities:		
Loss before tax	\$ (42,811)	(57,710)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	264,151	294,318
Amortization expense	712	1,125
Expected credit (gain)/ Provision for bad debt expense	(4,135)	4,048
Interest expense	33,994	27,967
Interest income	(16,589)	(5,057)
Dividend income	(28)	(66)
Share of profit of associates accounted for using equity method	1,661	(1,426)
Gain on disposal of property, plan and equipment	(102)	-
Property, plan and equipment transferred to expenses	-	100
Total adjustments to reconcile profit	279,664	321,009
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	10,777	(19,635)
Decrease (increase) in accounts receivable	132,416	(167,983)
Decrease (increase) in other receivable	20,090	(19,320)
Decrease in inventories	36,167	26,809
Decrease (increase) in prepayments	27,612	(28,307)
Decrease in other current assets	8,246	20,181
Total changes in operating assets	235,308	(188,255)
Changes in operating liabilities:		
(Decrease) increase in notes payable	(19,646)	18,183
Increase in accounts payable	5,588	5,040
(Decrease) increase in other payable	(20,453)	28,029
(Decrease) increase in other current liabilities	(3,657)	3,287
Decrease in other non-current liabilities	(677)	(1,997)
Decrease in net defined benefit liabilities	(398)	(432)
Total changes in operating liabilities	(39,243)	52,110
Total changes in operating assets and liabilities	196,065	(136,145)
Total adjustments	475,729	184,864
Cash inflow (outflow) generated from operations	432,918	127,154
Interest received	16,658	4,724
Dividends received	28	66
Interest paid	(34,112)	(27,553)
Income taxes paid	(1,619)	(242)
Net cash flows from operating activities	413,873	104,149
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(16,970)
Increase in prepayments for investments	-	(12,188)
Acquisition of property, plant and equipment	(128,726)	(241,934)
Proceeds from disposal of property, plant and equipment	876	-
Decrease in refundable deposits	35,599	41
Acquisition of intangible assets	(497)	(400)
Increase in prepayments for business facilities	(61,884)	(95,282)
Decrease (increase) in other non-current financial assets	35	(104,250)
Net cash flows used in investing activities	(154,597)	(470,983)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	15,000	290,670
Decrease in short-term borrowings	(1,640)	(146,110)
Proceeds from long-term borrowings	180,000	93,000
Repayments of long-term borrowings	(224,390)	(312,181)
Payment of lease liabilities	(23,263)	(30,374)
Change in non-controlling interests	437	-
Net cash flows used in financing activities	(53,856)	(104,995)
Effect of exchange rate changes on cash and cash equivalents	1,658	(5,203)
Net decrease in cash and cash equivalents	207,078	(477,032)
Cash and cash equivalents at beginning of period	402,732	879,764
Cash and cash equivalents at end of period	\$ 609,810	402,732

See accompanying notes to consolidated financial statements.

LI CHENG ENTERPRISE CO., LTD.

Parent Company Only Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

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

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

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Li-Cheng Enterprise Co.,Ltd("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Inventory valuation

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

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

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chang, Tzu-Hsin and Chen, Cheng-Hsueh.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2024

Notes to Readers

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

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

(English Translation of Only Financial Statements and Report Originally Issued in Chinese)

LI CHENG ENTERPRISE CO.,LTD

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021			
		Amount	%	Amount	%			Amount	%	Amount	%		
Current Assets													
Current assets:													
1100	Cash and cash equivalents (Note 6(1))	\$	391,307	8	744,415	15	2100	Short-term borrowings (Note 6(11) and 8)	\$	444,670	9	300,110	6
1120	Current financial assets at fair value through other comprehensive income (Note 6(2))		541	-	642	-	2151	Notes payable		31,007	1	12,824	-
1150	Notes receivable, net (Note 6(3))		26,197	1	6,562	-	2170	Accounts payable		12,895	-	7,855	-
1170	Accounts receivable, net (Note 6(3))		265,693	5	101,728	2	2200	Other payables		109,032	2	86,455	2
1200	Other receivables (Note 6(4))		7,169	-	22	-	2220	Other payables to related parties (Note 7)		481	-	476	-
1210	Other receivables from related parties (Note 6(4) and (7))		273,009	6	166,080	3	2280	Current lease liabilities (Note 6(14))		15,288	1	15,080	1
1220	Current tax assets		463	-	221	-	2300	Other current liabilities (Note 6(12))		7,077	-	3,992	-
1310	Inventories (Note 6(5))		266,349	5	293,158	6	2320	Long-term borrowings, current portion (Note 6(13) and 8)		209,379	4	260,295	5
1470	Other current assets (Note 6(10))		50,917	1	43,766	1				829,829	17	687,087	14
			1,281,645	26	1,356,594	27							
Non-current assets													
1550	Investments accounted for using equity method (Note 6(6))		511,684	11	460,846	9	2540	Long-term borrowings (Note 6(13) and 8)		1,335,488	27	1,503,753	30
1600	Property, plant and equipment (Note 6(7) and (8))		2,556,312	52	2,696,662	54	2570	Deferred tax liabilities (Note 6(16))		4,031	-	-	-
1755	Right-of-use assets (Note 6(8))		25,153	1	28,323	1	2580	Non-current lease liabilities (Note 6(14))		9,992	-	13,616	-
1780	Intangible assets (Note 6(9))		1,329	-	2,054	-	2640	Net defined benefit liability (Note 6(15))		4,861	-	4,224	-
1840	Deferred tax assets (Note 6(16))		214,364	4	232,104	5	2670	Other non-current liabilities		23,666	1	25,663	1
1915	Prepayments for business facilities		41,809	1	28,408	1				1,378,038	28	1,547,256	31
1920	Guarantee deposits paid		44,208	1	44,294	1				2,207,867	45	2,234,343	45
1960	Non-current prepayments for investments (Note 6(6))		12,188	-	-	-	3100	Common Stock		1,726,773	35	1,726,773	35
1984	Other non-current financial assets, others (Note 8)		215,470	4	111,220	2	3200	Capital surplus		42,859	1	42,859	1
1900	Other non-current assets		1,160	-	1,160	-	3300	Retained earnings		908,736	19	1,025,157	20
			3,623,677	74	3,605,071	73	3400	Other equity interest		19,087	-	(67,467)	(1)
								Total equity		2,697,455	55	2,727,322	55
Total assets													
		\$	4,905,322	100	4,961,665	100		Total liabilities and equity	\$	4,905,322	100	4,961,665	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

LI CHENG ENTERPRISE CO.,LTD**Statements of Comprehensive Income****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)**

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

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

LI CHENG ENTERPRISE CO.,LTD

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

LI CHENG ENTERPRISE CO.,LTD**Statements of Cash Flows****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

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

See accompanying notes to parent company only financial statements.

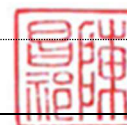
【Attachment 4】

LI CHENG ENTERPRISE CO., LTD.
Table of 2023 Deficit Compensation



Amounts in Thousands of New Taiwan Dollars

Items	Amount	Notes
Undistributed surplus, beginning of the year	<u>518,100,349</u>	
Add: Changes in pension actuarial gains and losses of the period	<u>1,229,154</u>	
Disposal of equity instruments measured at fair value through other comprehensive profit or loss	(35,871,498)	
Add: Net income (loss) of the period	(41,803,762)	
Surplus distributable	<u>441,654,243</u>	
Less:		
Reversal of special surplus reserve	46,892,146	
Distributable surplus, end of year	<u>488,546,389</u>	
<p>If the company has any surplus after the annual settlement, it shall be distributed in the following order:</p> <ol style="list-style-type: none"> 1. Pay income tax according to law. 2. Compensate loss from previous years. 3. Set aside 10% as legal reserve. 4. Set aside special reserve when necessary. <p>After deducting the balance of the previous items, the board of directors shall prepare a shareholders' dividend distribution proposal based on the balance and the previous year's earnings and submit it to the shareholders' meeting for a resolution on distribution.</p> <p>The distribution of the company's dividends should take into account the company's current and future investment opportunities, capital needs, domestic and foreign competition conditions, and the company's budget, while taking care of the interests of shareholders. Every year, the board of directors drafts a distribution proposal according to law and submits it to the shareholders' meeting for resolution. However, the ratio of cash dividends shall not be lower than 10% of the proposed distribution of shareholder dividends in principle.</p>		
Chairman: Hong, Wen Yao	CEO: Hong, Wen Yao	Accounting manager: Chen, Chang Ci



7. Appendix

【Appendix 1】

LI CHENG ENTERPRISE CO., LTD.

Articles of Incorporation

Section I--General Provisions

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

Section II – Capital Stock

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

Section III—Shareholders' Meeting

- Article 11 The Corporation's Shareholders' meeting shall be divided into two kinds: Annual General meeting of shareholders and Extraordinary General meeting of shareholders. Annual General meeting of shareholders will be held once every year within six months after close of each fiscal year by the Board of Directors in accordance with Article 172 of Company Act, while the Extraordinary General meeting of shareholders will be held when necessary in accordance with related regulations.
- Article 11-1 The ordinary shareholders meeting shall be convened 30 days in advance, and the extraordinary shareholders meeting shall be called 15 days in advance, and the date, place and reason for the meeting shall be notified and announced to all shareholders. The convening notice of the general meeting of shareholders may be issued electronically if the counterparty agrees. For shareholders holding less than 1,000 registered shares, the convening notice referred to in the preceding Paragraph may be issued in the form of an announcement.
- Article 11-2 To apply for suspension of the public offering, a shareholders' meeting attended by shareholders representing more than two-thirds of the total issued shares shall be held and it shall be approved by more than half of the voting rights of the present shareholders.
- Article 12 If a shareholder is unable to attend the shareholders' meeting for any reason, he may issue a power of attorney and entrust a proxy to attend in accordance with Article 177 of the Company Act and Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
- Article 13 Aside from otherwise regulated by the Company Act, shareholders meeting are convened by the board of directors with the chairman as the chairman. In the absence of the chairman, the chairman shall designate a director to act as the proxy. whereas for a shareholders' meeting convened by any other person having the convening right, the chairman should be appointed in accordance to Article 182-1 of the Company Act.
- Article 14 Each share of stock shall be entitled to one vote, but this is not applicable to those who are restricted or have no voting rights as listed in Article 179 Item 2 of the Company Act. When the company convenes a general meeting of shareholders, it may exercise its voting rights in written or electronic means; when exercising its voting rights in written or electronic means, the method of exercise shall be specified in the shareholders meeting convening notice. Shareholders who exercise their voting rights in writing or electronically in the preceding paragraph shall be deemed to have attended the shareholders' meeting in person. However, it shall be regarded as abstaining from voting on the extraordinary motion of the shareholders meeting and the amendment of the original motion.
- Article 15 Unless otherwise provided by the Company Act, a resolution of the shareholders' meeting shall be adopted by a majority of the shareholders attending such meeting, and the shareholders attending such meeting shall represent the majority of the total number of the issued shares.
- Article 16 The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the chairman of the meeting and distributed to the shareholders within twenty days after the meeting. The distribution of the minutes can be by announcement or electronic transmission. The reservation of such minutes should be in accordance with Article 183 of the Company Act.

Section IV--Directors and Audit Committee

- Article 17 The Corporation shall have five to seven Directors with the term of office of three years. All Directors shall be eligible for re-election. The aforesaid Board of Directors must have at least two independent directors, which shall not be less than one fifth of the total seats of the directors. The relevant professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination and election, and other matters of compliance with respect to Independent Directors shall be governed by the Securities and Exchange Act and relevant laws and regulations. Directors shall be elected by a shareholders' meeting from a list of director candidates through nomination system as specified in Article 192-1 of the Company Act. The Company's election of director adopts a cumulative voting system, each share has the same voting rights equal to the number of Directors to be elected, and a shareholder

may cast all his/her voting rights to one candidate or among several candidates; those candidates receiving more voting rights shall be elected as Directors.

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

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

If the chairman of the board of directors holds a position in the company, the salary shall be paid in accordance with the relevant regulations on the salary and treatment of employees.

Section V--Managerial Officers

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

Section VI--Closing of Accounts

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

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

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

2. Directors' remuneration: no more than 5% of the pre-tax profit of the current period.

However, if the Company has accumulated losses, the Company shall first reserve an amount to make up the losses, and then set aside the Employees' and the Directors' remuneration as specified in items 1 & 2 above.

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

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

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

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

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

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

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

Section VII--Supplementary Provisions

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

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

Article 30

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

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

【Appendix 2】

LI CHENG ENTERPRISE CO., LTD.

Rules and Procedures of Shareholders' Meeting

June 16, 2021

Passed and implemented by the 2021 annual shareholders' meeting

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

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

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

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

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

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

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

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

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

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

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

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

【Appendix 3】

LI CHENG ENTERPRISE CO., LTD.

Rules of Election of Directors

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

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

【Appendix 4】

LI CHENG ENTERPRISE CO., LTD.

Current Shareholding of Directors

Closing date: April 20, 2024

Title	Name	Date of Election	Term	Shareholding when elected		Shareholding on book on closing date	
				Shareholding	Percentage	Shareholding	Percentage
Chairman	Hong, Wen Yao	2023.06.19	3 years	15,392,323	8.91%	15,392,323	8.91%
Independent director	Lin, Ming Kai	2023.06.19	3 years	0	0.00%	0	0.00%
Independent director	Fu, Long Ming	2023.06.19	3 years	0	0.00%	0	0.00%
Director	Hong, Chiang Chuan	2023.06.19	3 years	1,344,665	0.78%	1,226,665	0.71%
Director	Suzanne Anderson	2023.06.19	3 years	0	0.00%	0	0.00%
The number of shares held by all directors and the percentage						16,618,988	9.62%

1. The common stocks the Company issued are 172,677,198 stocks
2. The minimum number of stocks all directors shall hold is 10,360,631 stocks
3. At the closing date (April 20, 2024) of this shareholders' annual meeting, the directors' total number of stocks holding on the shareholder list has meet Article 2.3 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies: "Where the paid-in capital of the company is more than NT\$1 billion but NT\$2 billion or less, the total registered shares owned by all directors shall not be less than 7.5 percent of the total issued shares; the total registered shares owned by all supervisors shall not be less than 7.5 percent of the total issued shares. " In addition, more than two independent directors are elected, and the shareholding ratio of all directors other than independent directors is reduced to 80%.