

.Stock Code: 1903

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Shihlin Paper Co., Ltd.

**2022 Annual General Meeting of
Shareholders**

Meeting Agenda

Date: June 14, 2022

Location: No. 32, Lane 266, Section 2, Zhishan Road, Shilin District, Taipei City
(Chinchin Food and Fashion Garden Club)

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Shihlin Paper Co., Ltd.

Procedure for the 2022 Annual General Meeting of Shareholders

- I. Call the Meeting to Order
- II. Opening Speech by the Chairperson
- III. Matters to be Reported
- IV. Proposals
- V. Discussion
- VI. Election Matters
- VII. Other Matters
- VIII. Questions and Motions
- IX. Adjournment

Shihlin Paper Co., Ltd.

2022 Annual General Shareholders' Meeting Agenda

Time: 9:00 a.m. on Tuesday, June 14, 2022

Location: No. 32, Lane 266, Section 2, Zhishan Road, Shilin District, Taipei City
(Chinchin Food and Fashion Garden Club)

- I. Call the Meeting to Order
- II. Opening Speech by the Chairperson
- III. Management Presentation (Company Reports)
 1. 2021 Business Report
 2. Report on Endorsement/Guarantee and Financing Provided to Others As of the End of 2021
 3. Audit Committee's Review Report on the 2021 Financial Statement
 4. Report on the Company's Sustainability Development Best Practice Principles
- IV. Proposals
 1. Ratification of 2021 Financial Statements and Business Report.
 2. Ratification of 2021 Deficit Compensation Proposal
- V. Discussion
 1. Amendment to certain articles in the Company's Procedures for Acquisition or Disposal of Assets
 2. Amendment to certain articles in the Company's Procedures for Endorsement and Guarantee
- VI. Election Matters

Election of members of the 25th Board of Directors (including Independent Directors)
- VII. Other Matters

Release of the non-compete restriction on the 25th Board of Directors
- VIII. Questions and Motions
- IX. Adjournment

Management Presentation (Company Reports)

<Report No. 1>

Proposed by the Board of Directors

Proposal: Please proceed to review the 2021 Business Report.

Description: For the 2021 Business Report, please refer to Attachment 1 (pages 8 to 13).

<Report No. 2>

Proposed by the Board of Directors

Proposal: Report on Endorsement/Guarantee and Financing Provided to Others As of the End of 2021.

Description: I. The amount of endorsement/guarantee provided to subsidiary Sunshine Shihlin Development Co., Ltd.: NT\$800 million, with the actual amount of NT\$350 million drawn. The amount of endorsement/guarantee provided by Sunshine Shihlin Development Co., Ltd. to subsidiary, Shihlin Environment Corporation: NT\$553 million, with the actual amount of NT\$553 million drawn.

II. The amount of financing provided to subsidiary Sunshine Shihlin Development Co., Ltd.: NT\$200 million, with the actual amount of NT\$0 drawn. The amount of financing provided to subsidiary Shihlin Environment Corporation: NT\$300 million, with the actual amount of NT\$0 drawn.

<Report No. 3>

Proposed by the Board of Directors

Proposal: Please proceed to review the Audit Committee's Review Report on the 2021 Financial Statements.

Description: For the Audit Committee's Review Report of the 2021 Financial Statements, please refer to Attachment 2 (page 14).

<Report No. 4>**Proposed by the Board of Directors**

Proposal: Report on the Company's Sustainability Development Best Practice Principles

Description: In accordance with Taiwan Stock Exchange Corporation's Order Tai-Zheng-Chi-Li No. 1090002299 dated February 13, 2020 and Announcement Tai-Zheng-Chi-Li No. 1100024173 dated December 7, 2021, the "Sustainable Development Best Practice Principles" was established as in Attachment 3 (pages 15-19).

Proposals**<Report No. 1>****Proposed by the Board of Directors**

Proposal: Please proceed to ratify the 2021 Financial Statements and Business Report.

Description: I. The Company's parent company only and consolidated financial statements for 2021, which have been audited by Yu-Ling Hung and Wen-Ting Hsiang, CPAs at Earnest & Co., together with the business report, were submitted to the Audit Committee for review in accordance with regulations, by which a written review report has been issued.

II. For the business report and statements, please refer to Attachment 1 (pages 8 to 13) and 4 (pages 20 to 37).

III. Please proceed to ratify them.

Resolution:

<Report No. 2>

Proposed by the Board of Directors

Proposal: Please proceed to ratify the 2021 Deficit Compensation Statement.

Description: I. The Company's Deficit Compensation Statement for compensation of losses for 2021 prepared in accordance with the provisions of the Company Act and the Company's Articles of Incorporation were approved by the Board of Directors, please refer to Attachment 5 (page 38).

II. Please proceed to ratify them.

Resolution:

Discussion

<Report No. 1>

Proposed by the Board of Directors

Proposal: Amendment to certain articles in the Company's Procedures for Acquisition or Disposal of Assets.

Description: I. In accordance with the provisions of Taiwan Stock Exchange Corporation's Letter Tai-Zheng-Shang No. 1110002112 dated February 7, 2022, the Company intends to amend some provisions of the "Procedures for the Acquisition or Disposal of Assets".

II. Please refer to Attachment 6 (pages 39-45) for the comparison of provisions before and after the amendments to the Company's "Procedures for the Acquisition or Disposal of Assets" and please proceed to discuss and approve the amendment.

Resolution:

<Report No. 2>

Proposed by the Board of Directors

Proposal: Amendment to certain articles in the Company's Procedures for Endorsement and Guarantee.

Description: I. In accordance with the provisions of FAQ of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" by the Financial Supervisory Commission, Executive Yuan in December 2021, the Company intends to amend the "Procedures for Endorsement and Guarantee"

II. In accordance with the aforementioned provisions, if the total amount of endorsement and guarantee provided by a public company and its subsidiaries reaches more than 50% of the net worth of the public company, the necessity and reasonableness of the endorsement and guarantee should be explained in the shareholders' meeting.

1. Necessity

The Company is currently focusing on its core development business and striving to contribute to the creation of better growth opportunities for the Company in the future. Therefore, it is necessary for the Company to obtain financing lines and favorable financing terms from financial institutions for the Shihlin paper mill development project to reduce financing costs and to endorse and guarantee for the development project in order to facilitate the development of the project.

2. Reasonableness

(1) In December 2021, the amount of endorsement and guarantee given by the Company and its subsidiaries was \$1,353 million, which were all endorsement and guarantee between the Company and its 100% invested subsidiaries or between 100% invested subsidiaries.

(2) The Shihlin paper mill project is the focus of the Company's

future development and is being actively promoted. The subsidiaries will assist in the development of the project by way of endorsement and guarantee so that the development can proceed smoothly and create a higher return on investment for all shareholders in the future.

- III. Please refer to Attachment 7 (pages 46-47) for the comparison of provisions before and after the amendments to the Company's "Procedures for Endorsement and Guarantee" and please proceed to discuss and approve the amendment.

Resolution:

Election Matters

Proposed by the Board of Directors

Subject: Election of members of the 25th Board of Directors (including Independent Directors)

Description: 1. The term of office of members of the 24th Board of directors of the Company expires on June 23, 2022 and shall be re-elected at this year's shareholders' meeting in accordance with Article 195 of the Company Act.

2. In accordance with the Company's Articles of Incorporation, seven directors (including three independent directors) shall be elected. The term of office of the 25th director shall be three years from June 14, 2022 to June 13, 2025, and the term of office of the original directors shall expire upon completion of the election of directors at the current shareholders' meeting.

3. In accordance with the Company's Articles of Incorporation and Article 5 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," the Company adopts a candidate nomination system for the election of directors (including independent directors); there are no candidates for directors and independent directors who are not allowed to be included in the list of candidates in accordance with the law. Please refer to Attachment 8 (page 48) for information on each candidate's major education, experience, current position, and number of shares held.

4. Please proceed to elect.

Election results:

Other Matters

Proposed by the Board of Directors

Subject: Release of the non-compete restriction on the 25th Board of Directors.

Description: 1. In accordance with Article 209, Paragraph 1 of the Company Act, a director who performs acts for himself/herself or for another person that fall within the scope of the Company's business shall explain the material content of his/her acts to the shareholders' meeting and obtain his/her permission.

2. The Company intends to request the shareholders' meeting to approve the release of non-compete restriction on new directors if the new directors are also engaged in the operation of other companies with the same or similar business scope as the Company. Please refer to Attachment 9 (page 49) for a list of the concurrent positions held by the candidates for directors (including independent directors). Please proceed to resolve.

Resolution:

Questions and Motions

Adjournment

Three. Attachments

Appendix 1

Shihlin Paper Co., Ltd. 2021 Business Report

I. 2021 Business Report

(I) Focus on the consumer goods market

1. Baby Lion

- (1) The Company is currently dedicated to the consumer market. In response to the gradual increase in the utilization rate of wet wipes in the overall market, the Company has spared no effort to develop Baby Lion products since 2021. In addition to the existing Baby Lion wet wipes, it has launched an anti-mosquito series and a baby wash series to expand its market share. In response to the pandemic, Baby Lion produces anti-pandemic protection products to protect the health of your family. We have entered the department store channel to enhance the depth of our brand, and we maintain our consistent high quality that is well recognized by consumers.
- (2) The Company's organization is adjusted and performance is growing continuously and steadily while personnel training will be strengthened to increase the overall market share. The professional R&D team will also continue to develop more innovative extension products with high production value to meet market needs.

2. Forest Beauty

- (1) The Company is currently dedicated to the consumer market. In response to the high usage rate of the facial masks, the Company spared no effort to develop the Forest Beauty facial mask products in 2021. In addition to the Forest Nut collection, we have developed a series of facial masks using Taiwanese tea leaves with natural plant extracts...etc. to enrich our product line and professionalism in a gradual way. The skin care products, including the Forest Beauty 14-day Renew series and the high-end new skin care products of Micro-gold Superconducting royal jelly peptide series are sold in major department stores and shopping malls across the country. As for the expansion to the international market, in 2021, due to the pandemic, the Company participated in the online beauty exhibition organized by the Taiwan External Trade Development Council of the Republic of China. The agency business of brands and the OEM business have continued to grow with increasing business opportunities. With the concept of the safe, effective, and harmless natural plant extracts, the brand of Forest Beauty has gradually expanded

its market share. The high quality of the products has also been recognized by consumers.

- (2) The Company's organization is adjusted and performance is growing continuously and steadily while personnel training will be strengthened to enhance their professional image. Their communication with distributors or customers is excellent professional. The R&D team will also continue to develop more innovative and extension products (skin care products) with high production value to meet market demand and to continue to expand market share and increase brand awareness.

(II) Consolidated financial receipt and expenditure and profitability in 2021

Unit: NTD

thousand

Consolidated Statement of Comprehensive Income	2021	2020	Percentage of change %
Net operating income	326,024	159,473	104.44
Gross profit	176,501	53,508	229.86
Net operating loss	(26,559)	(152,414)	(82.57)
Net profit (loss)	84,249	(135,685)	(162.09)

II. Overview of Business Plan for 2021

(I) Baby Lion

1. The Company's operating policy this year will focus on replacement of the production-oriented approach with marketing-oriented one to continue to develop products that meet market demand, expand market share, and improve operating performance.
2. In response to the strict requirements for products and the growth of the adult market in the era of declining birthrates, the Company will extend product categories and increase the product mix in line with the market demand, actively expand distribution channels, and expand the scale for sales.
3. In addition to maintaining existing customers, the Company will use marketing resources, such as promotions and media advertisements, to integrate virtual and physical channels for products and launch products in major physical entities and online shopping platforms to expand its market share and increase profits.

(II) Forest Beauty

1. The Company's operating policy for this year will focus on expansion of the market with an operating- and marketing-orientated approach to continue to develop distribution channels suited for facial masks and skin care products market, and the Company will also work to promote brand awareness and product visibility through marketing to increase the operating performance.
2. Products that emphasized the cost-effectiveness in line with consumers' habits in the early days had resulted in astonishingly high sales performance. However, the affordable products without high quality would cause skin discomfort, which has led to a change in demand and the consumption structure. Based on the cost/value concept, Forest Beauty's high quality and affordable features will lead to a revolution in the facial mask market. It allows consumers to pay more attention to safe, effective, and harmless products suited for their personal skin in addition to the price.
3. In addition to maintaining existing customers, the Company will use marketing resources, such as promotions and media advertisements, to integrate virtual and physical channels for products and launch products in major physical entities and online shopping platforms to expand its market share and increase profits. The Company will continue to develop the distribution channels in department stores this year to develop the high-end customer base.

III. Future development strategy

(I) Long- and short-term business development plans

1. Sales strategy

- (1) Develop new channels based on product positioning, and formulate marketing strategies based on product and channel differentiation.
- (2) Revitalize the brand's image, keep abreast of consumer needs, and innovate and copy successful models to launch new products.
- (3) Actively develop overseas markets and new businesses, and ensure sustainable operation by diversifying operations and revitalizing assets.

2. Marketing and R&D strategy

- (1) Keep abreast of the market trends and develop differentiated and customized products to facilitate new product development and successful launch.

- (2) Work closely with academic and research and development units, actually participate in the government's relevant unit's new product research and development projects, and actively apply for patents to ensure the Company's rights and interests, while expanding the scale of new product development.

3. OEM strategy

- (1) Strictly monitor and inspect the operating procedures to strengthen and improve product quality.
- (2) Require manufacturers to cooperate with equipment maintenance and improvement and to upgrade process technology to achieve the differentiated value of new products.

(II) Mid- and long-term business development plans

1. Master the win-win core technologies and continuously improve product quality to enhance competitive advantage.
2. Use diversified marketing strategies to promote a diversified product mix to increase market share.
3. Actively expand domestic and foreign sales markets, establish an international brand image, and become the most favored and reliable enterprise and a well-known brand.

Baby Lion:

Extended the product lines to anti-mosquito series, anti-pandemic series and baby washes products, building on the wet wipes collection, to provide safer and more reliable products for infants and young children, so that consumers can have better choices.

Forest Beauty:

Develop a series of facial care products based on facial masks to provide female consumers to meet their demand for naturality, safety, beauty, and health in all aspects, and to share the pie in the female skin care market.

IV. External competition environment

(I) Baby Lion

1. The sales region of the Company's main products is mainly in the domestic market, divided into three areas: Northern (Taoyuan, Hsinchu, New Taipei, and Taipei Cities), central, and southern Taiwan, and the Company plans to step into the Asian market.
2. Future supply and demand status and growth: According to the statistics from professional market survey and research institutions,

the wet wipes market continues to grow, with the affordable and pure water products as the mainstream. The Company will plan various functional products according to different consumer groups, and develop natural products and the ones with patented formula to achieve diversification and market segmentation to improve performance.

3. Future supply-demand response: Seek more domestic and foreign professional OEM to respond to future market demand.
4. Favorable and unfavorable factors of development prospects:
 - (1) Favorable factors: Domestic and foreign professional OEM have better product technology capabilities and positive competitive advantages in innovative manufacturing processes, which make the product collections developed more complete than the competitors in the same industry so as to keeps pace with major domestic businesses.
 - (2) Unfavorable factors: Due to the limited demand in the domestic consumer goods market with many brands and sufficient resources, the Company can only adopt marketing strategies to attract consumers and expand market share.

(II) Forest Beauty

1. The sales region of the Forest Beauty is mainly in the domestic market, divided into three areas: Northern, central, and southern Taiwan, and the Company plans to step into the global market while based in Taiwan.
2. Future supply and demand status and growth: According to the statistics from professional market survey and research institutions and actual sales of distribution channels, the mask market continues to grow, and the concept of natural plant extracts also makes consumers feel assured and recognize the concept. The Company will plan various functional products according to different consumer groups, and continue to develop natural products, facial masks, and skin care products with unique patented formula and diversified functions to increase market share and performance.
3. Future supply-demand response: Seek more domestic and foreign professional OEM to respond to future market demand.
4. Favorable and unfavorable factors of development prospects:
 - (1) Favorable factors: Domestic and foreign professional OEM have better product technology capabilities and positive competitive advantages in innovative manufacturing processes, which make the product collections developed more complete than the competitors in the same industry so as to keeps pace with major domestic businesses.

- (2) Unfavorable factors: Due to the limited demand in the domestic consumer goods market, the competition among brands is fierce. After acquiring a certain degree of market popularity and market share, the Company will step up the pace of entering overseas markets to become an international brand in the future.

V. The impact of legal and the overall business environments

- (I) All products are tested and qualified in compliance with relevant laws and regulations to provide consumers with the highest quality.
- (II) In recent years, the Company has continued to develop innovative products with high production value, while strengthening R&D and marketing capabilities, and cultivating talents is also a key development strategy for the Company in the future.
- (III) In the future, the Company will continue to uphold a pragmatic spirit, strive to take on challenges at all stages, and work hard to operate the consumer product market so as to achieve goals as planned while fulfilling social responsibilities to create greater profits and best benefits for shareholders and all employees.

2021 Business Report of Investee Sunshine Shihlin Development Co., Ltd.

I. 2021 Business Report

(I) Change of the category of the old Shihlin Paper Mill land

The land development project of Shihlin Paper Mill was carried out in accordance with the "Taipei City Shihlin District Urban Plan Overall Review (Detailed Program) (Phase I) Program" announced into force by the Taipei City Government on March 23, 2021 and the status of cultural assets approved by the 140th Taipei City Cultural Assets Review Committee on September 27, 2021. It is intended that after the project, there will be park donations, urban renewal development procedures, and historical building development and reuse projects to achieve the goals of improving investment efficiency, regional co-prosperity, and shaping the urban environment.

- (II) The Warehouse No. 5 hotel urban renewal development project was approved by the city government on October 30, 2019 for implementation with the work at the current stage completed. The construction license was obtained on April 9, 2020, and the sample survey was completed in October 2021 for construction.

- (III) In terms of the joint construction project on the corner of Fude Road (Yinxu Community). The sale of the last 70 pings on the seventh floor of

- the building was completed in 2021 and the project was completed.
- (IV) The original dormitory building (Paper Sun Apartment), which was previously outsourced to an agency to operate it as a rental condo. It has completed the registration as a hotel in March, 2017 and changed its name to "Paper Sun Hotel." Due to the impact of the global pandemic in 2020, it was converted into a quarantine hotel in December 2020 and in 2021, it continued to operate as a quarantine hotel.
 - (V) The Company has completed the signing of an joint construction contract for the land at No. 669-3 and 669-15, Guanghua Subsection 2, with a parcel of neighboring land, which has been included in the land reconstruction program (the reconstruction program for dangerous old buildings) on December 25, 2020 and the application for the construction license was made.
 - (VI) The Company planned to build a commercial building with 10 floors above ground and 3 floors underground on the self-owned land at No. 18, Fude Road, which has been included in the land reconstruction program (the reconstruction program for dangerous old buildings) on July 24, 2020 and the application for the construction license was made.
 - (VII) No. 7, Section 3, Chongqing North Road (No. 901, Datong Subsection 2, Datong Section, Datong District, area: 55.36 pings) to participate in the joint construction of Nian Feng Construction (reconstruction program for unsafe and old buildings), and to be allocated with 8 houses and 7 parking spaces. The land reconstruction program (reconstruction for unsafe and old buildings) and construction license had been obtained.

II. Overview of 2022 Development Plan

- (I) The land development project of Shihlin Paper Mill was implemented with respect to the urban renewal procedures in accordance with the Taipei City Government's "Taipei City Shihlin District Urban Plan Overall Review (Detailed Plan) (Phase I) Program" announced into force by the Taipei City Government on March 23, 2021 and the urban renewal program was expected to be submitted in 2022. In addition, the restoration and reuse program was submitted in accordance with the status of cultural assets approved by the 140th Cultural Assets Review Committee on September 27, 2021.
- (II) For the Warehouse No. 5 hotel urban renewal development project, the basement excavation was expected to be completed in 2022 (a hotel building with 12 floors above ground and 3 floors underground).
- (III) Paper Sun Hotel has been converted into a quarantine hotel. With the ongoing pandemic, the company will continue into integrate various resources this year to increase revenue and accommodation rates.
- (IV) In the Company's joint construction contract for the land at No. 669-3 and 669-15, Guanghua Subsection 2, together with a parcel of

neighboring land, residential buildings with 10 floors above ground and 3 floors underground will be built. The construction license is scheduled to be obtained in the 1st quarter of 2022, and construction will be officially launched in the 3rd quarter.

- (V) The Company planned to build a commercial building and a hotel building with 10 floors above ground and 3 floors underground on the self-owned land at No. 18, Fude Road. It is scheduled to obtain a construction license in the second quarter of 2022, and the construction will be officially launched in the fourth quarter.
- (VI) The joint construction project on No. 7, Section 3, Chongqing North Road would be allocated with 8 houses and 7 parking spaces. One storefront and one parking space were reserved for future lease, while the remaining seven residential units and six parking spaces were for pre-sale.

III. Future development strategy

Sunshine Shihlin Development Co., Ltd. is a sustainable company, conducting the best management of its own land assets and re-planning and decorating existing properties according to the conditions of its self-owned land to improve the per ping efficiency and occupancy rate. The company will continue to integrate land in other areas that are conducive to carry out development, urban renewal, or reconstruction work of dangerous old buildings, to create a niche for the company while cooperating with government policies to jointly create the best interests of the urban development of Taipei City's north district and nearby residents.

IV. External competition environment

Affected by the pandemic, in response to the increase in the number of people who need to be quarantined independently, the Paper Sun Hotel has been converted into a quarantine hotel. In 2022, it will continue to cautiously respond to changes in the external economy, adjust and increase catering services in a timely manner, and explore the take-out meal market to diversify income sources.

V. The impact of legal and the overall business environments

The Urban Renewal Act was amended and passed for implementation on January 30, 2019. The company has actively reviewed the conditions of existing land assets and conducted various asset revitalization assessments. In addition, the Taipei City's regulations for acceleration of the reconstruction of dangerous and old buildings were implemented in October 2019. the Company has reviewed eligible land assets in accordance with the regulations and completed the inclusion in the land reconstruction program and application for construction license in progress in 2021 (the reconstruction program for dangerous old buildings) for the project on No. 18, Fude Road and the joint construction project on No. 669-3 and 669-15, Guanghai Subsection 2 with the neighboring land whose application for construction license was in progress and Section 3, Chongqing North Road to participate in the joint construction of Nian Feng Construction, would continue as scheduled in 2022 for the construction work in line with the plan. Taipei City Government is planning to relax

the application for TOD incentives, and has held a public presentation, we will keep track of the progress and review the applicability to future development projects.

Looking ahead to 2022, with the gradual recovery of Taiwan's economic growth, the Company still needs to pay attention to changes in the global economy due to the pandemic, China-US trade friction, and other factors, and make appropriate adjustments. Therefore, the Company will continue to be cautious and to cooperate with the government policies actively to meet relevant review requirements, so as to implement the Company's development business smoothly while safeguarding the rights and interests of the Company's shareholders and meeting the expectations of all parties in society.

Attachment 2

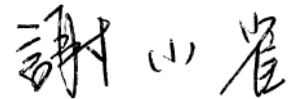
Audit Committees' Review Report

The Board of Directors submitted the Company's 2021 business report, financial statements, and a loss compensation proposal to us. After review, we found no inconsistency. Of them, the financial statements were also reviewed by Earnest & Co. Therefore, we have issued a report for your review in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To
2022 General Shareholders' Meeting of Shihlin Paper Co., Ltd.

Convener of the Audit

Committee : Hsiao-Chueh Hsieh



March 15, 2022

Sustainable Development Best Practice Principles

Chapter 1 General Provisions

- Article 1 In order to assist the Company in fulfilling its corporate social responsibility and promoting economic, environmental and social progress to achieve the goal of sustainable development, the Principles are established in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" for compliance.
- Article 2 The Principles are applicable to the Company, and its scope includes the overall operational activities of the Company and its group companies.
The Principles encourage the Company to actively pursue sustainable development while engaging in business operations in order to meet international development trends, enhance national economic contributions through corporate citizenship, improve the quality of life of employees, communities and society, and promote a competitive advantage based on sustainable development.
- Article 3 In promoting sustainable development, the Company shall pay attention to the rights and interests of its stakeholders and, while pursuing sustainable management and profitability, pay attention to environmental, social and corporate governance factors and incorporate them into its management policies and operational activities. The Company shall conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and establish relevant risk management policies or strategies.
- Article 4 The Company's practice of sustainable development shall be based on the following principles:
- I. Implement corporate governance.
 - II. Develop a sustainable environment.
 - III. Maintain social welfare.
 - IV. Strengthen the disclosure of corporate sustainability information.
- Article 5 The Company shall consider the development trends of domestic and international sustainability issues, the relevance of its core business, and the impact of its own and the Group's overall business activities on stakeholders, and formulate policies, systems, or related management policies and specific promotion plans for sustainable development, which shall be approved by the Board of Directors and reported to the shareholders' meeting.
When a shareholder proposes a motion related to sustainable development, the Board of Directors of the Company shall consider it as a motion at the shareholders' meeting.

Chapter 2 Implement corporate governance.

- Article 6 The Company should establish an effective governance structure and related ethical standards for sound corporate governance.
- Article 7 The Company's Board of Directors has the moral and managerial duty to ensure the Company fulfills its corporate social responsibilities, and review the effectiveness of its implementation and continuous improvement from time to time to ensure the implementation of the sustainable development policy.
The Board of Directors of the Company shall take into full consideration the interests of stakeholders when promoting the Company's sustainable

development objectives and shall include the following matters.

- I. Propose a mission or vision for sustainable development and to formulate sustainable development policies, systems or related management guidelines.
- II. Incorporate sustainable development into the company's operational activities and development direction, and approve specific plans for promoting sustainable development.
- III. Ensure that information related to sustainable development is disclosed in a timely and accurate manner.

The Board of Directors shall authorize senior management to handle economic, environmental and social issues arising from the Company's operational activities and report to the Board of Directors on the handling of such issues. The operation process and the personnel in charge should be specific and clear.

Article 8 The Company shall hold educational training to promote sustainable development as necessary, including the promotion of the second item of the preceding Article.

Article 9 In order to improve the management of sustainable development, the Company shall establish a governance structure for the promotion of sustainable development, and set up a dedicated (part-time) unit for the promotion of sustainable development, which shall be responsible for the proposal and implementation of sustainable development policies, systems or related management guidelines and specific promotion plans, and report to the Board of Directors on a regular basis.

The Company shall establish a reasonable salary and compensation policy to ensure that remuneration planning is consistent with the strategic objectives of the organization and the interests of stakeholders.

The employee performance appraisal system should be integrated with the sustainable development policy, and a clear and effective reward and disciplinary system should be established.

Article 10 The Company shall respect the rights and interests of stakeholders, identify the Company's stakeholders, and set up a stakeholder area on the Company's website; understand the reasonable expectations and needs of stakeholders through appropriate communication, and respond appropriately to their concerns about important sustainable development issues.

Chapter 3 Develop a sustainable environment.

Article 11 The Company shall comply with environment-related laws and regulations and international standards, appropriately protect the natural environment, and strive to achieve environmental sustainability in the execution of its operational activities and internal management.

Article 12 The Company shall strive to improve energy efficiency and use recycled materials that have a low impact on the environment, so that the Earth's resources can be used sustainably.

Article 13 The Company shall establish an appropriate environmental management system in accordance with the characteristics of the industry, which shall include the following items:

- I. Collect and evaluate sufficient and timely information on the impact of

operations on the natural environment.

- II. Establish measurable environmental sustainability targets and review them regularly.
- III. Establish specific plans or action plans and other implementation measures, and review their effectiveness on a regular basis.

Article 14 The Company establishes an environmental management unit or appoints personnel to prepare, promote and maintain relevant environmental management systems and specific action plans, and holds environmental education courses on a regular basis.

Article 15 The Company shall consider the impact of its operations on ecological benefits, promote and disseminate the concept of sustainable consumption, and engage in operational activities such as research and development, procurement, production, operations, and services in accordance with the following principles, in order to reduce the impact of its operations on the natural environment and human beings.

- I. Reduce the consumption of resources and energy for products and services.
- II. Reduce the emission of pollutants, toxic substances and waste, and shall dispose of waste properly.
- III. Increase the recyclability and reuse of raw materials or products.
- IV. Maximize the sustainable use of renewable resources.
- V. Extend the durability of products.
- VI. Increase the performance of products and services.

Article 16 The Company shall strengthen relevant environmental protection treatment facilities to avoid polluting water, air and land, and shall make its best efforts to reduce the adverse effects on human health and the environment by adopting the best feasible pollution prevention and control technology measures.

Article 17 The Company shall assess the potential risks and opportunities of climate change to the Company's business now and in the future, and take relevant measures in response.

The Company shall keep statistics on greenhouse gas emissions, water consumption and total tonnage of waste for the past two years, and develop policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management, and to promote them accordingly in order to reduce the impact of the Company's operating activities on climate change.

Chapter 4 Maintain social welfare.

Article 18 The Company shall comply with relevant laws and regulations, and with international human rights conventions, such as gender equality, the right to work, and the prohibition of discrimination.

In order to fulfill its responsibility to protect human rights, the Company shall establish operational activities and internal management policies and procedures, and shall disclose its procedures for dealing with stakeholders involved in human rights violations.

The Company shall comply with internationally recognized labor human rights, such as freedom of association, right to collective bargaining, care for the

disadvantaged, prohibition of child labor, elimination of all forms of forced labor, elimination of employment discrimination, etc., and affirm that its human resource utilization policies are free of gender, race, socioeconomic class, age, marital and family status, etc., in order to implement equal employment, employment conditions, compensation, benefits, training, appraisal and promotion opportunities.

The Company shall provide an effective and appropriate compliant mechanism to ensure the equality and transparency of the grievance process in cases where labor rights and interests are jeopardized. Grievance channels shall be simple, convenient, and accessible, and employees' grievances shall be responded to appropriately.

Article 19 The Company shall provide employees with information on labor laws and their rights in the countries where it operates.

Article 20 The Company shall endeavor to provide a safe and healthy working environment for its employees, including the provision of necessary health and first aid facilities, in order to reduce hazards to the safety and health of employees and to prevent occupational hazards.

The Company shall implement regular safety and health education training for employees.

Article 21 The Company shall create a good environment for the career development of employees and establish an effective career development training program.

The Company shall establish and implement reasonable employee benefit programs (including salary, leave and other benefits) and appropriately reflect operational performance or results in employee compensation policies to ensure the recruitment, retention and encouragement of human resources to achieve the goal of sustainable management.

Article 22 The Company shall establish a channel for regular communication and dialogue among employees so that employees have the right to receive information and express their opinions on the Company's management activities and decisions.

The Company shall respect the right of employee representatives to negotiate on working conditions, and provide employees with the necessary information and hardware facilities to facilitate consultation and cooperation between the employer and employees and employee representatives.

The Company shall provide reasonable notice of changes in operations that may have a significant impact on employees.

Article 23 The Company shall be responsible for the products and services it provides and shall respect marketing ethics. The Company shall ensure that its planning, procurement, operations, and service processes are transparent and secure with respect to product and service information and are implemented in its operations to prevent products and services from compromising consumer rights and safety.

Article 23-1 The Company shall select a fair and reasonable approach to customers, taking into account the products or services provided and the characteristics of the industry, and shall establish implementation strategies and specific implementation measures.

Examples of the fair and reasonable methods referred to in the preceding paragraph are as follows:

I. Contracts are made with reciprocity and fairness and good faith.

II. Acceptance of a client's appointment to exercise due care and fidelity.

- Article 24 The Company shall ensure the quality of products and services in accordance with governmental regulations and relevant industry standards.
The Company shall comply with relevant laws and regulations and international standards in the marketing and labeling of products and services, and shall not deceive, mislead, defraud, or any other conduct that undermines consumer trust or damages consumer rights.
- Article 25 The Company shall assess and manage all risks that may cause business interruptions and reduce their impact on consumers and society.
The Company shall provide transparent and effective consumer complaint procedures for its products and services, handle consumer complaints fairly and promptly, comply with the Personal Information Protection Act and other relevant laws and regulations, respect the privacy of consumers, and protect personal information provided by consumers.
- Article 26 The Company shall evaluate the environmental and social impacts of its procurement practices on the communities from which it supplies, and shall cooperate with suppliers to jointly implement corporate social responsibility.
The Company shall establish a supplier management policy that requires suppliers to follow relevant regulations on environmental protection, occupational safety and health, or labor human rights issues, and shall evaluate whether its suppliers have a record of environmental and social impacts before engaging in business transactions, and shall avoid transactions with those whose corporate social responsibility policies are in conflict.
When the Company enters into contracts with major suppliers, it is appropriate to include provisions for compliance with the CSR policies of both parties and for the termination or cancellation of the contract at any time if the supplier is involved in a violation of the policy and if it has a significant impact on the environment and society in the community from which the supplier is supplied.
- Article 27 The Company shall evaluate the impact of the Company's operations on the community and employ appropriate manpower in the communities where the Company operates in order to promote community recognition.
The Company shall invest resources in organizations that solve social or environmental problems through business models, or participate in community development and community education activities of civic organizations, charities and government agencies through equity investments, commercial activities, donations, corporate volunteer services or other public interest professional services, in order to promote community development.

Chapter 5 Strengthen the disclosure of corporate sustainability information.

- Article 28 The Company shall disclose information in accordance with relevant laws and regulations and the Company's Code of Corporate Governance Practices, and shall fully disclose relevant and reliable information related to sustainable development in order to enhance information transparency.
The Company shall disclose information related to sustainable development as follows:
- I. Policies, systems, or related management policies and specific promotion plans for sustainable development that have been approved by the Board of Directors.
 - II. The risks and impacts of implementing corporate governance, developing a

sustainable environment, and safeguarding social welfare on the Company's operations and financial condition.

- III. The Company's objectives, measures and implementation performance for sustainable development.
- IV. Main stakeholders and their issues of concern.
- V. Disclosure of information on the management and performance of major environmental and social issues by major suppliers.
- VI. Other information related to sustainable development.

Article 29 The Company shall adopt internationally accepted standards or guidelines for the preparation of sustainability reports in order to disclose the promotion of sustainable development and to enhance the reliability of information. The content should include:

- I. The implementation of sustainable development policies, systems or related management policies and specific promotion plans.
- II. Main stakeholders and their issues of concern.
- III. Performance and review of the Company's implementation of corporate governance, development of a sustainable environment, safeguarding social welfare, and promotion of economic development.
- IV. Future improvement directions and goals.

Chapter 6 Supplementary Provisions

Article 30 The Company shall pay attention to the development of domestic and international standards related to sustainable development and changes in the corporate environment at all times, and review and improve the sustainable development system established by the Company accordingly in order to enhance the effectiveness of promoting sustainable development.

Article 31 This Principles shall be implemented after approved by the Board of Directors and reported to the shareholders' meeting, and the same applies to any amendment

Article 32 The principles were established on November 9, 2021
The 1st amendment was made on March 15, 2022

Independent Auditors' Report

To the Board of Directors of Shihlin Paper Co., Ltd.,

Opinion

We have audited the accompanying financial statements of Shihlin Paper Co., Ltd. (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, 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 of Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements of 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 for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion, we do not provide a separate opinion on these matters. The key audit matter identified in the audit of the Company's financial statements as of and for the year ended December 31, 2021 is as follows:

Revenue recognition

For the accounting policy of revenue, please refer to Note (4) 16 for revenue recognition of the financial statements.

As part of the Company's sales income is from sales to distributors, and the Company shall pay incentives, slotting fees, and advertising sponsorship fees to distributors upon contract signing, and part of the inventory is stored in the distributors' warehouses. Thus, contract conditions may affect revenue recognition, so revenue recognition is a key audit item.

Corresponding audit procedure

Our main audit procedure is as follows:

- Assess the reasonableness of the accounting treatment of revenue recognition (including sales discounts and returns).
- Test the effectiveness of the internal control system design and implementation with regard to income.
- Analyze the new sales customers who are related parties with a significant transaction amount or rank among the top ten sales customers to confirm that the revenue recognition is in line with the realization principle.

- Test the sales samples for a period before and after the end of the year according to the delivery conditions to evaluate the correctness during the revenue recognition period.

Tangible asset impairment assessment

For the accounting policy for tangible asset impairment, please refer to Note (4) 12 of the financial statements; for the uncertainty of accounting estimates and assumptions in assessing tangible asset impairment, please refer to Note (5) of the financial statements.

We assess whether there are any signs that tangible assets may have been impaired at each balance sheet date. If there are any signs of impairment, it is necessary to estimate the asset's recoverable amount. If it is impossible to estimate the recoverable amount in an individual asset, estimate the recoverable amount in the cash-generating unit to which the asset belongs. Since the recoverable amount estimation involves many assumptions and estimates, the assessment of tangible asset impairment is a key audit item.

Corresponding audit procedure

Our main audit procedures for the key audit items above include:

- Understand the Company's asset impairment assessment methods and implementation status;
- Obtain the impairment evaluation form from the management and evaluate its reasonableness;
- Assess the reasonableness of the cash-generating unit and recoverable amount in the assets identified by the management.

Responsibilities of the Management and the Governance Bodies 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 maintenance of necessary internal control related to the preparation of said statements to ensure that said statements to be free from any material misstatement, either due to fraud or errors.

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

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

1. Identify and assess the risks of material misstatement of the 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 of 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 related 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 relevant disclosures made by management.
4. Conclude on the appropriateness of the 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 relevant 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the financial statements, including the relevant notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the standalone 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, relevant protective measures.

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 for the year ended December 31, 2021 and are 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 Yu-Ling Hung and Wen-Ting Hsiang.

Earnest & Co., CPAs.
Taipei, Taiwan (Republic of China)
March 15, 2022

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with 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 financial statements are those generally applied in the Republic of China.

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

Shihlin Paper Co.,Ltd.
Balance Sheets
December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Asset			December 31, 2021		December 31, 2020		Liabilities and Equity			December 31, 2021		December 31, 2020	
Code	Accounting Items	Note:	Amount	%	Amount	%	Code	Accounting Items	Note:	Amount	%	Amount	%
Current assets							Current liabilities						
1100	Cash and cash equivalents	(IV) and (VI)	\$ 9,584	0.10	\$ 9,449	0.21	2100	Short-term borrowings	(VI)	\$ 372,000	3.91	\$ 700,000	15.39
1120	FVTOCI financial assets	(IV) and (VI)	6,565,620	69.03	1,605,525	35.31	2110	Short-term bills payable	(VI)	619,838	6.52	376,752	8.29
							2130	Contract liability	(IV)	9	0.00	49	0.00
1150	Note receivable	(IV) and (VI)	-	-	529	0.01	2170	Accounts payable		10,303	0.11	6,718	0.15
1170	Net accounts receivable	(IV), (VI), and (VII)	48,571	0.51	44,616	0.98	2200	Other payables	(VII)	11,420	0.12	9,806	0.21
1200	Other receivables	(IV)	1,021	0.01	407	0.01	2300	Other current liabilities		271	0.00	364	0.01
1310	Inventories	(IV) and (VI)	884	0.01	12,490	0.27	21XX	Total current liabilities		1,013,841	10.66	1,093,689	24.05
1410	Prepayments	(VII)	2,192	0.02	3,043	0.07							
1470	Other current assets		68	0.00	78	0.00							
11XX	Total current assets		6,627,940	69.68	1,676,137	36.86	Non-current liabilities						
							2570	Deferred tax liabilities		29,405	0.31	29,405	0.65
							2645	Guarantee deposits received		10,983	0.11	10,983	0.24
							25XX	Total non-current liabilities		40,388	0.42	40,388	0.89
							2XXX	Total liabilities		1,054,229	11.08	1,134,077	24.94
Non-current assets							Equity attributable to owners of the parent company						
1517	FVTOCI financial assets	(IV) and (VI)	5,116	0.06	5,160	0.11	3100	Share capital	(VI)				
1551	Investment under equity method	(IV) and (VI)	2,715,221	28.55	2,697,034	59.32	3110	Common stock		2,600,391	27.34	2,600,391	57.19
1600	Property, Plant and Equipment	(IV), (VI), (VII), and (VIII)	36,249	0.38	34,379	0.76		Retained earnings	(VI)				
1760	Investment Property	(IV), (VI), and (VIII)	118,834	1.25	124,986	2.75	3320	Special reserves		1,532,258	16.11	1,534,420	33.75
1780	Intangible asset	(IV) and (VI)	7,196	0.08	8,398	0.18	3350	Accumulated deficit		(1,692,848)	(17.79)	(1,779,403)	(39.13)
1975	Net defined benefit assets	(IV) and (VI)	442	0.00	263	0.01	3300	Total retained earnings		(160,590)	(1.68)	(244,983)	(5.38)
1900	Other non-current assets		348	0.00	405	0.01	3400	Other equity interest		6,017,316	63.26	1,057,277	23.25
15XX	Total non-current assets		2,883,406	30.32	2,870,625	63.14	3XXX	Total equity		8,457,117	88.92	3,412,685	75.06
Total assets			\$ 9,511,346	100.00	\$ 4,546,762	100.00	Total liabilities and equity			\$ 9,511,346	100.00	\$ 4,546,762	100.00

The accompanying notes are an integral part of the financial statements

Shihlin Paper Co., Ltd.
Statements of Comprehensive Income
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

Code	Item	Note:	2021		2020	
			Amount	%	Amount	%
4000	Operating revenue	(IV), (VI), and (VII)	\$ 120,357	100.00	\$ 112,020	100.00
5000	Operating costs	(VI) and (VII)	74,157	61.62	67,487	60.25
5900	Gross profit		46,200	38.38	44,533	39.75
5910	Less: Unrealized sales profits		2,085	1.73	-	-
5950	Net operating profit		44,115	36.65	-	-
	Operating expenses					
6100	Selling expenses	(VII)	42,748	35.52	46,141	41.19
6200	Administrative expenses	(VII)	51,223	42.56	33,649	30.04
6300	R&D expenses	(VII)	4,866	4.04	6,331	5.65
6000	Total operating expenses		98,837	82.12	86,121	76.88
6900	Operating losses		(54,722)	(45.47)	(41,588)	(37.13)
	Non-operating income and expense					
7010	Other income	(VI)	128,658	106.90	40,963	36.57
7020	Other gains and losses	(VI)	49	0.04	(54)	(0.05)
7050	Financial costs	(VI)	(10,008)	(8.31)	(11,720)	(10.46)
7070	Share of profit or loss of subsidiaries accounted for using the equity method	(IV)	20,272	16.84	(123,286)	(110.06)
7000	Total non-operating revenue and expenses		138,971	115.47	(94,097)	(84.00)
7900	Net profit (loss) before tax		84,249	70.00	(135,685)	(121.13)
8200	Net profit (loss)		84,249	70.00	(135,685)	(121.13)
	Other comprehensive income - net					
	Items that may not be reclassified subsequently to profit and loss					
8311	Gains (losses) on remeasurements of defined benefit plans	(IV) and (VI)	144	0.12	(84)	(0.07)
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(IV)	4,960,039	4,121.10	1,028,547	918.18
8300	Other comprehensive income (net of tax)		4,960,183	4,121.22	1,028,463	918.11
8500	Total comprehensive income (loss)		\$ 5,044,432	4,191.22	\$ 892,778	796.98
	Earnings per Share					
9750	Basic earnings per share	(VI)	\$ 0.32		\$ (0.52)	

The accompanying notes are an integral part of the financial statements

Shihlin Paper Co., Ltd.
Statements of Changes In Equity
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Item	Share capital		Retained earnings		Other items of equity		Total Equity
	Shares (thousands)	Common stock	Special reserves	Accumulated deficit	Total retained earnings	Unrealized gain (loss) on FVTOCI financial assets	
Balance at January 1, 2020	260,039	\$ 2,600,391	\$ 1,534,420	\$ (1,643,634)	\$ (109,214)	\$ 28,730	\$ 2,519,907
Net loss for 2020	-	-	-	(135,685)	(135,685)	-	(135,685)
Other comprehensive income for 2020	-	-	-	(84)	(84)	1,028,547	1,028,463
Total comprehensive income for 2020	-	-	-	(135,769)	(135,769)	1,028,547	892,778
Balance as of December 31, 2020	260,039	2,600,391	1,534,420	(1,779,403)	(244,983)	1,057,277	3,412,685
Net profit for 2021	-	-	-	84,249	84,249	-	84,249
Other comprehensive income for 2021	-	-	-	144	144	4,960,039	4,960,183
Total comprehensive income for 2021	-	-	-	84,393	84,393	4,960,039	5,044,432
Reversal of special reserve	-	-	(2,162)	2,162	-	-	-
Balance at December 31, 2021	<u>260,039</u>	<u>\$ 2,600,391</u>	<u>\$ 1,532,258</u>	<u>\$ (1,692,848)</u>	<u>\$ (160,590)</u>	<u>\$ 6,017,316</u>	<u>\$ 8,457,117</u>

The accompanying notes are an integral part of the financial statements

Shihlin Paper Co.,Ltd.
Statements of Cash Flow
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Net profit (loss) before tax	\$ 84,249	\$ (135,685)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	7,871	8,371
Amortization expense	1,387	1,316
Interest expense	10,008	11,720
Interest income	(5,787)	(8)
Dividend income	(31,363)	(25,285)
Share of loss (profit) of subsidiaries accounted for using the equity method	(20,272)	123,286
Net gain on disposal of property, plant and equipment	(273)	-
Unrealized sales profits	2,085	-
Changes in operating assets and liabilities:		
Decrease in notes receivable	529	64
Increase in accounts receivable	(3,955)	(2,121)
Increase in other receivables	(614)	(309)
Decrease (increase) in inventories	11,606	(3,251)
Decrease in prepayments	851	1,473
Decrease (increase) in other current assets	10	(24)
Increase in net defined benefit assets	(35)	(42)
Decrease in contract liability	(40)	(140)
Increase (decrease) in accounts payable	3,585	(1,203)
Increase (decrease) in other payables	1,077	(860)
Increase (decrease) in other current liabilities	(93)	106
Cash inflow (outflow) from operating activities	60,826	(22,592)
Interest received	5,787	8
Dividends received	31,363	25,298
Net cash inflow from operating activities	97,976	2,714
Cash flows from investing activities:		
Acquisition of FVTOCI financial assets	(12)	-
Acquisition of Property, Plant and Equipment	(2,630)	(438)
Proceeds from disposal of property, plant and equipment	479	-
Acquisition of investment property	(460)	(1,279)

(Continued on the next page)

Shihlin Paper Co.,Ltd.
Statements of Cash Flow
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

(Continued from the previous page)	2021	2020
Acquisition of intangible assets	\$ (185)	\$ (1,058)
Decrease (increase) in other non-current assets	57	(46)
Net cash used in investing activities	(2,751)	(2,821)
Cash flows from financing activities:		
Increase in short-term loans	2,102,000	2,840,000
Repayment of short-term loans	(2,430,000)	(2,724,000)
Borrowing of short-term bills payable	2,620,000	2,764,500
Repayment of short-term bills payable	(2,377,000)	(2,880,500)
Increase in guarantee deposit received	-	567
Interest paid	(10,090)	(11,808)
Net cash outflow from financing activities	(95,090)	(11,241)
Increase (decrease) in cash and cash equivalents	135	(11,348)
Cash and cash equivalents, beginning of period	9,449	20,797
Cash and cash equivalents, end of period	\$ 9,584	\$ 9,449

The accompanying notes are an integral part of the financial statements

Independent Auditors' Report

To the Board of Directors of Shihlin Paper Co., Ltd.,

Opinion

We have audited the accompanying financial statements of Shihlin Paper Co., Ltd. (the Company) and its subsidiaries (collectively referred to as “the Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity, cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020 and for the years then ended. Its consolidated financial performance and its consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis of Opinion

We conducted our audits in accordance with the Rules Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements of section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants 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 for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. 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.

Revenue recognition

For the accounting policy of revenue, please refer to Note (4)15 for revenue recognition of the consolidated financial statements.

As part of the sales income of the Group is from sales to distributors, and the Group shall pay incentives, slotting fees, and advertising sponsorship fees to distributors upon contract signing, and part of the inventory is stored in the distributors' warehouses. Thus, contract conditions may affect income recognition, so income recognition is a key audit item.

Corresponding audit procedure

Our main audit procedure is as follows:

- Assess the reasonableness of the accounting treatment of income recognition (including sales discounts and returns).
- Test the effectiveness of the internal control system design and implementation with regard to

income.

- Analyze the new sales customers who are related parties with a significant transaction amount or rank among the top ten sales customers to confirm that the revenue recognition is in line with the realization principle.
- Test the sales samples for a period before and after the end of the year according to the delivery conditions to evaluate the correctness during the revenue recognition period.

Tangible asset impairment assessment

For the accounting policy for tangible asset impairment, please refer to Note (4) 11 of the consolidated financial statements; for the uncertainty of accounting estimates and assumptions in assessing tangible asset impairment, please refer to Note (5) of the consolidated financial statements.

As of December 31, 2021, the Group's property, plant, and equipment amounted to NT\$1,308,210 thousand, and the investment property amounted to NT\$4,399,752 thousand. We assess whether there are any signs that the Group's tangible assets may have been impaired at each balance sheet date. If there are any signs of impairment, it is necessary to estimate the asset's recoverable amount. If it is impossible to estimate the recoverable amount in an individual asset, estimate the recoverable amount in the cash-generating unit to which the asset belongs. Since the total amount in the above-mentioned tangible assets is NT\$5,707,962 thousand (accounting for 45.90% of the total consolidated assets), and the estimation of the recoverable amount involves many assumptions and estimates, the impairment assessment of tangible assets is a key audit item.

Corresponding audit procedure

Our main audit procedures for the key audit items above include:

- Understand the Company's asset impairment assessment methods and implementation status;
- Obtain the impairment evaluation form from the management and evaluate its reasonableness;
- Assess the reasonableness of the cash-generating unit and recoverable amount in the assets identified by the management.

Other Matters

Shihlin Paper Co., Ltd. has prepared its parent company only financial statements as of and for the years ended December 31, 2021 and 2020, for which we have issued an unqualified opinion.

Responsibilities of the 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, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the 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 the management either intends to liquidate Group or to cease operations, or has no realistic alternative but to do so.

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the 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 related 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 relevant disclosures made by management.
4. Conclude on the appropriateness of the 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those

matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 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 Yu-Ling Hung and Wen-Ting Hsiang.

Earnest & Co., CPAs.
Taipei, Taiwan (Republic of China)

March 15, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 consolidated financial statements are those generally applied in the Republic of China.

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

Shihlin Paper Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Asset		Note:	December 31, 2021		December 31, 2020		Liabilities and Equity			December 31, 2021		December 31, 2020	
Code	Accounting Items		Amount	%	Amount	%	Code	Accounting Items	Note:	Amount	%	Amount	%
	Current assets						Current liabilities						
1100	Cash and cash equivalents	(IV) and (VI)	\$ 38,502	0.31	\$ 24,307	0.32	2100	Short-term loans	(VI)	\$ 1,556,000	12.51	\$ 2,087,500	27.75
1110	FVTPL financial assets	(IV) and (VI)	11,284	0.09	14,855	0.20	2110	Short-term notes and bills payable	(VI)	778,114	6.26	376,752	5.01
							2130	Contract liability	(IV) and (VII)	7,758	0.06	2,516	0.03
1120	FVTOCI financial assets	(IV) and (VI)	6,565,620	52.80	1,605,525	21.34	2170	Accounts payable		10,427	0.08	7,164	0.10
							2200	Other payables	(VII)	17,942	0.15	21,570	0.29
1136	AC financial assets	(IV) and (VI)	4,322	0.04	1,396	0.02	2300	Other current liabilities		530	0.01	812	0.01
							21XX	Total current liabilities		2,370,771	19.07	2,496,314	33.19
1150	Note receivable	(IV) and (VI)	492	0.00	529	0.01							
1170	Net accounts receivable	(IV), (VI), and (VII)	49,913	0.40	48,864	0.65							
1200	Other receivables	(IV)	1,021	0.01	407	0.01							
1310	Inventories	(IV) and (VI)	18,658	0.15	74,386	0.99		Non-current liabilities					
1410	Prepayments	(VI) and (VII)	22,238	0.18	21,855	0.29	2570	Deferred income tax liabilities		1,592,156	12.81	1,596,040	21.22
1470	Other current assets		99	0.00	105	0.00	2540	Long-term debt payable		320	0.00	-	-
11XX	Total current assets		6,712,149	53.98	1,792,229	23.83	2645	Guarantee deposit received		14,107	0.11	16,954	0.22
							25XX	Total non-current liabilities		1,606,583	12.92	1,612,994	21.44
	Non-current assets						2XXX	Total liabilities		3,977,354	31.99	4,109,308	54.63
1517	FVTOCI financial assets	(IV) and (VI)	5,116	0.04	5,160	0.07							
1600	Property, Plant and Equipment	(IV), (VI), and (VIII)	1,308,210	10.52	1,311,043	17.43	31XX	Equity attributable to owners of the parent company					
								Share capital	(VI)				
1760	Investment Property	(IV), (VI), and (VIII)	4,399,752	35.38	4,403,082	58.54	3100	Common stock		2,600,391	20.91	2,600,391	34.57
1780	Intangible asset	(IV) and (VI)	8,195	0.07	9,483	0.12	3110	Retained earnings	(VI)				
1975	Net defined benefit assets	(IV) and (VI)	442	0.00	263	0.00		Special reserve		1,532,258	12.32	1,534,420	20.40
1900	Other non-current assets	(VII)	607	0.01	733	0.01	3320	Accumulated deficit		(1,692,848)	(13.61)	(1,779,403)	(23.66)
15XX	Total non-current assets		5,722,322	46.02	5,729,764	76.17	3350	Total retained earnings		(160,590)	(1.29)	(244,983)	(3.26)
							3300	Other equity interest		6,017,316	48.39	1,057,277	14.06
							3400	Total equity		8,457,117	68.01	3,412,685	45.37
							3XXX						
	Total assets		\$ 12,434,471	100.00	\$ 7,521,993	100.00		Total liabilities and equity		\$ 12,434,471	100.00	\$ 7,521,993	100.00

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

Shihlin Paper Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Code	Item	Note:	2021		2020	
			Amount	%	Amount	%
4000	Operating revenue	(IV), (VI), and (VII)	\$ 326,024	100.00	\$ 159,473	100.00
5000	Operating costs	(VI) and (VII)	149,523	45.86	105,965	66.45
5900	Gross profit		176,501	54.14	53,508	33.55
	Operating expenses					
6100	Selling expenses	(VII)	58,017	17.80	78,852	49.44
6200	Administrative expenses	(VII)	138,972	42.63	118,036	74.02
6300	R&D expenses	(VII)	6,071	1.86	9,034	5.66
6000	Total operating expenses		203,060	62.29	205,922	129.12
6900	Operating losses		(26,559)	(8.15)	(152,414)	(95.57)
	Non-operating income and expense					
7010	Other income	(VI)	138,473	42.47	42,451	26.62
7020	Other gains and losses	(VI)	(554)	(0.17)	(136)	(0.09)
7050	Finance costs	(VI)	(22,741)	(6.97)	(25,586)	(16.04)
7000	Total non-operating revenue and expenses		115,178	35.33	16,729	10.49
7900	Net profit (loss) before tax		88,619	27.18	(135,685)	(85.08)
7950	Income tax expense	(IV) and (VI)	4,370	1.34	-	-
8200	Net profit (loss)		84,249	25.84	(135,685)	(85.08)
	Other comprehensive income - net Items that may not be reclassified subsequently to profit and loss					
	Gains (losses) on remeasurements of defined benefit plans	(IV) and (VI)	144	0.05	(84)	(0.05)
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(IV)	4,960,039	1,521.37	1,028,547	644.96
8300	Other comprehensive income (net of tax)		4,960,183	1,521.42	1,028,463	644.91
8500	Total comprehensive income (loss)		\$ 5,044,432	1,547.26	\$ 892,778	559.83
8600	Net profit (loss) attributable to					
8610	Owners of the parent company		\$ 84,249	25.84	\$ (135,685)	(85.08)
8620	Non-controlling interests		-	-	-	-
			\$ 84,249	25.84	\$ (135,685)	(85.08)
8700	Comprehensive income attributable to					
8710	Owners of the parent company		\$ 5,044,432	1,547.26	\$ 892,778	559.83
8720	Non-controlling interests		-	-	-	-
			\$ 5,044,432	1,547.26	\$ 892,778	559.83
	Earnings per Share					
9750	Basic earnings per share	(VI)	\$ 0.32		\$ (0.52)	

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

Shihlin Paper Co., Ltd. and Subsidiaries
Consolidated Statements of Changes In Equity
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Item	Equity attributable to owners of the parent company						
	Share capital		Retained earnings			Other items of equity	
	Shares (thousands)	Common stock	Special reserves	Accumulated deficit	Total retained earnings	Unrealized Gains (losses) from financial assets measured at FVTOCI	Total Equity
Balance at January 1, 2020	260,039	\$ 2,600,391	\$ 1,534,420	\$ (1,643,634)	\$ (109,214)	\$ 28,730	\$ 2,519,907
Net loss for 2020	-	-	-	(135,685)	(135,685)	-	(135,685)
Other comprehensive income for 2020	-	-	-	(84)	(84)	1,028,547	1,028,463
Total comprehensive income for 2020	-	-	-	(135,769)	(135,769)	1,028,547	892,778
Balance at December 31, 2020	260,039	2,600,391	1,534,420	(1,779,403)	(244,983)	1,057,277	3,412,685
Net profit for 2021	-	-	-	84,249	84,249	-	84,249
Other comprehensive income for 2021	-	-	-	144	144	4,960,039	4,960,183
Total comprehensive income for 2021	-	-	-	84,393	84,393	4,960,039	5,044,432
Reversal of special reserve	-	-	(2,162)	2,162	-	-	-
Balance at December 31, 2021	260,039	\$ 2,600,391	\$ 1,532,258	\$ (1,692,848)	\$ (160,590)	\$ 6,017,316	\$ 8,457,117

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

Shihlin Paper Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Net profit (loss) before tax	\$ 88,619	\$ (135,685)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	14,133	18,552
Amortization expense	1,474	1,428
Expected credit impairment loss	—	119
Net gain on financial assets at FVTPL	(19)	(55)
Interest expense	22,741	25,586
Interest income	(5,804)	(24)
Dividend income	(31,363)	(25,286)
Net gain on disposal of property, plant and equipment	(272)	—
Changes in operating assets and liabilities:		
Decrease in notes receivable	37	64
Decrease (increase) in accounts receivable	(1,049)	67
Increase in other receivables	(614)	(361)
Decrease (increase) in inventories	55,728	(1,588)
Decrease (increase) in prepayments	(383)	2,042
Decrease (increase) in other current assets	6	(27)
Increase in net defined benefit assets	(35)	(42)
Increase in contract liability	5,242	147
Increase (decrease) in accounts payable	3,263	(5,701)
Decrease in other payables	(3,344)	(2,298)
Increase (decrease) in other current liabilities	(282)	41
Cash inflow (outflow) from operating activities	148,078	(123,021)
Interest received	5,804	24
Dividends received	31,363	25,286
Income tax paid	(8,254)	—
Net cash provided by (used in) operating activities	176,991	(97,711)

(Continued on the next page)

Shihlin Paper Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

(Continued from the previous page)	2021	2020
Cash flows from investing activities:		
Proceeds from proposal of FVTPL financial assets	\$ 3,590	\$ 610
Acquisition of financial assets at FVTOCI	(12)	—
Increase in Amortized cost financial assets	(2,926)	(1,396)
Acquisition of Property, Plant and Equipment	(4,971)	(3,807)
Proceeds from disposal of property, plant and equipment	272	—
Acquisition of investment property	(2,999)	(14,005)
Acquisition of intangible assets	(186)	(1,058)
Decrease (increase) in other non-current assets	126	(200)
Net cash used in investing activities	(7,106)	(19,856)
Cash flows from financing activities:		
Increase in short-term loans	9,236,500	12,319,500
Repayment of short-term loans	(9,768,000)	(12,105,700)
Increase in short-term notes and bills payable	2,790,500	2,989,500
Repayment of short-term notes and bills payable	(2,389,000)	(3,155,000)
Increase in long-term loans	320	—
Increase (decrease) in guarantee deposit received	(2,847)	1,448
Interest paid	(23,163)	(25,571)
Net cash inflow (outflow) from financing activities	(155,690)	24,177
Increase (decrease) in cash and cash equivalents	14,195	(93,390)
Cash and cash equivalents, beginning of period	24,307	117,697
Cash and cash equivalents, end of period	\$ 38,502	\$ 24,307

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

Shihlin Paper Co., Ltd.**2021 Deficit Compensation Statement**

Unit: NTD thousand

	Amount
Cumulative loss at the beginning of the period	(1,779,403)
Reversal of special reserve	2,162
Re-measurement of defined benefit plans for 2021 reclassified to retained earnings	144
Net profit after tax for the year	84,249
Cumulative loss at the end of the period	(1,692,848)

Shihlin Paper Co., Ltd.

Comparison Table of Amendments to the Procedures for the Acquisition or Disposal of Assets

Article order	Amended articles	Original articles	Description
Article 5	<p>The Company, when acquiring or disposing of marketable securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>In acquiring or disposing of real estate, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a objective and fair professional appraiser and shall further comply with the provisions of Article 10.</p> <p>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or</p>	<p>The Company, when acquiring or disposing of marketable securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA is required to use an expert report, the provisions of Statement on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation should be followed.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>In acquiring or disposing of real estate, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a objective and fair professional appraiser and shall further comply with the provisions of Article 10.</p> <p>Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or membership cards and the transaction amount reaches 20% or more</p>	<p>Given the amendment has been made to add that the requirement for external experts to issue opinions by following the self-regulatory rules of their respective trade associations, and has covered the procedures to be performed by CPAs in issuing opinions, the Company hereby deleted the language that CPAs should follow the provisions of Statement of Auditing Standards No. 20 issued by the Accounting</p>

	<p>membership cards and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant or professional appraisal personnel prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>The calculation of the transaction amount of the preceding 3 paragraphs shall be made in accordance with Article 12, Paragraph 2, and the reference to within one year shall be based on the date of occurrence of the transaction and shall be retroactive to one year, and the part of the transaction for which the appraisal report or issued by the professional appraiser or the CPA's opinion has already been obtained in accordance with the provisions of the Procedures shall be exempt.</p>	<p>of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant or professional appraisal personnel prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price. <u>The CPA shall follow the provisions of Statement on Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.</u></p> <p>The calculation of the transaction amount of the preceding 3 paragraphs shall be made in accordance with Article 12, Paragraph 2, and the reference to within one year shall be based on the date of occurrence of the transaction and shall be retroactive to one year, and the part of the transaction for which the appraisal report or issued by the professional appraiser or the CPA's opinion has already been obtained in accordance with the provisions of the Procedures shall be exempt.</p>	<p>Research and Development Foundation (ARDF) of the Republic of China.</p>
<p>Article 10</p>	<p>Procedures for Valuation of Assets</p> <p>In acquiring or disposing of real estate, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: If the Company acquires or disposes of assets through a court auction process, the appraisal report or accountant's opinion may be replaced by a</p>	<p>Procedures for Valuation of Assets</p> <p>In acquiring or disposing of real estate, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: If the Company acquires or disposes of assets through a court auction process, the appraisal report or accountant's opinion may be replaced by a certificate issued by the court.</p> <p>I. If, for special reasons, a limited price, a specified price, or a special price is used as a reference for the transaction price,</p>	<p>The reason for the amendment is the same as the description of Article 5.</p>

	<p>certificate issued by the court.</p> <p>I. If, for special reasons, a limited price, a specified price, or a special price is used as a reference for the transaction price, the transaction shall first be submitted to the Board of Directors for approval; the same applies to any subsequent change in the terms of the transaction.</p> <p>II. If the transaction amount reaches NT\$1 billion or more, two or more professional appraisers shall be requested to appraise the transaction.</p> <p>III. In the event that the professional appraiser's appraisal result meets one of the following conditions, unless the appraisal result of the assets acquired is higher than the transaction amount, or the appraisal result of the assets disposed of is lower than the transaction amount, a CPA shall be requested to express a specific opinion on the reason for the difference and the fairness of the transaction price.</p> <p>(I) Where the difference between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(II) If the difference between the appraisal results of two or more professional appraisers reaches 10% or more of the transaction amount.</p> <p>IV. The date of the issue of the professional appraiser's report and the date of the establishment of the contract shall not exceed three months. However, if the publicly announced current value of the same period is applicable and is less than six months old, an opinion may still be obtained from the original professional appraiser.</p>	<p>the transaction shall first be submitted to the Board of Directors for approval; the same applies to any subsequent change in the terms of the transaction.</p> <p>II. If the transaction amount reaches NT\$1 billion or more, two or more professional appraisers shall be requested to appraise the transaction.</p> <p>III. In the event that the professional appraiser's appraisal result meets one of the following conditions, unless the appraisal result of the assets acquired is higher than the transaction amount, or the appraisal result of the assets disposed of is lower than the transaction amount, a CPA shall be requested to express a specific opinion on the reason for the difference and the fairness of the transaction price <u>by following the provisions of Statement of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation (ARDF) of the Republic of China.</u></p> <p>(I) Where the difference between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(II) If the difference between the appraisal results of two or more professional appraisers reaches 10% or more of the transaction amount.</p> <p>IV. The date of the issue of the professional appraiser's report and the date of the establishment of the contract shall not exceed three months. However, if the publicly announced current value of the same period is applicable and is less than six months old, an opinion may still be obtained from the original professional appraiser.</p>	
<p>Article 11</p>	<p>In the event that the Company obtains an appraisal report or an opinion from a CPA, attorney or</p>	<p>In the event that the Company obtains an appraisal report or an opinion from a CPA, attorney or securities underwriter,</p>	<p>I. Since the various industry</p>

<p>securities underwriter, the professional appraiser and its appraising personnel, CPAs, attorney or securities underwriter shall comply with the following requirements:</p> <p>I. Those that have not been convicted of violating this Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Business Entity Accounting Act, or have committed fraud, breach of trust, embezzlement, forgery, or have been convicted of a business offense, with announced and confirmed sentence of imprisonment for at least one year. However, this does not apply to the case if three years have elapsed since the completion of the execution, probation or pardon of the sentences.</p> <p>II. The parties to the transaction shall not be related parties or have a de facto relationship with each other.</p> <p>III. If the Company shall obtain appraisal reports from more than two professional appraisers, the different professional appraisers or <u>appraising</u> personnel shall not be related parties or have de facto relationships with each other.</p> <p>When issuing appraisal reports or opinions, the foregoing personnel shall follow <u>the self-regulatory rules of the respective trade association to which they belong</u> and the following requirements.</p> <p>I. Before taking up a case, they should carefully assess their professional competence, practical experience and independence.</p> <p>II. When <u>executing</u> a case, they shall properly plan and implement appropriate procedures for drawing conclusions and issuing reports or opinions based on them, and shall document the procedures,</p>	<p>the professional appraiser and its appraising personnel, CPAs, attorney or securities underwriter shall comply with the following requirements:</p> <p>I. Those that have not been convicted of violating this Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Business Entity Accounting Act, or have committed fraud, breach of trust, embezzlement, forgery, or have been convicted of a business offense, with announced and confirmed sentence of imprisonment for at least one year. However, this does not apply to the case if three years have elapsed since the completion of the execution, probation or pardon of the sentences.</p> <p>II. The parties to the transaction shall not be related parties or have a de facto relationship with each other.</p> <p>III. If the Company shall obtain appraisal reports from more than two professional appraisers, the different professional appraisers or appraising personnel shall not be related parties or have de facto relationships with each other.</p> <p>When issuing appraisal reports or opinions, the foregoing personnel shall follow the following requirements.</p> <p>I. Before taking up a case, they should carefully assess their professional competence, practical experience and independence.</p> <p>II. When <u>auditing</u> a case, they shall properly plan and implement appropriate procedures for drawing conclusions and issuing reports or opinions based on them, and shall document the procedures, information collected, and conclusions in a detailed manner in the working papers of the case.</p> <p>III. The sources of data, parameters, and information used shall be evaluated on an item-by-item basis for their <u>completeness, accuracy</u> and reasonableness to form the basis for the issuance of an appraisal report or opinion.</p> <p>IV. The declaration shall include that the</p>	<p>associations to which the external experts belong have established the relevant regulations for the relevant business they undertake, the Company hereby amends the second Article to clarify the procedures and responsibilities that the external experts should follow.</p> <p>II. In view of the fact that the external expert's undertaking and execution of cases of issuing valuation reports or reasonable opinions in accordance with the provisions of</p>
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	<p>information collected, and conclusions in a detailed manner in the working papers of the case.</p> <p>III. The sources of data, parameters, and information used shall be evaluated on an item-by-item basis for their <u>appropriateness</u> and reasonableness to form the basis for the issuance of an appraisal report or opinion.</p> <p>IV. The declaration shall include that the relevant personnel are professional and independent, that the information used has been evaluated as <u>appropriate</u> and reasonable, and that the relevant laws and regulations have been followed.</p>	<p>relevant personnel are professional and independent, that the information used has been evaluated as <u>reasonable and accurate</u>, and that the relevant laws and regulations have been followed.</p>	<p>the Procedures do not refer to the audit of financial statements, the Company hereby amends the wording of the second paragraph of "auditing" a case to "executing" a case.</p> <p>III. In consideration of the actual evaluation of the sources of data, parameters and information used by the external experts, and with reference to Article 9, Paragraph 4, Sub-paragraph 4, Item 3-5 of the Regulations Governing the Preparation of Financial Reports by</p>
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			<p>Securities Issuers, Interpretation (2014) Ji-Mi-Zi No. 0000000298 issued by the Accounting Research and Development Foundation of the R.O.C. on December 25, 2014, and Article 27 of Statement of Appraisal Standards No. 8, the Company hereby amends the wording of Paragraphs 2, Sub-paragraph 3 and Sub-paragraph 4 to conform to the actual situation.</p>
<p>Article 12</p>	<p>Procedures for announcement and reporting</p> <p>If the Company acquires or disposes of assets under the following circumstances, the Company shall make an announcement and report the relevant information on the website designated by the Financial Supervisory Commission within two days from the date of occurrence in accordance with the</p>	<p>Procedures for announcement and reporting</p> <p>If the Company acquires or disposes of assets under the following circumstances, the Company shall make an announcement and report the relevant information on the website designated by the Financial Supervisory Commission within two days from the date of occurrence in accordance with the prescribed format.</p>	<p>Considering that the existing public companies are already exempted from reporting or announcement</p>

	<p>prescribed format.</p> <p>I. The Company acquires or disposes of real estate or right-of-use assets thereof from a related party, or acquires or disposes of assets other than real estate or right-of-use assets with a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of its total assets, or NT\$300 million or more. However, this does not apply to the circumstance when the Company buys or sells domestic bonds, bonds with call or put conditions, or subscribe or buy back money market funds issued by domestic securities investment trusts.</p> <p>II. Merger, demerger, acquisition or transfer of shares.</p> <p>III. Losses from derivative transactions up to the maximum amount of losses on all or individual contracts as specified in the prescribed procedures.</p> <p>IV. The type of assets acquired or disposed of is equipment or right-of-use assets thereof for business use, and the transaction is not with a related party, and the amount of the transaction meets one of the following requirements:</p> <p>V. If the Company acquires real estate under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the counterparty is not a related party, the company expects to invest a transaction amount of NT\$500 million or more.</p> <p>VI. If the transaction amount of the asset transaction, disposal of debts by financial institutions or</p>	<p>I. The Company acquires or disposes of real estate or right-of-use assets thereof from a related party, or acquires or disposes of assets other than real estate or right-of-use assets with a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of its total assets, or NT\$300 million or more. However, this does not apply to the circumstance when the Company buys or sells domestic bonds, bonds with call or put conditions, or subscribe or buy back money market funds issued by domestic securities investment trusts.</p> <p>II. Merger, demerger, acquisition or transfer of shares.</p> <p>III. Losses from derivative transactions up to the maximum amount of losses on all or individual contracts as specified in the prescribed procedures.</p> <p>IV. The type of assets acquired or disposed of is equipment or right-of-use assets thereof for business use, and the transaction is not with a related party, and the amount of the transaction meets one of the following requirements:</p> <p>V. If the Company acquires real estate under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the counterparty is not a related party, the company expects to invest a transaction amount of NT\$500 million or more.</p> <p>VI. If the transaction amount of the asset transaction, disposal of debts by financial institutions or investment in Mainland China other than those in the preceding 5 paragraphs reaches 20% of the Company's paid-in capital or NT\$300 million or more. However, this does not apply to the following circumstances:</p> <p>(I) Purchase or sale of domestic government bonds</p> <p>(II) When the Company buys or sells bonds with call or put conditions, or</p>	<p>ts when trading domestic government bonds, the Company hereby amends the Paragraph 1, Sub-paragraph 6, Item 1 to be exempt from reporting and announcements when trading foreign government bonds with a rating not lower than the sovereign rating of our country.</p>
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<p>investment in Mainland China other than those in the preceding 5 paragraphs reaches 20% of the Company's paid-in capital or NT\$300 million or more. However, this does not apply to the following circumstances:</p> <p>(I) Purchase and sale of domestic bonds <u>or foreign bonds with credit ratings not lower than the sovereign rating of Taiwan.</u></p> <p>(II) When the Company buys or sells bonds with call or put conditions, or subscribe or buy back money market funds issued by domestic securities investment trusts.</p> <p>The amount of the foregoing transactions is calculated as follows:</p> <p>I. The amount of each transaction.</p> <p>II. The cumulative amount of acquisition or disposal of targets of the same nature with the same counterparty within one year.</p> <p>III. The cumulative amount of acquisition or disposal (acquisition and disposal are accumulated separately) of real estate or right-of-use assets thereof of the same development project within one year.</p> <p>IV. The cumulative amount of acquisition or disposal (acquisition and disposal are accumulated separately) of marketable securities within one year.</p> <p>The one year period referred to in the preceding paragraph is based on the date of occurrence of the transaction and is retroactively projected to one year, and the portion of the transaction that has been announced in accordance with the Procedures is exempt.</p> <p>The Company shall input the information on derivative transactions entered by the</p>	<p>subscribe or buy back money market funds issued by domestic securities investment trusts.</p> <p>The amount of the foregoing transactions is calculated as follows:</p> <p>I. The amount of each transaction.</p> <p>II. The cumulative amount of acquisition or disposal of targets of the same nature with the same counterparty within one year.</p> <p>III. The cumulative amount of acquisition or disposal (acquisition and disposal are accumulated separately) of real estate or right-of-use assets thereof of the same development project within one year.</p> <p>IV. The cumulative amount of acquisition or disposal (acquisition and disposal are accumulated separately) of marketable securities within one year.</p> <p>The one year period referred to in the preceding paragraph is based on the date of occurrence of the transaction and is retroactively projected to one year, and the portion of the transaction that has been announced in accordance with the Procedures is exempt.</p> <p>The Company shall input the information on derivative transactions entered by the Company and its subsidiaries that are not domestic public companies as of the end of the previous month in the prescribed format on a monthly basis on the website designated by the Financial Supervisory Commission by the tenth day of each month.</p> <p>If there is any error or omission in the Company's announcement for items required to be announced by regulations, the Company shall re-announce and report all items within two days from the date of knowledge.</p> <p>When the Company acquires or disposes of assets, the Company shall keep the relevant contracts, minutes, referendum books, appraisal reports, and opinions of CPAs, lawyers, or securities underwriters in the Company for at least five years, unless otherwise required by other laws.</p>	
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	<p>Company and its subsidiaries that are not domestic public companies as of the end of the previous month in the prescribed format on a monthly basis on the website designated by the Financial Supervisory Commission by the tenth day of each month.</p> <p>If there is any error or omission in the Company's announcement for items required to be announced by regulations, the Company shall re-announce and report all items within two days from the date of knowledge.</p> <p>When the Company acquires or disposes of assets, the Company shall keep the relevant contracts, minutes, referendum books, appraisal reports, and opinions of CPAs, lawyers, or securities underwriters in the Company for at least five years, unless otherwise required by other laws.</p> <p>Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <p>I. Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>II. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>III. Change to the originally publicly announced and reported information.</p>	<p>Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <p>I. Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>II. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>III. Change to the originally publicly announced and reported information.</p>	
<p>Article 14</p>	<p>When the Company intends to acquire or dispose of real estate or right-of-use assets thereof from or</p>	<p>When the Company intends to acquire or dispose of real estate or right-of-use assets thereof from or to a related party,</p>	<p>I. In order to strengthen the</p>

<p>to a related party, or when it intends to acquire or dispose of assets other than real estate or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the Board of Directors. If not approved by at least one-half of all Audit Committee members, the transaction may be approved by at least two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors' meeting.</p> <p>I. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>II. The reason for choosing the related party as a transaction counterparty.</p> <p>III. With respect to the acquisition of real estate or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions.</p> <p>IV. The date and price at which the related party originally acquired the real estate, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the</p>	<p>or when it intends to acquire or dispose of assets other than real estate or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the Board of Directors. If not approved by at least one-half of all Audit Committee members, the transaction may be approved by at least two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors' meeting.</p> <p>I. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>II. The reason for choosing the related party as a transaction counterparty.</p> <p>III. With respect to the acquisition of real estate or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions.</p> <p>IV. The date and price at which the related party originally acquired the real estate, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.</p> <p>V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>VI. An appraisal report from a professional appraiser or a CPA's opinion</p>	<p>management of related party transactions and to protect the rights of minority shareholders of public companies to express their opinions on transactions between the Company and related parties, reference has been made to the regulations in major international capital markets such as Singapore and Hong Kong that require prior approval of shareholders' meetings for major related party transactions. In addition, in order to prevent the Company from entering into</p>
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<p>contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>VI. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Article 13.</p> <p>VII. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company's Board of Directors may delegate the chairperson to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <p>(I) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(II) Acquisition or disposal of right-of-use assets of real estate held for business use.</p> <p>If independent directors have been appointed in accordance with the law, the opinions of the independent directors shall be taken into full consideration when they are presented to the Board of Directors for discussion in accordance with the provisions of the first paragraph, and any dissenting opinions or reservations of the independent directors shall be recorded in the minutes of the Board of Directors' meeting.</p> <p><u>In the event that the Company or its non-domestic public subsidiaries have any transaction of the first</u></p>	<p>obtained in compliance with Article 13.</p> <p>VII. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amount of the preceding Paragraph shall be made in accordance with Article 12, Paragraph 2, and the reference to within one year shall be based on the date of occurrence of the transaction and shall be retroactive to one year, and the part of the transaction that has been submitted to the Board of Directors for approval in accordance with the provisions of the Procedures shall be exempt.</p> <p>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company's Board of Directors may delegate the chairperson to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:</p> <p>(I) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(II) Acquisition or disposal of right-of-use assets of real estate held for business use.</p> <p>If independent directors have been appointed in accordance with the law, the opinions of the independent directors shall be taken into full consideration when they are presented to the Board of Directors for discussion in accordance with the provisions of the first paragraph, and any dissenting opinions or reservations of the independent directors shall be recorded in the minutes of the Board of Directors' meeting.</p>	<p>significant related party transactions through subsidiaries that are not domestic public companies, and to avoid the need to submit relevant information to the shareholders' meeting for approval, the Company hereby stipulates that if the Company or a subsidiary that is not a domestic public company enters into the first transaction, and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit</p>
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<p><u>paragraph, and the transaction amount reaches 10% or more of the total assets of the Company, the Company shall submit the information listed in the first paragraph to the shareholders' meeting for approval before signing the transaction contract and making payment. However, this does not apply to the transaction the Company enters into with its parent company, its subsidiaries, or between its subsidiaries.</u></p> <p>The calculation of the transaction amount of the <u>Paragraph 1</u> and the <u>preceding Paragraph</u> shall be made in accordance with Article 12, Paragraph 2, and the reference to within one year shall be based on the date of occurrence of the transaction and shall be retroactive to one year, and the part of the transaction that has been submitted to the <u>shareholders' meeting</u> and the Board of Directors for approval in accordance with the provisions of the Procedures shall be exempt.</p>		<p>the information listed in the first paragraph to the shareholders' meeting for approval before signing the transaction contract and making the payment. However, this does not apply to the transaction the Company enters into with its parent company, its subsidiaries, or between its subsidiaries.</p> <p>II. The second paragraph of the original Article is moved to the fifth paragraph of the amended Article, and with the addition of the fourth</p>
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			paragraph, the calculation of the transaction amount is amended to include the transactions submitted to the shareholders' meeting for approval.
Article 26	<p>The Procedures were established on June 13, 2007.</p> <p>The 1st amendment was made on June 21, 2012.</p> <p>The 2nd amendment was made on June 27, 2014.</p> <p>The 3rd amendment was made on June 15, 2017.</p> <p>The 4th amendment was made on June 24, 2019.</p> <p><u>The 5th amendment was made on June 14, 2022</u></p>	<p>The Procedures were established on June 13, 2007.</p> <p>The 1st amendment was made on June 21, 2012.</p> <p>The 2nd amendment was made on June 27, 2014.</p> <p>The 3rd amendment was made on June 15, 2017.</p> <p>The 4th amendment was made on June 24, 2019.</p>	Added the date of amendment

Shihlin Paper Co., Ltd.

Comparison Table of Amendments to the Procedures for Endorsement and Guarantees

Article order	Amended articles	Original articles	Description
Article 5	<p>Limit of Endorsement and Guarantee</p> <p><u>I. The total amount of the Company's external endorsement and guarantee shall not exceed two times the paid-in capital, of which the limit of endorsement and guarantee for a single enterprise shall not exceed 10% of the paid-in capital, except for a subsidiary in which the Company directly holds 90% or more of the common stock, which shall not exceed one times the paid-in capital.</u></p> <p><u>II. In terms of endorsement and guarantee for those who have business relationship with the Company, in addition to the above limit, the amount of individual endorsement and guarantee shall not exceed the amount of business relationship between the two parties.</u> The amount of business transactions refers to the higher amount of purchase or sale between the two parties.</p> <p><u>III. The inter-company endorsement and guarantee between companies in which the Company directly or indirectly holds 100% of the voting shares shall not be subject to the first paragraph.</u></p> <p><u>IV. The total amount of endorsement and guarantee by the Company and its subsidiaries as a whole and the amount of endorsement and guarantee to a single enterprise shall not exceed 12 times the Company's paid-in capital.</u></p>	<p>Limit of Endorsement and Guarantee</p> <p><u>I. The limit of endorsement/guarantee shall include the total amount of the Company's endorsement/guarantee and the amount of endorsement/guarantee for a single enterprise, and the total amount of endorsement/guarantee for the Company and its subsidiaries as a whole and the amount of endorsement/guarantee for a single enterprise. The Company and its subsidiaries as a whole may endorse or guarantee amounting to more than 50% of the net worth of the Company, and shall explain the necessity and reasonableness of such endorsement and guarantee at the shareholders' meeting.</u></p> <p><u>II. The total amount of the Company's external endorsement and guarantee shall not exceed two times the paid-in capital, of which the limit of endorsement and guarantee for a single enterprise shall not exceed 10% of the paid-in capital, except for a subsidiary in which the Company directly holds 90% or more of the common stock, which shall not exceed one times the paid-in capital.</u></p> <p><u>III. In terms of endorsement and guarantee for those who have business relationship with the Company, in addition to the above limit, the amount of individual endorsement and guarantee shall not exceed the amount of business relationship between the two parties.</u> The amount of business transactions refers to the higher amount of purchase or sale between the two parties.</p>	<p>I. In accordance with the provisions of the 21st FAQ of the "Regulations Governing Loaning of Funds and Making of Endorsements /Guarantees by Public Companies" by the Financial Supervisory Commission, Executive Yuan in December 2021, the Company intends to amend the first paragraph of the original Article to become the fourth</p>

	<p><u>V.</u> The Company and its subsidiaries as a whole may endorse or guarantee amounting to more than 50% of the net worth of the Company, and shall explain the necessity and reasonableness of such endorsement and guarantee at the shareholders' meeting.</p>		<p>paragraph, and specify the total amount, limit and fifth paragraph. The third paragraph is also added in accordance with the provisions of 12th FAQ.</p> <p>II. The second and third paragraphs of the original Article are transferred to the first and second paragraphs of the amended Article.</p>
<p>Article 13</p>	<p>Control when the Company or a subsidiary endorses or guarantees for a subsidiary whose net worth is less than one-half of the paid-in capital.</p> <p>The Finance <u>Department</u> shall continuously follow up and control the Company's internal control system and the key points stipulated in these Procedures, and shall annually collect relevant financial and endorsement/guarantee information and evaluate the necessity, reasonableness, and risk of the endorsement/guarantee and its impact on the Company's and its subsidiaries' operating risks and</p>	<p>Control when the Company or a subsidiary endorses or guarantees for a subsidiary whose net worth is less than one-half of the paid-in capital.</p> <p>The Finance Department shall continuously follow up and control the Company's internal control system and the key points stipulated in these Procedures, and shall annually collect relevant financial and endorsement/guarantee information and evaluate the necessity, reasonableness, and risk of the endorsement/guarantee and its impact on the Company's and its subsidiaries' operating risks and shareholders' interests in financial condition, and report to the Chairman of the Board of Directors in writing, or if the</p>	<p>Amended texts</p>

	shareholders' interests in financial condition, and report to the Chairman of the Board of Directors in writing, or if the Chairman of the Board of Directors deems necessary, to the Board of Directors.	Chairman of the Board of Directors deems necessary, to the Board of Directors.	
Article 16	<p>The Procedures were established on June 30, 2003.</p> <p>The 1st amendment was made on June 14, 2006</p> <p>The 2nd amendment was made on June 10, 2009</p> <p>The 3rd amendment was made on June 28, 2011.</p> <p>The 4th amendment was made on June 4, 2013.</p> <p>The 5th amendment was made on June 15, 2017.</p> <p>The 6th amendment was made on June 24, 2019.</p> <p><u>The 7th amendment was made on June 14, 2022</u></p>	<p>The Procedures were established on June 30, 2003.</p> <p>The 1st amendment was made on June 14, 2006</p> <p>The 2nd amendment was made on June 10, 2009</p> <p>The 3rd amendment was made on June 28, 2011.</p> <p>The 4th amendment was made on June 4, 2013.</p> <p>The 5th amendment was made on June 15, 2017.</p> <p>The 6th amendment was made on June 24, 2019.</p>	Added the date of amendment

Shihlin Paper Co.,Ltd.

List of Candidates for the 25th Board of Directors (including Independent Directors)

Title	Name	Academic qualification	Experience	Current job	No. of shares held
Director	Tai Shih Trading Co., Ltd.	Not applicable	Director, Shihlin Paper Co., Ltd.	Director, Shihlin Paper Co., Ltd.	904,667 shares
Director	Yee Tzao Enterprise Co., Ltd.	Not applicable	Director, Shihlin Paper Co., Ltd.	Director, Shihlin Paper Co., Ltd.	825,905 shares
Director	Yi Hsiang Industrial Co.,Ltd.	Not applicable	Director, Shihlin Paper Co., Ltd.	Director, Shihlin Paper Co., Ltd.	800,000 shares
Director	Taiwan Evervaliant Corp.	Not applicable	Director, EXPRESS CONTAINER TERMINAL CORP. Supervisor, New Speed Transportation & Storage Co., Ltd.	Director, Shihlin Paper Co., Ltd.	12,674,381 shares
Independent Director	Ming-Chu Chen	Master of Urban Design, Columbia University, USA Master of Architecture, The Ohio State University, USA Bachelor of Architecture, Chinese Culture University	Head of Department, Institute of Urban and Environmental Design, Chinese Culture University Director, Institute of Architecture and Urban Planning, Chinese Culture University Director, Institute of Architecture, Tamkang University	Chairman, Create Planning and Design Co., Ltd. Foundation for Research on Open Space, Taipei	-
Independent Director	Ming-Chien Tang	Institute for Industrial Planning, Chinese Culture University Department of Urban Planning, National Cheng Kung University	Director-General, Construction and Planning Agency, Ministry of the Interior Urban Planning Technician	None	-
Independent Director	Hsiao-Chueh Hsieh	2005 EMBA, National Chengchi University Banking and Insurance Division, Chihlee Commercial College	Vice President of Administration and Finance of June Lai Metal Co.,Ltd. Manager of Administration and Finance, June Lai Metal Co.,Ltd. Head of Finance Section, Jiutung Motors Co. Accountant, TAH CHUNG STEEL CORP.	Vice President of Administration and Finance of June Lai Metal Co.,Ltd.	-

Shihlin Paper Co.,Ltd.

List of Concurrent Positions held by Candidates for the 25th Board of Directors
(including Independent Directors)

Name	Concurrent positions in other profit-seeking enterprises	
	Company name	Position served
Tai Shih Trading Co., Ltd.	Tai Shih Trading Co., Ltd.	Director
Yee Tzao Enterprise Co., Ltd.	Yee Tzao Enterprise Co., Ltd.	Director
Yi Hsiang Industrial Co.,Ltd.	Yi Hsiang Industrial Co.,Ltd.	Director
Taiwan Evervaliant Corp.	Taiwan Evervaliant Corp.	Director
	EXPRESS CONTAINER TERMINAL CORP.	Director
	New Speed Transportation & Storage Co., Ltd.	Supervisor
Ming-Chu Chen	Create Planning and Design Co., Ltd.	Chairman
	Foundation for Research on Open Space, Taipei	Chairman
Ming-Chien Tang	None	
Hsiao-Chueh Hsieh	June Lai Metal Co.,Ltd.	Vice President of Administration and Finance

Articles of Incorporation of Shihlin Paper Co., Ltd.

- Article 1: The Name of the Company is Shihlin Paper Co., Ltd. in accordance with the provisions of the Company Act regarding company limited by shares.
- Article 2: The registered business of the Company is as follows:
- A101020 Growing of Crops.
 - A101030 Growing of Special Crops.
 - A101040 Growing of Edible Fungi.
 - A102020 Agricultural Products Preparations.
 - A102050 Crops Cultivation.
 - A102060 Food Dealers.
 - C601020 Processed Paper Manufacturing.
 - C601030 Paper Containers Manufacturing.
 - C601040 Processed Paper Manufacturing.
 - F101130 Wholesale of Vegetables and Fruits.
 - F101990 Wholesale of Other Agricultural, Livestock and Aquatic Products.
 - F102050 Wholesale of Tea Leaves.
 - F102170 Wholesale of Foods and Groceries.
 - F106020 Wholesale of Daily Commodities.
 - F108040 Wholesale of Cosmetics.
 - F199990 Other Wholesale Trade.
 - F201010 Retail Sale of Agricultural Products.
 - F201990 Retail Sale of Other Agricultural, Livestock and Aquaculture Products.
 - F203010 Retail Sale of Food, Grocery and Beverage.
 - F206020 Retail Sale of Daily Commodities.
 - F208040 Retail Sale of Cosmetics.
 - F399040 Retail Sale No Storefront.
 - F401010 International Trade.
 - F501060 Restaurants.
 - H701040 Specific Area Development.
 - H701060 Development of new towns and communities.
 - H703100 Real Estate Leasing.
 - ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

- Article 3: The total amount of the Company's investment is not restricted by Article 13 of the Company Act.
- Article 3-1: The company may provide endorsement/guarantee to external parties.
- Article 4: The Company is located in Taipei City and may set up a production and marketing organization at an appropriate location.
- Article 5: Deleted.
- Article 6: The Company's total registered capital is NT\$2.8 billion, divided into 280 million shares, with a par value of NT\$10 per share, which may be issued in tranches.
- Article 7: The Company's shares are registered and are issued after being signed or stamped by the Chairman and at least three directors, alongside the Company's seal and tax ID number, and certified in accordance with the law. The Company may be exempted from the printing hard copies of the stock certificates but has to register with the central depository of securities.
- Article 8: The transfer of share ownership shall be suspended within 60 days prior to a general shareholders' meeting, 30 days before convening an extraordinary shareholders' meeting, or 5 days prior to the record date of the Company's distribution of dividends, bonuses, or other benefits.
- Article 9: The Company's shareholders' meeting is divided into two types: general meetings and extraordinary meetings. The general meeting is held once a year, which is held within six months after the final accounts of each year are ready, and the extraordinary meeting is convened when necessary. The date, location, and reason for the convening of the general shareholders' meeting shall be contained in a notice to shareholders within 30 days before the meeting and announced accordingly while the date, location, and reason for the convening of an extraordinary shareholders' meeting shall be contained in a notice to shareholders within 15 days before the meeting and announced accordingly
- The shareholders' meeting mentioned in the preceding paragraph shall be convened by the board of directors, unless otherwise provided by the Company Act.
- For shareholders who hold less than 1,000 shares of the registered stock, the notice of the convening of the meeting in the preceding paragraph may be announced by way of public announcement.
- Article 9-1: If shareholders are unable to attend the shareholders' meeting for any reason, they may appoint a proxy to attend the meeting.
- The regulations on attendance at shareholders' meetings by proxy are in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the Financial Supervisory Commission (FSC), unless otherwise provided by the Company Act.
- Article 10: The Chairman shall chair shareholders' meetings. In case that the Chairman is on leave or cannot exercise his power and authority for any reasons, the Vice Chairman shall act on his behalf. In case that the Vice Chairman is also on leave or unable to exercise his power and authority for any reasons, the Chairman shall designate one director to act on his behalf. In the absence of such designation, the directors shall elect from among themselves an acting chair.
- The shareholders' meeting mentioned in the preceding paragraph shall be handled in accordance with the Company's Rules of Procedure for Shareholders' Meetings.

Article 10-1: Unless otherwise specified in the Company Act, resolutions in a shareholders' meeting shall be adopted by a majority vote in the meeting which is attended by shareholders representing a majority of the total issued shares. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chair of the meeting and shall be distributed to all shareholders of the Company within twenty days after the close of the meeting.

The meeting minutes as mentioned in paragraph 1 may be distributed by means of public announcement.

The meeting minutes shall record the date and place of the meeting, the name of the chair, the method of adopting resolutions, a summary of the essential points of the proceedings, and the results. The minutes shall be kept persistently throughout the life of the Company.

The shareholders' meeting sign-in book and the powers of attorney of the proxies shall be kept for a minimum period of at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the meeting minutes involved shall be kept until the final ruling of the action.

Article 11: The shareholders present at a shareholders meeting of the Company is entitled to one vote for each share held, except when restricted under Article 157, Sub-paragraph 3 of the Company Act or without voting rights as listed under Article 179, Paragraph 2 of the Company Act.

Article 12: The Company shall establish 7 seats of directors and the nomination system shall be adopted; the shareholders shall elect the candidates on the list. The term of office is 3 years and can be renewed if reelected.

Of all the aforementioned number of seats of directors, at least 3 shall be reserved for independent directors and the seats of independent directors shall account for at least one-fifth of the total seats of directors and the nomination system shall be adopted. The shareholders shall elect the candidates on the list to act as independent directors. The professional qualification, shareholding, concurrent job position limitation, determination of independence, nomination, election methods, and implementation of responsibilities for independent directors, as well as other necessary compliance matters shall be handled in accordance with the Securities and Exchange Act as well as relevant laws and regulations.

The board of directors shall elect a chairman of the board from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, and may also elect in the same manner a vice chairman of the board. All the affairs of the Company shall be carried out in accordance with the laws, Articles of Incorporation, and the resolutions adopted by the shareholders' meeting and the board of directors. The shares held by all directors shall be handled in accordance with the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies promulgated by the FSC.

Article 13: The 24th board of directors of the Company established the Audit Committee, composed of all independent directors. The committee shall be formed with at least three members. One of them shall be the convener and at least one member shall have expertise in accounting or finance. The implementation of responsibilities, the committee charter, and other compliance matters shall be subject to relevant laws and regulations or the Company's Articles of Incorporation.

Article 14: The Company's operating policies and other important matters are determined by the board of directors. Except for the first meeting of the board of directors that shall be convened in accordance with Article 203 of the Company Act, the Chairman shall convene board meetings and serve as the chair of the meetings. Where the Chairman cannot perform his duties, the Vice Chairman shall act on his behalf, and where the Vice Chairman cannot perform his duties, the Chairman shall designate a director to act on his behalf. In the absence of such designation, attending directors shall elect from among themselves an acting chair. Where a director fails to attend a board meeting for any reason, he/she may appoint another director to act on his/her behalf.

Article 14-1: The resolutions of the Board of Directors, unless otherwise stipulated by the Company Act, shall be approved by a majority vote at a meeting attended by a majority of the directors. The resolutions shall be recorded in the meeting minutes and signed or stamped by the chair.

Article 15: The Company shall engage one President and may engage several Vice Presidents and Assistant Vice Presidents, and their appointment and dismissal shall be approved by a majority vote of all the directors.

Article 16: The Company's annual final accounts shall be prepared at the end of December each year. The board of directors shall prepare the following documents and submit them to the general shareholders' meeting for ratification in accordance with the legal procedures.

(I) Business report.

(II) Financial statements.

(III) Proposal for earnings distribution and deficit compensation.

Article 17: Where the Company makes a profit at the end of the year, it shall allocate 1% of the balance for employee remuneration. However, where there are accumulated losses, an equivalent amount shall be appropriated to compensate for the losses.

Employees entitled to receive the employee remuneration, distributed in the form of stock or cash, in the preceding paragraph include the employees of subordinate companies who meet certain criteria.

Article 17-1: Where there is a surplus in the Company's annual final accounts, the Company shall first pay taxes and compensate the accumulated losses; then, appropriate 10% of the balance for legal reserve and another 10% for the payment for dividends. If there is still a surplus, the shareholders' meeting shall decide on the distribution of shareholders' dividends.

The Company's industrial environment is ever-changing and it is at a stage of development. The Company shall consider the overall industrial environment and take into account the long-term financial planning and future capital needs to achieve stable development and sustainable operation.

The Company's dividend policy is based on the current year's profitability and the consideration for the Company's future growth, capital budgeting, and measurement of capital needs. After the Company retains earnings or reserves the fund needed for stock dividends, the remaining surplus will be distributed for cash dividends.

- Article 18: The Company's Articles of Incorporation are separately formulated by the board of directors.
- Article 19: Matters not specified in the Articles of Incorporation shall be handled in accordance with the provisions of the Company Act and relevant laws and regulations.
- Article 20: The Articles of Incorporation were formulated on June 29, 1958. The first amendment was made on December 5, 1959. The second amendment was made on March 26, 1962. The third amendment was made on December 20, 1962. The fourth amendment was made on April 15, 1963. The fifth amendment was made on March 23, 1966. The sixth amendment was made on March 18, 1967. The seventh amendment was made on June 28, 1968. The eighth amendment was made on May 10, 1969. The ninth amendment was made on March 2, 1970. The 10th amendment was made on March 10, 1971. The 11th amendment was made on March 25, 1972. The 12th amendment was made on March 10, 1973. The 13th amendment was made on March 16, 1974. The 14th amendment was made on February 28, 1976. The 15th amendment was made on March 15, 1977. The 16th amendment was made on August 15, 1977. The 17th amendment was made on March 1, 1978. The 18th amendment was made on March 3, 1979. The 19th amendment was made on March 5, 1980. The 20th amendment was made on March 3, 1981. The 21st amendment was made on March 20, 1982. The 22nd amendment was made on March 17, 1983. The 23rd amendment was made on March 16, 1984. The 24th amendment was made on March 16, 1985. The 25th amendment was made on March 25, 1986. The 26th amendment was made on March 27, 1987. The 27th amendment was made on March 15, 1988. The 28th amendment was made on March 31, 1989. The 29th amendment was made on May 14, 1990. The 30th amendment was made on April 29, 1991. The 31st amendment was made on May 30, 1994. The 32nd amendment was made on May 8, 1995. The 33rd amendment was made on April 23, 1996. The 34th amendment was made on May 23, 2000. The 35th amendment was made on May 28, 2001. The 36th amendment was made on June 25, 2002. The 37th amendment was made on June 30, 2003. The 38th amendment was made on June 23, 2004. The 39th amendment was made on June 13, 2007. The 40th amendment was made on June 15, 2010. The 41st amendment was made on June 21, 2012. The 42nd amendment was made on June 4, 2013. The 43rd amendment was made on June 27, 2014. The 44th amendment was made on June 8, 2015. The 45th amendment was made on June 8, 2016. The 46th amendment was made on June 24, 2019.

Procedures for the Acquisition or Disposal of Assets

- Article 1 The purpose is to protect the investment and implement the disclosure of information, the Company should follow these Procedures when acquiring or disposing of assets.
- Article 2 The Procedures are based on the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" stipulated in Article 36-1 of the Securities and Exchange Act.
- Article 3 Applicable scope of assets
- I. Investments in stocks, bonds, corporate bonds, financial debentures, marketable securities of recognition funds, depositary receipts, warrants, beneficiary securities, and asset-based securities.
 - II. Real estate (including land, buildings and construction, investment property, and inventories of construction industry) and equipment.
 - III. Membership cards
 - IV. Intangible assets such as patents, copyrights, trademarks, and franchises.
 - V. Right-of-use assets
 - VI. Derivatives
 - VII. Assets acquired or disposed of by the merger, demerger, acquisition or transfer of shares.
 - VIII. Other important assets
- Article 4 The Company's acquisition or disposal of investments in securities shall be subject to analysis of the related benefits and assessment of possible risks by the Finance Office, or in accordance with market conditions and the status of capital. In the case of acquisition or disposal of real estate, equipment or right-of use assets thereof, membership cards, or intangible assets, each unit shall prepare a capital expenditure plan in advance and conduct a feasible assessment of the purpose of acquisition or disposal and expected benefits. In the case of transactions with related parties, the reasonableness of the transaction terms shall be evaluated in accordance with the provisions of Articles 13 to 17 of these Procedures.
- Article 5 The Company, when acquiring or disposing of marketable securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC). In acquiring or disposing of real estate, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or

NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a objective and fair professional appraiser and shall further comply with the provisions of Article 10.

Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or membership cards and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant or professional appraisal personnel prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

The calculation of the transaction amount of the preceding 3 paragraphs shall be made in accordance with Article 12, Paragraph 2, and the reference to within one year shall be based on the date of occurrence of the transaction and shall be retroactive to one year, and the part of the transaction for which the appraisal report or issued by the professional appraiser or the CPA's opinion has already been obtained in accordance with the provisions of the Procedures shall be exempt.

Article 6

In addition to taking into account the opinions of professional appraisers, accountants, and other relevant experts in accordance with Article 5 of these Procedures, the Company shall determine the price and reference basis for the acquisition or disposal of assets in accordance with the following circumstances:

- I. The acquisition or disposal of marketable securities traded on the centralized exchange markets or OTC trading centers shall be determined based on the prevailing price of the shares or bonds.
- II. The acquisition or disposal of marketable securities not traded on the centralized exchange markets or OTC trading centers shall be determined by taking into account the net value per share, technology and profitability, future development potential, market interest rate, coupon rate of bonds, debtor's creditworthiness, and the most recent transaction price at the time.
- III. The acquisition or disposal of real estate, equipment, or right-of-use assets thereof shall be determined by reference to the announced present value, the assessed present value, the actual transaction price or book value of the adjacent real estate, and the quotation from the supplier, etc. If the acquisition or disposal of real estate, equipment, or right-of-asset thereof meets the criteria for announcement and declaration as provided in these Procedures, the acquisition or disposal shall be determined by reference to the appraisal report of a professional appraiser.
- IV. The acquisition or disposal of membership cards shall be determined by taking into account the benefits that can be generated and the most recent transaction price at the time; the acquisition or disposal of intangible assets such as patents,

copyrights, trademarks, and franchises shall be determined by reference to international or market practice, the useful life, and the impact on the company's technology and business.

Article 7 Executive unit

- I. The executive unit for the Company's investments in securities is the Finance Office and the personnel designated by the Chairman of the Board of Directors; the executive unit for real estate, equipment or right-of-use assets thereof, membership cards, or intangible assets is the user department and the related responsible units.
- II. For the acquisition or disposal of assets, the processing unit shall evaluate and obtain approval for the reasons for the proposed acquisition or disposal, the subject matter, the counterparty, the transfer price, the terms of receipt and payment, and the price reference, etc., in accordance with the regulations, and then the executive unit shall proceed with the transaction process, such as contracting, receipt and payment, delivery and acceptance, and depending on the nature of the assets, follow the relevant operating procedures in the Company's internal control system. Transactions with related parties shall be handled in accordance with the provisions of Articles 13 to 17 of these Procedures.
- III. The operations related to the acquisition or disposal of assets are handled in accordance with the relevant provisions of the Company's internal control system. If significant violations are found, the relevant personnel shall be punished according to the violations.

Article 8 Authorized Limits and Hierarchy

The purchase and sale of the Company's marketable securities shall be approved by the president or the person with authority to approve the purchase and sale and the chairman of the Board of Directors. If the announcement and reporting criteria in Article 12 of these Procedures are met, the announcement shall be submitted to the latest Board of Directors for ratification. The acquisition or disposal of marketable securities not traded on centralized exchange markets or OTC trading centers, or private placement of marketable securities, shall be subject to the approval of the Board of Directors. In the case of investments in Mainland China, the approval of the shareholders' meeting or the authorization of the Board of Directors by the shareholders' meeting and the approval of the Investment Board of the Ministry of Economic Affairs shall be required before the investment can be made.

If the Company acquires real estate, equipment or right-of-use assets thereof, membership cards, or intangible assets, the application will be submitted by the user unit, approved by the unit supervisor, and then reviewed by the relevant unit. The approved and reviewed requisitions or outsourced repair orders will be submitted to the Procurement Department for procurement through any of the following methods: price inquiry, comparison, bargaining, or public tender, and in accordance with the

Company's "Internal Control System" and "Standards for Authority to Perform Duties". The Company's "internal control system" and "standard of authority" shall be followed. The Company shall dispose of real property, equipment or right-of-use assets thereof, membership cards, or intangible assets after approval of the sale, and then the Purchasing Department shall proceed with the procedures for the sale of such property through consultation, comparison, bargaining, or public tender in accordance with the law. In the case of significant acquisitions or disposals, the relevant units shall first prepare a plan to assess the feasibility of the purpose of the acquisition or disposal and the expected benefits, and then submit it to the Board of Directors for approval before proceeding. If the amount of the acquisition or disposal reaches the announcement and reporting standards in Article 12 of these Procedures, the Board of Directors shall first approve or subsequently have the transaction ratified.

Significant asset transactions shall be approved by at least one-half of all Audit Committee members and submitted to the Board of Directors for resolution. If not approved by at least one-half of all Audit Committee members, the transaction may be approved by at least two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors' meeting. In the event that there is a situation as specified in Article 185 of the Company Act, the approval of the shareholders' meeting shall be obtained first. Transactions with related parties shall be handled in accordance with the provisions of Articles 13 to 17 of these Procedures.

Article 9 Scope and Limit of Investment

In addition to acquiring assets for business use, the Company may invest in real estate and marketable securities not for business use, subject to the following limits:

- I. The total amount of real estate not for business use shall not exceed 100% of the Company's net worth of the Company's latest financial statements.
- II. The total amount of investments in marketable securities shall not exceed 100% of the Company's net worth of the Company's latest financial statements.
- III. The limit of investments in individual marketable securities shall not exceed 100% of the Company's net worth of the Company's latest financial statements.

Article 10 Procedures for Valuation of Assets

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

through a court auction process, the appraisal report or accountant's opinion may be replaced by a certificate issued by the court.

- I. If, for special reasons, a limited price, a specified price, or a special price is used as a reference for the transaction price, the transaction shall first be submitted to the Board of Directors for approval; the same applies to any subsequent change in the terms of the transaction.
- II. If the transaction amount reaches NT\$1 billion or more, two or more professional appraisers shall be requested to appraise the transaction.
- III. In the event that the professional appraiser's appraisal result meets one of the following conditions, unless the appraisal result of the assets acquired is higher than the transaction amount, or the appraisal result of the assets disposed of is lower than the transaction amount, a CPA shall be requested to express a specific opinion on the reason for the difference and the fairness of the transaction price.
 - (I) Where the difference between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - (II) If the difference between the appraisal results of two or more professional appraisers reaches 10% or more of the transaction amount.
- IV. The date of the issue of the professional appraiser's report and the date of the establishment of the contract shall not exceed three months. However, if the publicly announced current value of the same period is applicable and is less than six months old, an opinion may still be obtained from the original professional appraiser.

Article 11 In the event that the Company obtains an appraisal report or an opinion from a CPA, attorney or securities underwriter, the professional appraiser and its appraising personnel, CPAs, attorney or securities underwriter shall comply with the following requirements:

- I. Those that have not been convicted of violating this Act, the Company Act, the Banking Act, the Insurance Act, the Financial Holding Company Act, the Business Entity Accounting Act, or have committed fraud, breach of trust, embezzlement, forgery, or have been convicted of a business offense, with announced and confirmed sentence of imprisonment for at least one year. However, this does not apply to the case if three years have elapsed since the completion of the execution, probation or pardon of the sentences.
- II. The parties to the transaction shall not be related parties or have a de facto relationship with each other.
- III. If the Company shall obtain appraisal reports from more than two professional appraisers, the different professional appraisers or appraising personnel shall not be related parties or have de facto relationships with each other.

When issuing appraisal reports or opinions, the foregoing personnel shall follow the self-regulatory rules of the respective trade association to which they belong and the following requirements.

- I. Before taking up a case, they should carefully assess their professional competence, practical experience and independence.
- II. When executing a case, they shall properly plan and implement appropriate procedures for drawing conclusions and issuing reports or opinions based on them, and shall document the procedures, information collected, and conclusions in a detailed manner in the working papers of the case.
- III. The sources of data, parameters, and information used shall be evaluated on an item-by-item basis for their appropriateness and reasonableness to form the basis for the issuance of an appraisal report or opinion.
- IV. The declaration shall include that the relevant personnel are professional and independent, that the information used has been evaluated as appropriate and reasonable, and that the relevant laws and regulations have been followed.

Article 12 Procedures for announcement and reporting

If the Company acquires or disposes of assets under the following circumstances, the Company shall make an announcement and report the relevant information on the website designated by the Financial Supervisory Commission within two days from the date of occurrence in accordance with the prescribed format.

- I. The Company acquires or disposes of real estate or right-of-use assets thereof from a related party, or acquires or disposes of assets other than real estate or right-of-use assets with a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of its total assets, or NT\$300 million or more. However, this does not apply to the circumstance when the Company buys or sells domestic bonds, bonds with call or put conditions, or subscribe or buy back money market funds issued by domestic securities investment trusts.
- II. Merger, demerger, acquisition or transfer of shares.
- III. Losses from derivative transactions up to the maximum amount of losses on all or individual contracts as specified in the prescribed procedures.
- IV. The type of assets acquired or disposed of is equipment or right-of-use assets thereof for business use, and the transaction is not with a related party, and the amount of the transaction meets one of the following requirements:
- V. If the Company acquires real estate under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the counterparty is not a related party, the company expects to invest a transaction amount of NT\$500 million or more.

- VI. If the transaction amount of the asset transaction, disposal of debts by financial institutions or investment in Mainland China other than those in the preceding 5 paragraphs reaches 20% of the Company's paid-in capital or NT\$300 million or more. However, this does not apply to the following circumstances:
- (I) Purchase and sale of domestic bonds or foreign bonds with credit ratings not lower than the sovereign rating of Taiwan.
 - (II) When the Company buys or sells bonds with call or put conditions, or subscribe or buy back money market funds issued by domestic securities investment trusts.

The amount of the foregoing transactions is calculated as follows:

- I. The amount of each transaction.
- II. The cumulative amount of acquisition or disposal of targets of the same nature with the same counterparty within one year.
- III. The cumulative amount of acquisition or disposal (acquisition and disposal are accumulated separately) of real estate or right-of-use assets thereof of the same development project within one year.
- IV. The cumulative amount of acquisition or disposal (acquisition and disposal are accumulated separately) of marketable securities within one year.

The one year period referred to in the preceding paragraph is based on the date of occurrence of the transaction and is retroactively projected to one year, and the portion of the transaction that has been announced in accordance with the Procedures is exempt.

The Company shall input the information on derivative transactions entered by the Company and its subsidiaries that are not domestic public companies as of the end of the previous month in the prescribed format on a monthly basis on the website designated by the Financial Supervisory Commission by the tenth day of each month.

If there is any error or omission in the Company's announcement for items required to be announced by regulations, the Company shall re-announce and report all items within two days from the date of knowledge.

When the Company acquires or disposes of assets, the Company shall keep the relevant contracts, minutes, referendum books, appraisal reports, and opinions of CPAs, lawyers, or securities underwriters in the Company for at least five years, unless otherwise required by other laws.

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting

inclusively from the date of occurrence of the event:

- I. Change, termination, or rescission of a contract signed in regard to the original transaction.
- II. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
- III. Change to the originally publicly announced and reported information.

Article 13

Related party transaction

When the Company acquires or disposes of assets with a related party, in addition to the relevant resolution procedures and evaluation of the reasonableness of the transaction terms, the Company shall obtain an appraisal report from a professional appraiser or an opinion of a CPA if the transaction amount reaches 10% or more of the Company's total assets in accordance with the regulations.

The calculation of the aforementioned transaction amount shall be in accordance with the provisions of Article 12, Paragraph 2 of these Procedures.

In determining whether the counterparty is a related party, in addition to paying attention to the legal form of the transaction, consideration should be given to the actual relationship.

Article 14

When the Company intends to acquire or dispose of real estate or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real estate or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and the Board of Directors. If not approved by at least one-half of all Audit Committee members, the transaction may be approved by at least two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors' meeting.

- I. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- II. The reason for choosing the related party as a transaction counterparty.
- III. With respect to the acquisition of real estate or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with regulations.
- IV. The date and price at which the related party originally acquired the real estate, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.

- V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- VI. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Article 13.
- VII. Restrictive covenants and other important stipulations associated with the transaction.

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

- (I) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- (II) Acquisition or disposal of right-of-use assets of real estate held for business use.

If independent directors have been appointed in accordance with the law, the opinions of the independent directors shall be taken into full consideration when they are presented to the Board of Directors for discussion in accordance with the provisions of the first paragraph, and any dissenting opinions or reservations of the independent directors shall be recorded in the minutes of the Board of Directors' meeting.

In the event that the Company or its non-domestic public subsidiaries have any transaction of the first paragraph, and the transaction amount reaches 10% or more of the total assets of the Company, the Company shall submit the information listed in the first paragraph to the shareholders' meeting for approval before signing the transaction contract and making payment. However, this does not apply to the transaction the Company enters into with its parent company, its subsidiaries, or between its subsidiaries.

The calculation of the transaction amount of the Paragraph 1 and the preceding Paragraph shall be made in accordance with Article 12, Paragraph 2, and the reference to within one year shall be based on the date of occurrence of the transaction and shall be retroactive to one year, and the part of the transaction that has been submitted to the shareholders' meeting and the Board of Directors for approval in accordance with the provisions of the Procedures shall be exempt.

Article 15 The Company acquiring real estate or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:

- I. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. The necessary interest on funding is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- II. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The Company acquiring real estate or right-of-use assets thereof from a related party and appraises the cost of the real estate or right-of-use assets thereof in accordance with subparagraph 1 of this paragraph shall also engage a CPA to check the appraisal and render a specific opinion.

When the Company acquires real estate or right-of-use assets thereof from a related party under one of the following circumstances, the Company shall follow the provisions of Article 14 of these Procedures instead of applying the first three provisions:

- I. The related party acquires real estate or right-of-use assets thereof as a result of inheritance or gift.
- II. The related party enters into a contract to acquire real estate or right-of-use assets thereof more than five years from the date of signing contract.
- III. The related party acquires real estate as a result of the joint construction contract signed with the related party or other arrangements on engaging the related party to build on the company's own land, or on rented land.
- IV. The Company, its parent company and its subsidiaries acquire right-of-use assets of real estate for business use from each other, or between its subsidiaries in which the Company directly or indirectly holds 100% of the shares issued or capital stock.

Article 16 If the Company's appraisal results in accordance with the Paragraph 1 and Paragraph 2 provisions are lower than the transaction price, the Company shall proceed with the provisions of Article 17. However, this shall not apply to the case if objective

evidence is presented and a specific opinion of reasonableness is obtained from a professional appraiser of real estate and a CPA due to the following circumstances:

- I. Where the related party is acquiring undeveloped land or leased land for further construction, the related party shall be required to prove that one of the following conditions is met:
 - (I) If the undeveloped land is appraised in accordance with the aforementioned method and the building is appraised on the basis of the related party's construction cost plus reasonable construction profit, the total amount of which exceeds the actual transaction price. The so-called reasonable construction profit shall be the lower of the average operating profit margin of the related party's construction department for the last three years or the most recent gross profit margin of the construction industry published by the Ministry of Finance.
 - (II) Completed transactions by unrelated parties within the preceding year involving other floors of the same target or vicinity or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
- II. The Company provides proof that the terms of the real estate purchased from a related party or right-of-use assets of real estate acquired by lease are similar to those of other unrelated party transactions in the vicinity within one year and the area is similar.

The above-mentioned transactions in the vicinity are based on the same or adjacent streets and the distance from the target of the transaction is less than 500 meters in circumference or the announced current value of the transaction is similar; the similarity in size is based on the fact that the area of other unrelated party transactions is not less than 50% of the area of the target of the transaction; the reference to within one year is based on the date of the acquisition of real estate or right-of-use assets thereof and extrapolated one year back.

Article 17 If the Company acquires real estate or right-of-use assets thereof from a related party and the appraisal result is lower than the transaction price in accordance with the preceding two articles, the Company shall do the following:

- I. The difference between the transaction price and the appraised cost of the real estate or right-of-use assets thereof shall be set aside as a special reserve in accordance with the provisions of Paragraph 1 of Article 41 of the Securities and Exchange Act and shall not be distributed or transferred to additional capital for stock dividends. If the Company's investment in a public company is accounted for under the equity method, a special reserve should be provided in proportion to the Company's shareholding.

II. The Audit Committee shall be subject to the provisions of Article 218 of the Company Act.

III. The Company shall report to the shareholders' meeting on the treatment of the first and second paragraphs, and disclose the details of the transaction in the annual report and the prospectus.

The Company shall set aside a special reserve in accordance with the preceding paragraph only after the Company has recognized a loss on the decline in value of the assets acquired or leased at a high price, or has terminated the lease, or has made appropriate compensation or restoration, or has other evidence to confirm that it is not unreasonable, and the Financial Supervisory Commission has approved the use of the special reserve.

If the Company acquires real estate or right-to-use assets thereof from a related party and there is other evidence that the transaction is not in accordance with business practices, the Company shall still address the situation in accordance with the preceding two provisions.

Article 18 Engaged in derivatives transaction

When engaging in derivative transactions, the Company shall follow the Company's "Procedures for Engagement in Derivative Transactions" and shall pay attention to risk management and internal audits to implement the internal control system.

Article 19 Business merger, demerger, acquisition or transfer of shares.

In the event of a merger, demerger, acquisition or transfer of shares, the Company shall, before convening a Board of Directors' meeting, appoint an CPA, attorney or securities underwriter to express an opinion on the reasonableness of the share exchange ratio, acquisition price or allotment of cash or other property to shareholders, and submit it to the Board of Directors for discussion and approval. However, a public company merging with a subsidiary in which it directly or indirectly holds 100% of the outstanding shares or capital, or a merger between subsidiaries in which it directly or indirectly holds 100% of the outstanding shares or capital, is exempt from obtaining an opinion of reasonableness from the foregoing expert.

When the Company participates in a merger, demerger or acquisition, the Company shall prepare a public document to shareholders prior to the shareholders' meeting, together with the aforementioned expert's opinion and the notice of the shareholders' meeting, on important agreements and related matters, for reference in deciding whether to agree to the merger, demerger or acquisition. However, this does not apply if other laws and regulations stipulate a company may be exempted from convening a shareholders' meeting to resolve merger, demerger or acquisition

Unless otherwise required by other laws or special factors are reported to the Financial Supervisory Commission of the Executive Yuan for prior approval, companies participating in a merger, demerger or acquisition shall hold a Board of Directors' meeting and a shareholders' meeting on the same day to resolve matters

related to the merger, demerger or acquisition.

Unless otherwise required by other laws or special factors are reported to the Financial Supervisory Commission of the Executive Yuan for prior approval, companies participating in a merger, demerger or acquisition shall hold a Board of Directors' meeting and a shareholders' meeting on the same day to resolve matters related to the merger, demerger or acquisition.

A company participating in a merger, demerger, acquisition, or transfer of shares that is listed or whose shares are traded on the business premises of a securities dealer shall make complete written records of the following information and keep them for five years for future reference.

- I. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
- II. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
- III. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

The Company shall consider the nature of its business, net value per share, asset

value, technology and profitability, production capacity and future growth potential when handling a merger, demerger, acquisition or transfer of shares.

The Company shall, in the event of a merger, demerger, or acquisition, pass a resolution at a shareholders' meeting, unless a resolution at a shareholders' meeting may be waived under other laws. The transfer of shares shall be approved by the Board of Directors.

The Chairman of the Board of Directors shall designate the executive unit to handle the merger, demerger, acquisition or transfer of shares of the Company.

Article 20

When the Company participates in a merger, demerger, acquisition or transfer of shares, the share exchange ratio or acquisition price shall not be changed arbitrarily except in the following circumstances, and the circumstances under which such change may be made shall be stipulated in the contract of merger, demerger, acquisition or transfer of shares.

- I. Cash capital increase, issuance of convertible bonds, distribution of stock dividends, issuance of corporate bonds with stock options, preferred shares with stock options, stock warrants and other equity-type marketable securities.
- II. Disposal of the Company's major assets and other acts that affect the Company's financial and business matters.
- III. Major disasters, technological changes, etc. that affect The Company's shareholders' equity or securities prices
- IV. Adjustment of the repurchase of treasury stock by any party involved in a merger, demerger, acquisition or transfer of shares in accordance with the law.
- V. Changes in the principals or the number of parties involved in a merger, demerger, acquisition or transfer of shares.
- VI. Other conditions for changed stipulated in the contract that have been disclosed to the public.
- VII. If the Company participates in a merger, demerger, acquisition or transfer of shares, the contract shall specify the rights and obligations of the parties participating in the merger, demerger, acquisition or transfer of shares, and shall specify the following:
 - (I) Handling of breach of contract.
 - (II) The handling principle of equity-type marketable securities issued or treasury stock repurchased of the dissolved or split company prior to the merger
 - (III) The number of treasury stock that may be legally repurchased by the participating company after the base date of calculation of the share exchange ratio and the handling principle.
 - (IV) The handling method of changes in the principals and the number of participating parties.

- (V) Estimated progress and completion schedule of the plan.
- (VI) If the plan is not completed within the time limit, the relevant handling procedures for the scheduled date of the shareholders' meeting according to the law.

Article 21 All persons who participate in or have knowledge of the Company's merger, demerger, acquisition or share transfer plan shall give a written commitment of non-disclosure and shall not reveal the contents of the plan to the external until the information is made public, nor shall they trade in the stocks and other marketable securities of all firms with an equity interest in connection with the merger, demerger, acquisition or share transfer on their own or in the name of others.

If any party to a merger, demerger, acquisition or transfer of shares intends to merge, demerge, acquire or transfer shares with another firm after the information has been made public, the participating firms shall be exempted from convening a shareholders' meeting to resolve the matter again, unless the number of participants has been reduced and the shareholders' meeting has resolved and authorized the Board of Directors to change the authority of the merger, demerger, acquisition or transfer of shares, and the procedures or legal acts performed in the original merger, demerger, acquisition or transfer of shares shall be repeated by all participating firms.

The Company shall enter into an agreement with any company participating in a merger, demerger, acquisition, or transfer of shares that is not a public company and shall comply with the provisions of Paragraph 1 of Article 20 and the preceding 2 paragraphs of the Procedures.

Article 22 Provisions for acquisition or disposal of assets of subsidiaries

- (I) The acquisition or disposal of assets by subsidiaries shall also be governed by the regulations of the parent company.
- (II) If a subsidiary is not a domestic public company and acquires or disposes of assets up to the standards for public announcement and reporting set forth in Article 12 of these Procedures, the parent company shall handle the public announcement and reporting.
- (III) The parent company's paid-in capital or total assets shall be used as the basis for the announcement and declaration of the subsidiary that "reaches 20% of the company's paid-in capital or 10% of its total assets".

The subsidiaries shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The 10% of total assets requirement under this Procedure is calculated based on the amount of total assets in the most recent individual or separate financial statements as required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers

- Article 23 When the Company's acquisition or disposal of assets is submitted to the Board of Directors for discussion in accordance with these Procedures or other legal requirements, , the opinions of the independent directors shall be taken into full consideration when they are presented to the Board of Directors for discussion in accordance with the provisions of the first paragraph, and any dissenting opinions or reservations of the independent directors shall be recorded in the minutes of the Board of Directors' meeting.
- Article 24 If the Company acquires or disposes of assets that meet the criteria for announcement and reporting under Article 12 of these Procedures, and the counter-party is a related party, the Company shall disclose the announcement in the notes to the financial statements and report it to the shareholders' meeting.
- Article 25 Implementation Date
The Procedures shall be implemented after approved by more than one-half of all members of the Audit Committee, sent to the Board of Directors for approval, and submitted to the shareholders' meeting for approval, and the same applies to any amendment.
If the above is not approved by at least one-half of all Audit Committee members, the transaction may be approved by at least two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors' meeting.
- Article 26 The Procedures were established on June 13, 2007.
The 1st amendment was made on June 21, 2012.
The 2nd amendment was made on June 27, 2014.
The 3rd amendment was made on June 15, 2017.
The 4th amendment was made on June 24, 2019.
The 5th amendment was made on June 14, 2022

Procedures for Endorsement and Guarantee of Shihlin Paper Co., Ltd.

Article 1: Purpose

For the purpose of financial management and reducing operational risks, the Company shall follow these Procedures when making endorsements or providing guarantees.

Article 2: Basis

The Procedures are based on the provisions of Article 36-1 of the Securities and Exchange Act and the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" of the Financial Supervisory Commission, Executive Yuan.

Article 3: Scope of Endorsements and Guarantees

- I. Financing endorsement and guarantee.
 - (I) Customer notes discounting financing.
 - (II) Endorsement or guarantee for the purpose of financing by other companies.
 - (III) The issuance of notes to a non-financial institution as a guarantee for the purpose of financing by the Company.
- II. Customs tariff guarantee: An endorsement or guarantee for the Company or other companies in relation to customs tariff matters.
- III. Other endorsements and guarantees: These are endorsements or warranties that cannot be categorized in the preceding two paragraphs.
- IV. The Company's provision of movable or immovable property as security for loans by other companies as pledges or mortgages.

Article 4: Targets of Endorsements and Guarantees

The Company may endorse and guarantee only for those companies that meet the following conditions.

- I. Companies with which Shihlin Paper Co., Ltd. has business dealings.
- II. A company, in which the Company directly or indirectly holds at least 50% of the voting shares.
- III. A company, which directly or indirectly holds at least 50% of the voting shares of the Company.

The Company may endorse or guarantee for a company in which the Company directly or indirectly holds more than 90% of the voting shares in an amount not to exceed 10% of the Company's net worth. However, the inter-company endorsement and guarantee between companies in which the Company directly or indirectly holds 100% of the voting shares shall not be subject to the restriction

Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the public company, or through a company in which the public company holds 100% of the voting shares.

The subsidiaries and parent company shall be determined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. If the financial statements of a public company are prepared in accordance with IFRSs,

the net worth referred to in these standards refers to the equity attributable to the shareholders of the parent company as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5: Limit of Endorsements and Guarantees

- I. The total amount of the Company's external endorsement and guarantee shall not exceed two times the paid-in capital, of which the limit of endorsement and guarantee for a single enterprise shall not exceed 10% of the paid-in capital, except for a subsidiary in which the Company directly holds 90% or more of the common stock, which shall not exceed one times the paid-in capital.
- II. In terms of endorsement and guarantee for those who have business relationship with the Company, in addition to the above limit, the amount of individual endorsement and guarantee shall not exceed the amount of business relationship between the two parties. The amount of business transactions refers to the higher amount of purchase or sale between the two parties.
- III. The inter-company endorsement and guarantee between companies in which the Company directly or indirectly holds 100% of the voting shares shall not be subject to the first paragraph.
- IV. The total amount of endorsement and guarantee by the Company and its subsidiaries as a whole and the amount of endorsement and guarantee to a single enterprise shall not exceed 12 times the Company's paid-in capital.
- V. The Company and its subsidiaries as a whole may endorse or guarantee amounting to more than 50% of the net worth of the Company, and shall explain the necessity and reasonableness of such endorsement and guarantee at the shareholders' meeting.

Article 6: Hierarchy of Decision-Making and Authorization

- I. The Company's endorsement and guarantee shall be approved by the Board of Directors. The Board of Directors shall give full consideration to the opinions of the independent directors when sending the matter to the Board of Directors for discussion, and shall include in the minutes of the Board of Directors the definite opinions of the independent directors who agree or disagree and the reasons for their disagreement. The Board of Directors may authorize the Chairman of the Board of Directors to make decisions within the limits of NT\$100 million and NT\$20 million for a single enterprise in accordance with the provisions of these Procedures, and then report to the next Board meeting for ratification and to the shareholders' Directors' for review about the handling situation.
- II. Before the Company's subsidiaries in which the Company directly or indirectly holds 90% or more of the voting shares provide endorsement and guarantee in accordance with Article 4, Paragraph 2, the Company shall report to the Company's Board of Directors for approval before proceeding. However, the inter-company endorsement and guarantee between companies in which the Company directly or indirectly holds 100% of the voting shares shall not be subject to the restriction
- III. If the Company's endorsement and guarantee is necessary for business purposes and exceeds the limit set forth in these Procedures and the conditions set forth in these Procedures are met, the Board of Directors shall agree and more than half of the Directors shall jointly guarantee the Company's potential losses arising from the excess limit and amend the endorsement and guarantee procedures and report to the shareholders' meeting for ratification; if the shareholders' meeting does not agree, a plan shall be formulated to eliminate the excess limit within a certain period of time. During the discussion under the previous paragraph, the Board of Directors shall give full consideration to the opinions of the independent directors when sending the matter to the Board of Directors for discussion, and shall include in the minutes of the Board of Directors the definite opinions of the independent directors who agree or disagree and the reasons for their disagreement.

- IV. If the Company's endorsement and guarantee is required to be approved by the Board of Directors in accordance with these Procedures or other laws and regulations, it shall be approved by at least one-half of all members of the Audit Committee and submitted to the Board of Directors for resolution. If not approved by at least one-half of all Audit Committee members, the transaction may be approved by at least two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors' meeting.

Article 7: Procedures for Endorsements and Guarantees

- I. When the Company provides endorsement or guarantee, the endorsed or guaranteed company shall issue an application letter to the Company's finance department, and the finance department shall conduct a credit investigation on the endorsed or guaranteed company, assess its riskiness and prepare evaluation records, and submit it to the president and chairman for approval after examination and approval, and obtain collateral if necessary.
- II. The financial department shall conduct credit investigation and risk assessment on the endorsed or guaranteed company, and the assessment shall include the following:
- (I) The necessity and reasonableness of the endorsement and guarantee.
 - (II) The financial condition of the endorsed or guaranteed company should be used to evaluate whether the endorsement is necessary.
 - (III) Whether the cumulative amount of the endorsement and guarantee is still within the limit.
 - (IV) Assess whether the amount of the endorsement and guarantee and the amount of business transactions are within the limit if the endorsement and guarantee are derived from business transactions.
 - (V) The impact on the Company's operating risks, financial condition and shareholders' interests.
 - (VI) Whether collaterals should be obtained and the assessed value of the collaterals.
 - (VII) Append the credit and risk assessment records of the endorsement and guarantee.
- III. The finance department shall establish a referendum book to record the details of the targets of the endorsement and guarantee, the amount, the date of approval by the Board of Directors or decision by the chairman, the date of endorsement and guarantee, and the matters that should be prudently evaluated in accordance with the preceding paragraph.
- IV. The financial department shall evaluate or recognize the contingent loss on the endorsement or guarantee and disclose the information on the endorsement or guarantee in the financial report, and provide relevant information to the accountant for the accountant to perform the necessary audit procedures and issue a proper audit report.
- V. If, due to changes in circumstances, the target of the endorsement and guarantee originally conforms to the provisions of the Procedures but subsequently does not conform to the provisions of the Procedures, or if the amount of the endorsement and guarantee exceeds the prescribed amount due to changes in the basis for calculating the limit, the amount of the endorsement and guarantee or the excess amount shall be eliminated at the end of the contract period or within a certain period of time by drawing up an improvement plan and sending the relevant improvement plan to the Audit Committee for completion in accordance with the planned schedule and reported to the Board of Directors.

Article 8: Cancellations of Endorsements and Guarantees

- I. In the event that the relevant documents or instruments of the endorsement and guarantee need to be cancelled due to debt repayment or renewal, the company to which the endorsement and guarantee is given shall prepare an official letter and deliver the relevant documents of the original endorsement and guarantee to the Finance Department of the Company with the stamp of "cancellation" and return

them to the Company. The application letter shall be retained for future reference.

The finance department shall record the cancellation of the endorsement and guarantee in the endorsement and guarantee referendum book at any time to reduce the amount of the endorsement and guarantee.

Article 9: Internal Control and Audit

I. The Company's internal auditors shall audit the Procedures for endorsement and guarantee and its execution at least quarterly and make written records. The Audit Committee shall be notified in writing of any material non-compliance.

II. The Company shall follow the prescribed procedures when engaging in endorsement and guarantee, and if any material non-compliance is found, the manager and the key processing personnel should be punished according to the violation.

Article 10: Use and Custody of the Seal

I. The Company shall use the company seal registered with the Ministry of Economic Affairs as the seal for endorsement and guarantee, and the seal and the guarantee instrument shall be kept by separate persons, and the seal and instrument shall be sealed and issued in accordance with the prescribed procedures, and the appointment, removal or change of the person in custody of the seal shall be reported to the Board of Directors for approval.

II. In the event that the Company provides guarantee for a foreign company, the guarantee letter issued by the Company shall be signed by a person authorized by the Board of Directors.

Article 11: Procedures for Announcement and Reporting

The Company shall announce and report the balance of the endorsement and guarantee of the Company and its subsidiaries for the previous month by the tenth day of each month.

If the balance of the endorsement and guarantee reaches one of the following standards, the Company shall announce and report it within two days from the date of occurrence of the fact:

I. The balance of the Company's and its subsidiaries' endorsement and guarantee reaches at least 50% of the Company's net worth of the Company's latest financial statements.

II. The balance of the Company's and its subsidiaries' endorsement and guarantee for a single enterprise reaches at least 20% of the Company's net worth of the Company's latest financial statements.

III. The balance of the Company's endorsement and guarantee for a single enterprise is at least NT\$10 million and the aggregate amount of the endorsement and guarantee, long-term investment and lending of funds to the single enterprise is at least 30% of the Company's net worth of the Company's latest financial statements.

IV. The Company or its subsidiaries have provided new endorsements and guarantees amounting to at least NT\$30 million and at least 5% of the Company's net worth of the Company's latest financial statements.

If a subsidiary of the Company is not a domestic public company, the Company shall be responsible for any matters that should be announced and reported by the subsidiary in paragraph 4 above.

Article 12: If a subsidiary of the Company intends to endorse or provide guarantees for others, the Company shall order the subsidiary to establish procedures for endorsement and guarantees in accordance with the provisions of these Procedures and shall follow the procedures established.

Article 13: Control when the Company or a subsidiary endorses or guarantees for a subsidiary whose net worth is less than one-half of the paid-in capital.

The Finance Department shall continuously follow up and control the Company's internal control system and the key points stipulated in these Procedures, and shall annually collect relevant financial and endorsement/guarantee information and evaluate

the necessity, reasonableness, and risk of the endorsement/guarantee and its impact on the Company's and its subsidiaries' operating risks and shareholders' interests in financial condition, and report to the Chairman of the Board of Directors in writing, or if the Chairman of the Board of Directors deems necessary, to the Board of Directors.

Article 14: Matters not covered by these Procedures shall be handled in accordance with the relevant laws and regulations and the relevant rules and regulations of the Company.

Article 15: These Procedures shall be formulated and amended *mutatis mutandis* in accordance with the provisions of Article 6, Paragraph 4, and shall be implemented after approval by the shareholders' meeting. If any director expresses dissenting opinion and there is a record or written statement, the Company shall submit the dissenting opinion to the shareholders' meeting for discussion.

When submitting the Procedures to the Board of Directors for discussion in accordance with the preceding paragraph, the Board of Directors shall give full consideration to the opinions of the independent directors when sending the matter to the Board of Directors for discussion, and shall include in the minutes of the Board of Directors the definite opinions of the independent directors who agree or disagree and the reasons for their disagreement.

Article 16: The Procedures were established on June 30, 2003.

The 1st amendment was made on June 14, 2006

The 2nd amendment was made on June 10, 2009

The 3rd amendment was made on June 28, 2011.

The 4th amendment was made on June 4, 2013.

The 5th amendment was made on June 15, 2017.

The 6th amendment was made on June 24, 2019.

The 7th amendment was made on June 14, 2022

Shihlin Paper Co., Ltd.
Procedures for Election of Directors

Appendix 4

- Article 1: The election of directors of the Company shall be conducted in accordance with these Procedures.
- Article 2: The election of directors of the Company shall be held at the shareholders' meeting.
- Article 3: The election of directors of the Company shall be by single cumulative registered voting system.
- Article 4: In the election of directors of the Company, each share shall have the same number of voting rights as the number of directors to be elected, which may be cast collectively for a single candidate or split among several candidates Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
The election of directors of the Company shall be conducted in accordance with the procedures of the candidate nomination system as set forth in Article 192-1 of the Company Act, and the shareholders shall elect from the list of candidates for directors and independent directors.
- Article 5: The number of directors will be as specified in the Company's Article of incorporation, with voting rights separately calculated for independent and non-independent directors. Those receiving the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of directors, they shall draw lots to determine, with the chair drawing lots for those not in attendance.
- Article 6: When the election begins, the chair should appoint a number of persons as vote monitoring, calling and counting personnel to perform the respective duties of vote monitoring, calling and counting.
- Article 7: The Board of Directors should prepare election ballots corresponding to the number of directors to be elected, specify the number of voting rights on the ballots and distribute the ballots to the shareholders attending the shareholder meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders. For shareholders who exercise their election rights electronically, no separate election ballots will be issued.
- Article 8: The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting begins.
- Article 9: If a candidate is a shareholder, voters must indicate the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the candidate's name and identification number should be indicated. However, when the candidate is a governmental or a corporation, the name of the governmental or the corporation should be indicated in the column for the candidate's account name on the ballot, or both the name of the government or the corporation and the name of its representative can be indicated. When there are several representatives, the name of each representative should be indicated respectively.
- Article 10: A ballot is invalid if any of the following is true:
(I) Do not use ballots prepared in accordance with the Procedures.
(II) Put void ballots into the ballot box.
(III) The name of the person filled in to be elected is not a candidate.
(IV) The name of the candidate is the same as that of other shareholders without the shareholder's account number or identification number for verification purposes.
(V) In addition to the account name and shareholder account number, identification number of the person to be elected and the number of voting rights allocated, other words are included.
(VI) Two or more persons to be elected are listed on the same ballot.
(VII) The handwriting is blurred and unrecognizable or has been altered.

(VIII) Fill in the ballot and alter it afterwards.

(IX) Tear up the ballot so that it is incomplete.

Article 11: If a ballot is invalid or otherwise disputed, the validity of the ballot shall be determined by the vote monitoring personnel.

Article 12: The ballot boxes are set up for the election of directors, and the ballots are counted on the spot after the voting. The ballot boxes shall be opened by the vote monitoring personnel and the ballots shall be counted, called by the respective personnel. The results of the vote counting shall be announced by the chair on the spot, including the list of directors elected and the number of their elected rights.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the meeting minutes involved shall be kept until the legal proceedings of the foregoing lawsuit have been concluded.

Article 13: An elected director shall be deemed to be unwilling to take office and shall forfeit his or her eligibility for election if he or she fails to give his or her consent to serve within the period notified by the Company.

Article 14: The Procedures shall come into effect upon the approval of the shareholders' meeting, and the same applies to any amendment

Article 15: The Procedures were made on June 25, 2002.
The 1st amendment was made on June 27, 2014.
The 2nd amendment was made on June 8, 2015.
The 3rd amendment was made on June 24, 2019.

Shihlin Paper Co., Ltd.
Rules of Procedure for Shareholder Meetings

Appendix 5

- I. The Rules of Procedure for Shareholder Meetings of the Company, except as otherwise provided by law, regulation or the Articles of Incorporation, shall be as provided in the Rules.
- II. Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

The Company shall prepare electronic versions of the shareholders' meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) thirty days before the date of an ordinary shareholders' meeting or fifteen days before the date of an extraordinary shareholders' meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the ordinary shareholders' meeting or before 15 days before the date of the extraordinary shareholders' meeting. The shareholders' meeting shall prepare the Meeting Agenda Handbook and supplementary data of the meeting available to all shareholders and display them at the Company and the shareholder services agent fifteen days prior to the shareholders' meeting and shall have the same handed out on-the-spot the shareholders' meeting. The shareholders' meeting shall prepare the Meeting Agenda Handbook and supplementary data of the meeting available to all shareholders and display them at the Company and the shareholder services agent fifteen days prior to the shareholders' meeting and shall have the same handed out on-the-spot the shareholders' meeting.

A meeting notice or meeting announcement shall contain information including the cause of meeting. With the approval of the counterparty, such notices or announcements shall be made electronically.

The issues regarding election or dismissal of the directors, amendment to the Articles of Incorporation, dissolution of the Company, merger, demerger, or issues set forth under Paragraph 1 of Article 185 of the Company Act, and Article 26-1 and Article 43-6 of Securities and Exchange Act shall be expressly enumerated under the cause for convening the meeting and shall not be put forth through extempore motions.

A shareholder who holds more than 1% of the aggregate total of the outstanding shares may pose a proposal to the regular shareholders meeting but each proposal may contain only one issue. The issue beyond one shall not be accredited as an issue. Besides, where a proposal posed by a shareholder proves to have fallen upon any single one among those enumerated under Paragraph 4, Article 172-1 of the Company Act, the board of directors may not accredit it as an issue under the agenda.

The Company shall promulgate before convening of the regular shareholders meeting to entertain proposals posed by shareholders before the Company suspends transfer of stocks. The location and timeframe to entertain proposals shall not be shorter than the minimum of 10 days.

An issue proposed by a shareholder shall not exceed the maximum of 300 Chinese characters; an issue that exceeds 300 Chinese characters shall not be entered into the agenda. A shareholder who submits a proposal shall participate in the shareholders' meeting either in person or by proxy and shall participate in the discussion process of the issue so proposed.

The Company shall keep the proposing shareholders informed of the results in handling their proposals before the notice of the shareholders' meeting is served and shall have the proposals meeting the requirements set forth under this Article included in the agenda. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.

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

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail; unless the preceding proxy is declared withdrawn.

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

- IV. The Company shall furnish the attending shareholders or proxies entrusted by shareholders (collectively, "shareholders") with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

Shareholders shall hand in their attendance cards, sign-in cards, or other attendance certificates to attend the shareholders' meeting; power of attorney solicitors shall carry their identity documents with them for verification.

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

- V. The presence and voting in a shareholders' meeting shall be duly calculated based on the number of shares.

The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The shares held by shareholders having no voting right shall not be counted in the total number of issued shares while adopting a resolution at a meeting of shareholders.

On an issue under discussion in a shareholders' meeting, a shareholder who is an interested party in such issue that is likely to impair the interests of the Company shall not join the voting process, nor shall he or she exercise voting rights as a proxy for another shareholder.

The number of shares mentioned in the preceding paragraph that could not be exercised for voting rights shall not be counted as the voting rights of the shareholders who are already present in the meeting.

Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

On the day of a shareholders meeting, the Company shall compile a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of said statement at the place of the shareholders' meeting.

- VI. The venue for a shareholders meeting shall be the premises of the Company's headquarters, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- VII. Where the board of directors convene a shareholders' meeting, the Chairman of the Company shall preside over the meeting. In the absence of the Chairman or if the Chairman cannot perform their duties, the Vice Chairman shall act on behalf of and in the name of the Chairman to preside over the meeting. Where there is no seat of a Vice Chairman, in the absence of the Vice Chairman or where the Vice Chairman cannot perform their duties, the Chairman shall designate one director to preside over the meeting. In the absence of such designation, the directors shall elect from among themselves an acting chair.
Where a shareholders' meeting is convened by another convener beyond the board of directors, such meeting shall be chaired by that convener. In the event that there are 2 or more conveners, one shall be elected from among themselves to chair the meeting.
- VIII. The Company may appoint its attorneys, certified public accountants, or relevant persons retained by it to attend a shareholders' meeting in a non-voting capacity.
- IX. Shareholder's meetings of the Company must be recorded in video or audio, and kept for at least one (1) year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the meeting minutes involved shall be kept until the legal proceedings of the foregoing lawsuit have been concluded.
- X. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution approved with a majority vote of attending shareholders may be adopted pursuant to Paragraph 1 of Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

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

XI. If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

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

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

XII. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. In case the content of the speech delivered on the floor is inconsistent with the content in the speech slip, the former shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chairperson shall stop any violation.

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

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

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

XIII. The chair shall grant adequate opportunities for clarification and discussion on an amendment or extempore motions posed by a shareholder. Upon the time believed to be up for resolution, the chair may announce discontinuation from a discussion and put the issue for resolution.

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

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

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

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

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The counting of the votes at the shareholders' meeting shall be conducted publicly at the shareholders' meeting, and the results of the vote shall be announced on the spot and recorded in the meeting minutes.

XV. Where directors are elected in a shareholders' meeting, the election shall be duly conducted in accordance with relevant election guidelines defined by the Company. The outcome of the election shall be announced on the spot.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the meeting minutes involved shall be kept

until the legal proceedings of the foregoing lawsuit have been concluded.

XVI. When a meeting is in progress, the chair may announce a break based on time considerations.

If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

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

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

XVII. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

The chair is to consult the motion ready for balloting with the attendees at the meeting and it is deemed as having been passed if there are no objections raised.

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

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

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

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

XX. Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chair of the meeting and shall be distributed to all shareholders of the Company within twenty days after the close of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the Market Observation Post System (MOPS).

Contents of the minutes shall include the time, the place, and the chair of the meeting as they are, as well as the method and the process of deliberation, and the results of deliberation.

The minutes shall be retained for the duration of the existence of the Company.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

XXI. The Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

XXII. The Rules were formulated on March 15, 1988.

The 1st amendment was made on May 12, 1999.

The 2nd amendment was made on June 25, 2002.

The 3rd amendment was made on June 4, 2013.

The 4th amendment was made on June 8, 2015.

The 5th amendment was made on June 24, 2019.

Shihlin Paper Co., Ltd. Shareholdings of Directors

Book closure date of the shareholders'
meeting: April 16, 2022

Title	Name	Date of (elected to) office	Term	Shares Held When Elected		Shares Held at Present	
				Shares	Percentage of Shareholding	Shares	Percentage of Shareholding
Chairman	Tai Shih Trading Co., Ltd.	2019.06.24	3 years	907,667	0.35	904,667	0.35
Director	Yee Tzao Enterprise Co., Ltd.	2019.06.24	3 years	825,905	0.32	825,905	0.32
Director	Taiwan Evervaliant Corp.	2019.06.24	3 years	12,674,381	4.87	12,674,381	4.87
Director	Yi Xiang Co., Ltd.	2019.06.24	3 years	800,000	0.31	800,000	0.31
Independent Director	Ming-Chu Chen	2019.06.24	3 years	0	0	0	0
Independent Director	Ming-Chien Tang	2019.06.24	3 years	0	0	0	0
Independent Director	Hsiao-Chueh Hsieh	2019.06.24	3 years	0	0	0	0
Total directors' shareholdings				15,207,953	5.85	15,204,953	5.85

1. The Company's paid-in capital is NT\$2,600,391,210, and has issued 260,039,121 outstanding shares.
2. As stipulated in Article 26 of the Securities and Exchange Act, all directors shall hold a minimum of 12,000,000 shares.
3. As the Company has established an Audit Committee, the minimum percentage of all supervisors' shareholdings is not applicable.

Shihlin Paper Co.,Ltd.

Shareholder Proposals

Appendix 7

Description of processing of shareholder proposals for this general shareholders' meeting

Description: (I) Shareholder proposals are handled in accordance with Article 172-1 of the Company Act.

(II) On the book closure date of the shareholders' meeting, shareholders holding more than 1% of the Company's total outstanding shares may submit proposals to the Company.

(III) Each proposing shareholder shall submit only one proposal, and the content of the proposal is limited to 300 characters (including text and punctuation). Otherwise, it will not be included in the agenda of the shareholders' meeting. The proposing shareholders shall attend the shareholders' meeting in person or by proxy to discuss their own proposals.

(IV) Acceptance period: April 8, 2022 to April 18, 2022.

(V) The Company did not receive any shareholder proposal.