

Stock Code: 5514



Sunfon Construction Co., Ltd.
2021 Annual General Meeting

**Shareholders
Meeting Agenda
Handbook**

May 27, 2021

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2021 Annual General Meeting Agenda – Sunfon Construction Co., Ltd.

Date/time: May 27, 2021 (Thursday); 9 a.m.

Place of meeting: 2F., No. 83, Section 3, Civic Boulevard, Taipei (Miramar
Garden Taipei, Diamond Room)

Meeting Procedures:

- I. Call the meeting to order
- II. Chair in position
- III. Recite the “company spirit”
- IV. Chairperson remark
- V. Management presentation
- VI. Recognition matters
- VII. Discussion matters
- VIII. Election matters
- IX. Other motions
- X. Extraordinary motions
- XI. Adjournment

[Management Presentation]

I. 2020 Business Report, please review



(I) Management policy

We adhere to the business motto of “sustainable management and steady growth” and create reasonable profits, which are shared with employees and shareholders and given back to society. As a means to put the motto into practice, our management policy includes:

1. Strengthening land development ability by adopting the strategy of purchasing land and joint construction to ensure the acquisition of land resources.
2. Using market demand as a guide to plan quality products that are user-friendly so as to facilitate sales and reduce the inventory of houses.
3. Emphasizing construction quality and after-sales service to build a sound corporate image and reputation, while increasing the trust and recognition of customers.
4. Properly planning and utilizing human resources and placing importance on the employee’s education and training as well as the welfare system to enhance work efficiency.
5. Improving the financial structure and strictly controlling budgets and audits to ensure our profitability and operating performance.

(II) Implementation overview

As of 2020, Di Yi Hui has been completed and handed over; at the end of 2019, the building permit was obtained for City Meeting Point, which was sold out upon launch in the beginning of 2020. It is currently under construction and on schedule. The unsafe and old reconstruction permits have been obtained for the joint construction projects Minsheng West Road Project and Guisui and Minle Street Project in the second quarter of 2020 and building permits for these projects are currently under application. The building permit for the urban renewal development Chengde Road Project was obtained at the end of 2020. The identification of unsafe and old buildings for projects at No. 138, Section 3, Chongqing North Road, Nanchang Road and No. 175, Section 1, Kangning Road have been completed and unsafe and old reconstruction plans for these projects are currently under application.

(III) Implementation results of the 2020 Business Plan

The Company’s consolidated operating revenue for 2020 totaled NT\$666,812 thousand, down 48.8% compared to the consolidated operating revenue of NT\$1,302,273 thousand for 2019. The consolidated net income after tax for 2020

totalled NT\$204,618 thousand, down 39.8% from the consolidated net income after tax of NT\$339,639 thousand for 2019. Earnings per share were NT\$1.1. The results for operations are as follows:

1. Consolidated Profit or Loss

Unit: NT\$ thousand

Item	Amount in 2020	Amount in 2019	Increase/ decrease amount	Change in percentage %
Operating income	666,812	1,302,273	(635,461)	(48.8)
Operating costs	406,147	873,885	(467,738)	(53.5)
Operating profit	260,665	428,388	(167,723)	(39.2)
Operating expenses	49,886	49,460	426	0.9
Operating income (loss)	210,779	378,928	(168,149)	(44.4)
Non-operating income and (expenditures)	41,544	30,027	11,517	38.4
Net income before tax	252,323	408,955	(156,632)	(38.3)
Income tax benefit (expense)	(47,705)	(69,316)	21,611	(31.2)
Net profit (loss) for the period	204,618	339,639	(135,021)	(39.8)
Earnings per share (NT\$)	1.1	1.82		

2. Parent Only Profit or Loss

Unit: NT\$ thousand

Item	Amount in 2020	Amount in 2019	Increase/ decrease amount	Change in percentage %
Operating income	666,932	1,302,393	(635,461)	(48.8)
Operating costs	393,386	862,942	(469,556)	(54.4)
Operating profit	273,546	439,451	(165,905)	(37.8)
Operating expenses	38,607	41,903	(3,296)	(7.9)
Operating income (loss)	234,939	397,548	(162,609)	(40.9)
Non-operating income and (expenditures)	17,395	11,419	5,976	52.3
Net income before tax	252,334	408,967	(156,633)	(38.3)
Income tax benefit (expense)	(47,705)	(69,316)	21,611	(31.2)
Net profit (loss) for the period	204,629	339,651	(135,022)	(39.8)
Earnings per share (NT\$)	1.1	1.82		

(IV) Budget implementation: The Company does not disclose financial forecasts.

(V) Analysis of receipts, expenditures, and profitability

1. Liquidity analysis

(1) Consolidated liquidity analysis

Item \ Year	2020.12.31	2019.12.31	Increase/decrease percentage (%)
Cash flow ratio (%)	(10.38)	124.05	(134.43)
Cash flow adequacy ratio (%)	(12.07)	(36.59)	24.52
Cash reinvestment ratio (%)	(5.18)	26.77	(31.95)

Analysis of changes in the increase/decrease percentage:

- ◎ The decrease in cash flow ratio and cash reinvestment ratio from the previous year was primarily due to the increase in inventories and the decrease in cash inflows from operating activities in the period, resulting in the decrease in cash flow ratio and cash reinvestment ratio from the previous year.
- ◎ The increase in cash flow adequacy ratio was primarily due to the increase in cash inflows from operating activities in the past five years.

(2) Parent Only Liquidity Analysis

Item \ Year	2020.12.31	2019.12.31	Increase/decrease percentage (%)
Cash flow ratio (%)	(8.45)	129.11	(137.56)
Cash flow adequacy ratio (%)	(9.66)	(30.52)	20.86
Cash reinvestment ratio (%)	(4.83)	27.11	(31.94)

Analysis of changes in the increase/decrease percentage:

- ◎ The decrease in cash flow ratio and cash reinvestment ratio from the previous year was primarily due to the increase in inventories and the decrease in cash inflows from operating activities in the period, resulting in the decrease in cash flow ratio and cash reinvestment ratio from the previous year.
- ◎ The increase in cash flow adequacy ratio was primarily due to the increase in cash inflows from operating activities in the past five years.

2. Profitability analysis

(1) Consolidated profitability analysis

Item \ Year	2020	2019	Increase/decrease rate (%)	
Return on assets (%)	6.25	10.22	(3.97)	
Shareholder return on equity (%)	7.62	14.10	(6.48)	
Percentage to paid-in capital (%)	Operating income	10.85	21.45	(10.60)
	Net income before tax	12.99	23.15	(10.16)
Net profit rate (%)	30.69	26.08	4.61	
Earnings per share (NT\$)	1.10	1.82		

(2) Parent Only Profitability Analysis

Item \ Year		2020	2019	Increase/decrease rate (%)
Return on assets (%)		6.30	10.23	(3.93)
Shareholder return on equity (%)		7.62	14.10	(6.48)
Percentage to paid-in capital (%)	Operating income	12.09	22.51	(10.42)
	Net income before tax	12.99	23.15	(10.16)
Net profit rate (%)		30.68	26.08	4.60
Earnings per share (NT\$)		1.10	1.82	

(VI) Research and development (R&D) status

1. R&D expenditures and results for the most recent fiscal year

- (1) Through application incentives of renewal and urban unsafe and old buildings, as well as jointly developing and building quality mixed residential and commercial buildings in old communities with landowners, we are able to keep land acquisition costs down to generate more profits.
- (2) We are proactively seeking desirable locations with reasonable land prices to promote quality residences for steady sales. With our strategy that focuses on small volumes but a large number of projects, we hope to build our company brand within the public's awareness.
- (3) Our product design and planning take the requirements of building coverage ratio and floor area ratio into account in order to fully utilize the buildable area. Moreover, we aim to design and construct tall buildings with deep foundations and high floors, and giving them life so that they are reasonable, practical, humanized and refined, meeting the market demand.
- (4) We select first-rate vendors through evaluation of their information sheets and final reports, while strengthening budget management and improving schedule control to reduce costs, elevating operational efficiency.
- (5) Our construction projects located in Datong District completed in recent years — “Feng Hua Hui”, “Wen Ding Hui”, “Di Yi Hui” and the “The Twin Cities” — as well as construction projects currently under construction — “City Meeting Point” — have been highly praised by customers in terms of the design and construction quality.

2. Future R&D plans

- (1) Strengthening land development ability by adopting the strategy of purchasing land and joint construction to ensure the acquisition of land resources.
- (2) Adopting new construction methods and collecting information on new building materials to keep track of construction progress cost and quality.
- (3) Promoting full institutionalized management by strengthening authorization and fostering labor division. By doing this, our manpower can be put into full practice to enhance the Company's work quality and highly efficient operations.
- (4) Promoting all businesses to improve computerized operations and enhance work

efficiency. This enables us to provide the best service to customers, build product reputation and increase brand awareness, and achieve the goal of sustainable business.

(VII) Conclusion

Dear shareholders, First of all, I would like to thank you for your long-term support and encouragement of Sunfon Construction. The Company's Grand Landmark Collection – Di Yi Hui was successfully completed and handed over in June last year. The City Meeting Point project launched in the beginning of last year was quickly sold out. Its construction began in June last year and is expected to be completed in September 2022. At the end of last year, we sold the entire project of No. 138, Section 3, Chongqing North Road to Baoan Temple to build the “Baosheng Dadi Memorial Hall” on their behalf. During the past year, we also developed several old and unsafe buildings. For instance, we have obtained the demolition license for the Minsheng West Road Project, which is expected to be pre-sold once the building permit is acquired in April. The name of the Project is scheduled to be “Yun Ji”. Moreover, we have also obtained the demolition license for the Guisui and Minle Street Project which is currently being demolished. After urban design review and building permits are completed, the Project is expected to begin construction and pre-sale in June this year. The building permit is also scheduled to be obtained for the Nanchang Road Project for pre-sale in August this year. At the end of last year, the building permit and demolition license were also obtained for the Chengde Road Project, an urban renewal development. It is scheduled to begin its urban renewal in March this year. We hope that, after renewal, this Project will better meet the market demand, achieving better sales performance. In addition, there are also a number of projects pending completion this year, which suggests that our profitability can be expected for the coming years.

Although the overall economy last year was severely disrupted by the COVID-19 pandemic and the U.S.-China trade war, the stock market in Taiwan rose from 8,523 points in March to 14,760 points in December, up over 52%, and in January this year, it even surpassed 16,000 points. Given the fact that international hot money and domestic floating capital were sufficient, the real estate industry will definitely be driven by this trend. As we have a number of developed projects that will be available for pre-sale this year, we are firmly convinced that we will have strong sales performance. For many years now, we have developed projects involving the reconstruction of unsafe and old buildings and urban renewal highly promoted by the government. Our objective is not only enhancing the appearance of these buildings, but also improving the safety of local landlords. It is worth mentioning that our long-term dedication in Datong District has received recognition and acknowledgement by the majority of customers in the area. With the hard work of all our colleagues, we believe our business will grow stronger. We thank you again for your continued support and encouragement.

Chairman: Hung Min-Fu



Managerial Officer:

Yu Jui-Hsing



Chief Accounting Officer: |

Shih Shu-Ying



II. 2020 Supervisors' Review Report, please review.

Description: The Company's 2020 financial statements have been audited and attested by CPAs and reviewed by the supervisors. The review report has been submitted for review.

Supervisors' Review Report

Please approve

The Company's 2020 business report, financial statements and earnings distribution table submitted by the Board of Directors have been audited by the supervisor and no discrepancies have been found. We have presented the reports based on the provisions stipulated in Article 219 of the Company Act.

Submitted to

The Company's 2021 Annual General Meeting

Supervisor: Yen Kuo-Lung



Golden Plaza Cultural & Education Foundation

Representative: Huang Cheng-Yuan



March 9, 2021

III. Report of 2020 distribution of remuneration to employees and directors/supervisors.

Description:

- I. Handled in accordance with Article 25 of the Company’s Articles of Incorporation and the resolution made at the 18th meeting of the 11th Board on March 9, 2021.
- II. The Board meeting resolved to distribute 1% for remuneration to employees and directors/supervisors for 2020. Based on the net income before tax of NT\$257,483,984, it was proposed to distribute NT\$2,574,840 as remuneration to employees and NT\$2,574,840 for directors/supervisors. The above remuneration is distributed in the form of cash.
- III. The above remuneration distribution was approved at the 7th meeting of the 4th Salary and Remuneration Committee on February 23, 2021.

IV. Report of amendments to the “Rules of Procedure for Board of Directors Meetings”, please review.

Description: In line with regulatory amendments, it has been proposed to amend some clauses of the Company’s Rules of Procedure for Board of Directors Meetings.

The comparison table before and after amendments is as follows:

Comparison Table of Amendments to the Rules of Procedure for Board of Directors Meetings

Original Article	Amended Article	Reason for Amendment
<p>Article 3 (Convening of the board of directors meeting and meeting notice) The board of directors shall meet at least once every quarter. A notice of the reasons for convening a board meeting shall be given to each director <u>and supervisor</u> 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice. All matters set out in the subparagraphs of Article 12, Paragraph 1, shall be</p>	<p>Article 3 (Convening of the board of directors meeting and meeting notice) The board of directors shall meet at least once every quarter. A notice of the reasons for convening a board meeting shall be given to each director 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice. All matters set out in the</p>	<p>Amendments in line with the establishment of an Audit Committee for the replacement of supervisor duties</p>

Original Article	Amended Article	Reason for Amendment
<p>specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion except in the case of an emergency or legitimate reason. The convening of the board of directors may be effected by means of written, electronically transmitted or faxed notice to each director.</p>	<p>subparagraphs of Article 12, Paragraph 1, shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion except in the case of an emergency or legitimate reason. The convening of the board of directors may be effected by means of written, electronically transmitted or faxed notice to each director.</p>	
<p>Article 7 (Chair and acting chair of a board meeting) The Company’s board meetings <u>shall be convened and chaired</u> by the chairperson. However, where the first meeting of each newly elected board of directors is convened by the director who received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting. When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson, or, if there is no vice chairperson or the vice chairperson is also on leave or for any reason is unable to act, by a managing director designated by the chairperson, or, if there is no managing director, by a director designated thereby, or, if the chairperson does not make such a designation, by a managing director or director elected by and from among the directors.</p>	<p>Article 7 (Chair and acting chair of a board meeting) The Company’s board meetings <u>are convened and chaired by the chairperson</u>. However, where the first meeting of each newly elected board of directors is <u>called</u> by the director who received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting. <u>Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, Paragraph 4 or Article 203-1, Paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.</u> When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson, or, if there is no vice chairperson or the vice chairperson</p>	<p>Paragraph 2 has been added in conjunction with adjustment. This clearly specifies that when the board of directors is called by a majority of directors on their own initiative (including the first meeting of each board convened by a majority of the elected directors on their own initiative), the directors shall choose one person by and from among themselves to chair the meeting.</p>

Original Article	Amended Article	Reason for Amendment
	is also on leave or for any reason is unable to act, by a managing director designated by the chairperson, or, if there is no managing director, by a director designated thereby, or, if the chairperson does not make such a designation, by a managing director or director elected by and from among the directors.	
<p>Article 12 (Matters that should be discussed at the board meeting) The matters listed below as they relate to Company shall be raised for discussion at a board meeting:</p> <p>I. The Company’s business plan. II. Annual <u>and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA).</u></p> <p>(Omitted below)</p>	<p>Article 12 (Matters that should be discussed at the board meeting) The matters listed below as they relate to Company shall be raised for discussion at a board meeting:</p> <p>I. The Company’s business plan. II. Annual financial report and <u>financial report for the second quarter audited and attested by a certified public account (CPA).</u></p> <p>(Omitted below)</p>	Amendments made in line with the text
<p>Article 15 (Recusal system of directors) If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director’s proxy to exercise voting rights on that matter. Where a director is prohibited by the regulations <u>in the preceding paragraph</u> from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, Paragraph 2 of the Company Act shall</p>	<p>Article 15 (Recusal system of directors) If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director’s proxy to exercise voting rights on that matter. <u>Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or</u></p>	Amendments made in line with the addition of Paragraph 2 and the text

Original Article	Amended Article	Reason for Amendment
<p>apply mutatis mutandis in accordance with Article 206, Paragraph 3 of the same Act.</p>	<p><u>subordinate relation with a director, is an interested party with respect to an agenda item, such director shall be deemed to be an interested party with respect to that agenda item.</u> Where a director is prohibited by the regulations from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, Paragraph 2 of the Company Act shall apply mutatis mutandis in accordance with Article 206, Paragraph 4 of the same Act.</p>	
<p>Article 16 (Meeting minutes and sign-in matters) Discussions at a board meeting of the Company shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below: I. The session (or year), time, and place of the meeting. II. The name of the chair. III. The attendance of directors at the meeting, specifying the names and number of members present, excused, and absent. IV. The names and titles of those attending the meeting as non-voting participants. V. The name of the minutes taker. VI. Matters reported on. VII. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, <u>supervisors</u>, experts, or other persons; the name of any director that is an interested party as referred to in Paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and</p>	<p>Article 16 (Meeting minutes and sign-in matters) Discussions at a board meeting of the Company shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below: I. The session (or year), time, and place of the meeting. II. The name of the chair. III. The attendance of directors at the meeting, specifying the names and number of members present, excused, and absent. IV. The names and titles of those attending the meeting as non-voting participants. V. The name of the minutes taker. VI. Matters reported on. VII. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in Paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the</p>	<p>Amendments in line with the establishment of an Audit Committee for the replacement of supervisor duties</p>

Original Article	Amended Article	Reason for Amendment
<p>the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 12, Paragraph 4.</p> <p>VIII. Extraordinary motions: the name of the proposer, method of resolution and the result for each proposal; a summary of the comments made by directors, <u>supervisors</u>, experts, or other persons; the name of any director that is an interested party as referred to in Paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and opinions expressing objections or reservations at the meeting that were included in records or stated in writing.</p> <p>IX. Any other matters that require reporting.</p> <p><u>Any of the following matters</u> in relation to a resolution passed at a meeting of the board of directors shall be stated in the meeting minutes and within two days of the meeting be published on the Market Observation Post System designated by the <u>Financial Supervisory Commission, Executive Yuan</u>:</p> <p><u>I.</u> Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.</p> <p><u>II.</u> If the <u>Company has an audit committee</u>, any matter that has not been passed by the audit committee, but has been adopted</p>	<p>reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 12, Paragraph 4.</p> <p>VIII. Extraordinary motions: the name of the proposer, method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in Paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and opinions expressing objections or reservations at the meeting that were included in records or stated in writing.</p> <p>IX. Any other matters that require reporting.</p> <p><u>Any matter</u> in relation to a resolution passed at a meeting of the board of directors to which an independent director expresses an objection or reservation that has been included in records or stated in writing; or, if the Company has an audit committee, any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors, besides</p>	

Original Article	Amended Article	Reason for Amendment
<p>with the approval of two-thirds or more of all board directors.</p> <p>The attendance book forms a part of the minutes for each board of directors meeting and shall be well preserved during the existence of the Company.</p> <p>The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chair and the minutes taker; a copy of the minutes shall be distributed to each director <u>and supervisor</u> within 20 days after the meeting. The minutes of a board of directors meeting shall be well preserved as important company records during the existence of the Company.</p> <p>The production and distribution of the meeting minutes referred to in Paragraph 1 may be done in electronic form.</p>	<p>stating these matters in the meeting minutes, they shall also be published on the Market Observation Post System designated by the <u>competent authority</u> within two days.</p> <p>The attendance book forms a part of the minutes for each board of directors meeting and shall be well preserved during the existence of the Company.</p> <p>The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chair and the minutes taker; a copy of the minutes shall be distributed to each director within 20 days after the meeting. The minutes of a board of directors meeting shall be well preserved as important company records during the existence of the Company.</p> <p>The production and distribution of the meeting minutes referred to in Paragraph 1 may be done in electronic form.</p>	
<p>Article 17 (Principles with respect to the delegation of powers by the board)</p> <p>Aside from the matters referred to in Paragraph 1 of Article 12, which are required to be submitted for discussion by the board of directors, when the board of directors authorizes the chairperson to exercise their powers pursuant to laws or regulations or the Company’s Articles of Incorporation, matters such as the level and substance of the delegation shall be set out as follows:</p> <p>I. Approval of important contracts</p> <p>II. Approval of real estate mortgage loans and other loans.</p> <p>III. Approval of the Company’s general assets and real estate purchase and disposition.</p> <p>IV. Appointment of directors <u>and</u></p>	<p>Article 17 (Principles with respect to the delegation of powers by the board)</p> <p>Aside from the matters referred to in Paragraph 1 of Article 12, which are required to be submitted for discussion by the board of directors, when the board of directors authorizes the chairperson to exercise their powers pursuant to laws or regulations or the Company’s Articles of Incorporation, matters such as the level and substance of the delegation shall be set out as follows:</p> <p>I. Approval of important contracts</p> <p>II. Approval of real estate mortgage loans and other loans.</p>	<p>Amendments in line with the establishment of an Audit Committee for the replacement of supervisor duties</p>

Original Article	Amended Article	Reason for Amendment
<p><u>supervisors</u> of the investment company.</p> <p>V. Approval of the base dates for capital increase or capital reduction as well as cash dividends distribution.</p>	<p>III. Approval of the Company's general assets and real estate purchase and disposition.</p> <p>IV. Appointment of directors of the investment company.</p> <p>V. Approval of the base dates for capital increase or capital reduction as well as cash dividends distribution.</p>	
<p>Article 18 (Supplementary provisions)</p> <p>I. These Rules of Procedure shall be adopted by the approval of the meeting of the board of directors and shall be reported to the shareholders meeting.</p> <p>II. These Rules of Procedures were formulated on March 23, 2007; the 1st amendments were made on March 21, 2008; the 2nd amendments were made on March 17, 2010; the 3rd amendments were made on June 21, 2013; and the 4th amendments were made on November 8, 2017.</p>	<p>Article 18 (Supplementary provisions)</p> <p>I. These Rules of Procedure shall be adopted by the approval of the meeting of the board of directors and shall be reported to the shareholders meeting.</p> <p>II. These Rules of Procedures were formulated on March 23, 2007; the 1st amendments were made on March 21, 2008; the 2nd amendments were made on March 17, 2010; the 3rd amendments were made on June 21, 2013; the 4th amendments were made on November 8, 2017; <u>and the 5th amendments were made on March 9, 2021.</u></p>	

[Recognition Matters]

Motion 1 Proposed by the Board of Directors

Reason: the 2020 business report and financial statements, please recognize.

Description:

- I. The Company's 2020 financial statements, including the consolidated balance sheet, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated cash flow statements as well as the 2020 parent only financial statements, have not only been reviewed by the supervisors, they were also audited and attested by Yang Chih-Hui and Hsu Hsin-Min, CPAs of EY.
- II. For the preceding financial statements, please refer to pages 27 to 40 of this Handbook.

Resolution:

Motion 2 Proposed by the Board of Directors

Reason: the 2020 earnings distribution, please recognize.

Description:

- I. The Company's profit after tax for 2020 was NT\$204,629,351. It has been proposed to distribute stock dividends with undistributed earnings of NT\$136,015,340, with NT\$0.7 per share, or 70 shares per 1,000 shares; cash dividends will also be distributed with earnings of NT\$97,153,815, with NT\$0.5 per share. The board of directors is authorized to set the base date for dividend distribution after the motion is passed by this shareholders meeting.
- II. For the 2020 earnings distribution table, please refer to page 41 of this Handbook.

Resolution:

[Discussion Matters]

Motion 1 Proposed by the Board of Directors

Reason: Issuing new shares by transferring capital from surplus, please review.

Description:

- I. As a means to raise working capital and for future business development, the Company proposes to allocate NT\$136,015,340 of common stock dividends from distributable earnings for 2020 to increase capital. A total of 13,601,534 new shares with a par value of NT\$10 per share is expected to be issued.
- II. After the shareholders meeting has passed the issue of new shares and it has been approved by the competent authorities, the base date for distribution of shares will be set. Based on shareholding ratio by the shareholder as recorded in the register on the base date, 70 shares per 1000 shares shall be allocated. If shares are less than one full share, shareholders are to register to consolidate the shares into one share within five days from the date of the suspension of stock transfer. If the shares are not consolidated or still not enough after five days, as stipulated in Article 240 of the Company Act, shares less than one full share shall be distributed in cash. The shares are authorized to be purchased at the par value by the chairperson of the board of directors from certain persons.
- III. Regarding the new stock issued for capital increase, the rights and obligations are the same as the originally issued common stock.
- IV. If the Company's capital stock changes prior to the base date of capital increase and affects the total number of outstanding shares resulting in changes in the stock distribution ratio of shareholders, it has been proposed that the shareholders meeting authorize the chairperson of the board of directors to have full rights regarding adjustment.
- V. The chairperson of the board of directors is authorized to handle matters not covered in this motion for capital increase due to changes in law or approval by the competent authorities.

Resolution:

Motion 2 Proposed by the Board of Directors

Reason: Amendments to the Articles of Incorporation, please review.

Description: Amendments to the Articles of Incorporation are made to be in line with the Company Act. The comparison table is as follows:

Comparison Table of Amendments to the Articles of Incorporation

Original Article	Amended Article	Reason for Amendment
Chapter IV Directors, <u>Supervisors</u> and Audit Committee	Chapter IV Directors and Audit Committee	Amendments in line with the establishment of an Audit Committee for the replacement of supervisor duties
<p>Article 17: The Company has seven to nine directors <u>and two to three supervisors, who shall be elected by the shareholders' meeting from among the persons with capacity or their representatives as required by law. The term of office shall not exceed three years; but they may be eligible for re-election.</u> The number of independent directors from the preceding paragraph regarding directors <u>shall not be less than two</u> and one-fifth of the number of director seats. The election of directors adopts the candidate nomination system and shareholders shall elect directors from the list of director candidates. The election of directors is handled in accordance with Article 192-1 of the Company Act.</p>	<p>Article 17: The Company has seven to nine directors. <u>The number of directors is determined by the board of directors.</u> <u>The number of independent directors from the preceding paragraph regarding directors shall be at least three.</u> <u>The election of directors adopts the candidate nomination system stipulated in Article 192-1 of the Company Act. Matters relating to the acceptance method and announcement of director candidate nominations are handled in accordance with the Company Act and the Securities and Exchange Act. Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers. The term of office of a director shall not exceed three years; but they may be eligible for re-election.</u></p>	Amendments in line with the establishment of an Audit Committee for the replacement of supervisor duties
Article 21: The remuneration to directors and	Article 21: The <u>remuneration</u> to directors shall	Amendments in line with

Original Article	Amended Article	Reason for Amendment
<p><u>supervisors for performing the Company’s business</u> shall be based on the usual rate of the industry. The determination for remuneration is authorized to the board of directors.</p>	<p>be based on the usual rate of the industry. The determination for remuneration is authorized to the board of directors.</p>	<p>the establishment of an Audit Committee for the replacement of supervisor duties</p>
<p>Article 22: In addition to exercising supervision rights alone in accordance with the law, a supervisor may also attend board meetings but may not vote.</p>	<p>Article 22: Deleted</p>	
<p>Article 28: These Articles were formulated on January 11, 1988; the 1st amendments were made on June 1, 1989...; the 20th amendments were made on May 27, 2016; the 21st amendments were made on May 29, 2018; and the 22nd amendments were made on May 28, 2020.</p>	<p>Article 28: These Articles were formulated on January 11, 1988; the 1st amendments were made on June 1, 1989...; the 20th amendments were made on May 27, 2016; the 21st amendments were made on May 29, 2018; the 22nd amendments were made on May 28, 2020; <u>and the 23rd amendments were made on May 27, 2021.</u></p>	

Resolution:

Motion 3 Proposed by the Board of Directors

Reason: Amendments to the “Rules of Procedure for Shareholders Meetings”, please review.

Description: In line with regulatory amendments, it has been proposed to amend the Rules of Procedure for Shareholders Meetings. The comparison table before and after amendments is as follows:

Comparison Table of Amendments to the Rules of Procedure for Shareholders Meetings

Original Article	Amended Article	Reason for Amendment
<p>VIII. 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 1 hour, may be made. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act. 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.</p>	<p>VIII. The chair shall call the meeting to order at the appointed meeting time <u>and disclose information concerning the number of nonvoting shares and the number of shares represented by shareholders attending the meeting.</u> 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 1 hour, may be made. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act. 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.</p>	<p>Amendments were made to improve corporate governance and protect shareholder rights and interests</p>

Original Article	Amended Article	Reason for Amendment
<p>XV. 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 voting results shall be announced on-site immediately, and a record shall be made of the vote.</p>	<p>XV. 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 voting results shall be announced on-site immediately, and a record shall be made of the vote. <u>The announcement of the voting results of an election shall include the names of those elected and the numbers of votes with which they were elected, and the names of directors and supervisors not elected and number of votes they received.</u></p>	<p>Amendments were made to improve corporate governance and protect shareholder rights and interests</p>
<p>XXII. These Rules were formulated on June 20, 1990; the 1st amendments were made on May 29, 1999; and the 2nd amendments were made on May 30, 2002.</p>	<p>XXII. These Rules were formulated on June 20, 1990; the 1st amendments were made on May 29, 1999; the 2nd amendments were made on May 30, 2002; <u>and the 3rd amendments were made on May 27, 2021.</u></p>	

Resolution:

Motion 4 Proposed by the Board of Directors

Reason: Amendments to the “Regulations Governing the Acquisition and Disposal of Assets”, please review.

Description: In line with regulatory amendments, it has been proposed to amend the “Regulations Governing the Acquisition and Disposal of Assets”. The comparison table before and after amendments is as follows:

Comparison Table of Amendments to Regulations Governing the Acquisition and Disposal of Assets

Original Article	Amended Article	Reason for Amendment
<p>Article 15: When the Company intends to acquire or dispose of real property or right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets from or to a related party and the transaction amount reaches 20 percent or more of the paid-in capital, 10 percent or more of the Company’s total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the <u>supervisors</u>:</p> <p>I. The purpose, necessity and anticipated benefits 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 property or right-of-use assets from a related party, information regarding the appraisal of the reasonableness of the preliminary transaction terms in accordance</p>	<p>Article 15: When the Company intends to acquire or dispose of real property or right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets from or to a related party and the transaction amount reaches 20 percent or more of the paid-in capital, 10 percent or more of the Company’s total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the <u>majority of the audit committee</u> and the board of directors:</p> <p>I. The purpose, necessity and anticipated benefits 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 property or right-of-use assets from a related party,</p>	<p>Amendments in line with the establishment of an Audit Committee for the replacement of supervisor duties</p>

Original Article	Amended Article	Reason for Amendment
<p>with regulations.</p> <p>IV. The date and price at which the related party originally acquired the property, the original transaction counterparty, and that transaction counterparty's relationship with the Company and the related party.</p> <p>V. Monthly cash flow forecasts for the year starting 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 obtained in compliance with the preceding article.</p> <p>VII. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 7, Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors <u>and recognized by the supervisors</u> need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may, pursuant to Article 5, Paragraph 1, Subparagraph 2 of these Regulations, delegate the chairperson to decide such matters when the transaction is within a certain</p>	<p>information regarding the appraisal of the reasonableness of the preliminary transaction terms in accordance with regulations.</p> <p>IV. The date and price at which the related party originally acquired the property, the original transaction counterparty, and that transaction counterparty's relationship with the Company and the related party.</p> <p>V. Monthly cash flow forecasts for the year starting 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 obtained in compliance with the preceding article.</p> <p>VII. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 7, Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors need not be counted toward the transaction amount.</p> <p>With respect to the types of transactions listed below, when conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100</p>	

Original Article	Amended Article	Reason for Amendment
<p>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 real property right-of-use assets held for business use.</p> <p>When a matter is submitted for discussion by the board of directors pursuant to Paragraph 1, the board of directors shall take each independent director's opinions into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	<p>percent of the issued shares or authorized capital, the Company's board of directors may, pursuant to Article 5, Paragraph 1, Subparagraph 2 of these Regulations, 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 real property right-of-use assets held for business use.</p> <p>When a matter is submitted for discussion by the board of directors pursuant to Paragraph 1, the board of directors shall take each independent director's opinions into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	
<p>Article 17: Where the Company acquires real property or right-of-use assets from a related party and the results of appraisals conducted in accordance with the regulations are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>I. A special reserve shall be set aside in accordance with regulations against the difference between the real property transaction price and the appraised cost, which may not be distributed or used for capital increase or issuance of bonus shares. For investments made by the Company accounted for using</p>	<p>Article 17: Where the Company acquires real property or right-of-use assets from a related party and the results of appraisals conducted in accordance with the regulations are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>I. A special reserve shall be set aside in accordance with regulations against the difference between the real property transaction price and the appraised cost, which may not be distributed or used for capital increase or issuance of bonus shares. For investments</p>	<p>Amendments in line with the establishment of an Audit Committee for the replacement of supervisor duties</p>

Original Article	Amended Article	Reason for Amendment
<p>the equity method, if the company is a public company, then a special reserve shall be set aside in accordance with regulations pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>II. <u>Supervisors</u> shall comply with Article 218 of the Company Act.</p> <p>III. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>Where the Company has set aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the competent authority has given its consent.</p> <p>When the Company obtains property or right-of-use assets from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	<p>made by the Company accounted for using the equity method, if the company is a public company, then a special reserve shall be set aside in accordance with regulations pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</p> <p>II. <u>The audit committee</u> shall comply with Article 218 of the Company Act.</p> <p>III. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>Where the Company has set aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the competent authority has given its consent.</p> <p>When the Company obtains property or right-of-use assets from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	
Article 23: Enforcement date	Article 23: Enforcement date	Amendments

Original Article	Amended Article	Reason for Amendment
<p>I. After these Regulations have been approved by the board of directors, they shall be submitted to each <u>supervisor</u>, and then to a shareholders meeting for approval; the same applies when the Regulations are amended. <u>If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor.</u></p> <p>When the Regulations Governing the Acquisition and Disposal of Assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take each independent director's opinions into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>II. These Regulations were formulated on November 29, 1999. The 1st amendments were made on March 12, 2003; the 2nd amendments were made on March 21, 2008; the 3rd amendments were made on June 15, 2012; the 4th amendments were made on June 21, 2013; the 5th amendments were made on June 4, 2014; the 6th amendments were made on May 28, 2015; the 7th amendments were made on May 26, 2017; and the 8th amendments were made on May 29, 2019.</p>	<p>I. These Regulations <u>shall be approved by the majority of the audit committee</u>, and after they have been approved by the board of directors, they shall be submitted to a shareholders' meeting for approval; the same applies when the Regulations are amended.</p> <p>When the Regulations Governing the Acquisition and Disposal of Assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take each independent director's opinions into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>II. These Regulations were formulated on November 29, 1999. The 1st amendments were made on March 12, 2003; the 2nd amendments were made on March 21, 2008; the 3rd amendments were made on June 15, 2012; the 4th amendments were made on June 21, 2013; the 5th amendments were made on June 4, 2014; the 6th amendments were made on May 28, 2015; the 7th amendments were made on May 26, 2017; the 8th amendments were made on May 29, 2019; <u>and the 9th amendments were made on May 27, 2021.</u></p>	<p>in line with the establishment of an Audit Committee for the replacement of supervisor duties</p>

Resolution:

Motion 5 Proposed by the Board of Directors

Reason: Amendments to the “Enforcement Rules of Making of Endorsements/Guarantees” and the “Operating Procedures for Loaning Funds to Others”, please review.

Description: In line with regulatory amendments, it has been proposed to amend the “Enforcement Rules of Making of Endorsements/Guarantees” and the “Operating Procedures for Loaning Funds to Others”. The comparison table before and after amendments is as follows:

Comparison Table of Amendments to the Enforcement Rules of Making of Endorsements/Guarantees

Original Article	Amended Article	Description
<p>Article 5: Hierarchy of decision-making authority and delegation</p> <p>I. The making of endorsements/guarantees by the Company must be approved by the board of directors. Where the Company has appointed independent directors, it shall take the opinions of each independent director into full consideration; independent directors’ opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors’ meeting. <u>Where the Company deems necessary, the board of directors may authorize the chairperson to make decisions within a specific limit and submit these decisions at the next board meeting for ratification,</u> where relevant matters are submitted at the shareholders meeting for reference.</p> <p>II. Where the Company needs to exceed the limits set out in these Rules to satisfy its business requirements when making endorsements/guarantees, and where the conditions set out in these Rules are complied with, it shall obtain approval from the</p>	<p>Article 5: Hierarchy of decision-making authority and delegation</p> <p>I. The making of endorsements/guarantees by the Company must be approved by the board of directors. <u>To accompany the needs of the timeframe, making an endorsement/guarantee amounting to less than NT\$300 million (inclusive), the chairperson may be authorized to make decisions and submit these decisions at the next board meeting for ratification,</u> where relevant matters are submitted at the shareholders meeting for reference. Where the Company has appointed independent directors, it shall take the opinions of each independent director into full consideration; independent directors’ opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors’ meeting.</p> <p>II. Where the Company needs to exceed the limits set out in</p>	<p>It specifies that the chairperson may be authorized to make decisions within a specific limit and submit these decisions subsequently at the board meeting for ratification.</p>

Original Article	Amended Article	Description
<p>board of directors and the majority of directors shall act as joint guarantors for any losses that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the operating procedures for making endorsements/guarantees accordingly and submit the same to the shareholders meeting for ratification. If the shareholders meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.</p> <p>Where the Company has appointed independent directors, during the board meeting under the preceding paragraph, it shall take the opinions of each independent director into full consideration; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.</p>	<p>these Rules to satisfy its business requirements when making endorsements/guarantees, and where the conditions set out in these Rules are complied with, it shall obtain approval from the board of directors and the majority of directors shall act as joint guarantors for any losses that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the operating procedures for making endorsements/guarantees accordingly and submit the same to the shareholders meeting for ratification. If the shareholders meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.</p> <p>Where the Company has appointed independent directors, during the board meeting under the preceding paragraph, it shall take the opinions of each independent director into full consideration; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.</p>	
<p>Article 6: Procedures for making endorsements/guarantees</p> <p>I. When the Company makes an endorsement/guarantee, the entity for which an endorsement/guarantee is made shall submit an application to the Company's Finance Department. The Finance Department shall perform a credit check on the entity for which an endorsement/guarantee is made</p>	<p>Article 6: Procedures for making endorsements/guarantees</p> <p>I. When the Company makes an endorsement/guarantee, the entity for which an endorsement/guarantee is made shall submit an application to the Company's Finance Department. The Finance Department shall perform a credit check on the entity for which an</p>	<p>Amendments in line with the establishment of an Audit Committee for the replacement of supervisor duties</p>

Original Article	Amended Article	Description
<p>concerning its risks and an evaluation record shall be compiled. After the evaluation has been approved, it shall be submitted to the president and chairperson for approval, and collateral shall be obtained where necessary.</p> <p>II. The Finance Department will perform credit checks on the entity for which an endorsement/guarantee is made and compiles a risk evaluation record, which shall include:</p> <ul style="list-style-type: none"> (I) The necessity and reasonableness of the endorsement/guarantee. (II) Whether the amount of endorsement/guarantee is necessary based on the financial condition of the entity for which an endorsement/guarantee is made (III) Whether the cumulative endorsement/guarantee amount is still within the limit. (IV) For endorsements/guarantees made due to business dealings, it shall be evaluated whether the amount of endorsement/guarantee and the business dealings are within the limit. (V) The impact on the Company's business operations, financial condition, and shareholders' equity. (VI) Whether collateral must be obtained and appraisal of the value thereof. (VII) Endorsement/guarantee credit check and risk evaluation records must be submitted. <p>III. The Finance Department shall</p>	<p>endorsement/guarantee is made concerning its risks and an evaluation record shall be compiled. After the evaluation has been approved, it shall be submitted to the president and chairperson for approval, and collateral shall be obtained where necessary.</p> <p>II. The Finance Department will perform credit checks on the entity for which an endorsement/guarantee is made and compiles a risk evaluation record, which shall include:</p> <ul style="list-style-type: none"> (I) The necessity and reasonableness of the endorsement/guarantee. (II) Whether the amount of endorsement/guarantee is necessary based on the financial condition of the entity for which an endorsement/guarantee is made (III) Whether the cumulative endorsement/guarantee amount is still within the limit. (IV) For endorsements/guarantees made due to business dealings, it shall be evaluated whether the amount of endorsement/guarantee and the business dealings are within the limit. (V) The impact on the Company's business operations, financial condition, and shareholders' equity. (VI) Whether collateral must be obtained and appraisal of the value thereof. 	

Original Article	Amended Article	Description
<p>prepare a memorandum book for its endorsement/guarantee activities and record the following information in detail in the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the board of directors or of authorization by the chairperson, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under preceding paragraph.</p> <p>IV. The Finance Department shall evaluate or record the contingent losses for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in the financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures and issue an adequate audit report in accordance with the Statement of Financial Accounting Standards No. 9.</p> <p>V. If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made no longer meets the requirements of these Rules or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to <u>each supervisor</u>, and shall complete the rectification according to the timeframe set out in the plan.</p> <p>VI. For circumstances in which an entity for which an endorsement/guarantee is made is a subsidiary of the Company whose net worth is lower than half</p>	<p>(VII) Endorsement/guarantee credit check and risk evaluation records must be submitted.</p> <p>III. The Finance Department shall prepare a memorandum book for its endorsement/guarantee activities and record the following information in detail in the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the board of directors or of authorization by the chairperson, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under preceding paragraph.</p> <p>IV. The Finance Department shall evaluate or record the contingent losses for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in the financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures and issue an adequate audit report in accordance with the Statement of Financial Accounting Standards No. 9.</p> <p>V. If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made no longer meets the requirements of these Rules or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit</p>	

Original Article	Amended Article	Description
<p>of its paid-in capital, the Company may not add additional amount, and it shall be reported to the board of directors.</p> <p>VII. In the case of a subsidiary with shares having no par value or a par value other than NT\$10 per share, for the paid-in capital in the calculation under the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</p>	<p>the rectification plans to the <u>audit committee</u>, and shall complete the rectification according to the timeframe set out in the plan.</p> <p>VI. For circumstances in which an entity for which an endorsement/guarantee is made is a subsidiary of the Company whose net worth is lower than half of its paid-in capital, the Company may not add additional amount, and it shall be reported to the board of directors.</p> <p>VII. In the case of a subsidiary with shares having no par value or a par value other than NT\$10 per share, for the paid-in capital in the calculation under the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.</p>	
<p>Article 10: Announcing and reporting procedures</p> <p>The Company shall announce and report the previous month's balance of endorsements/guarantees of the Company and subsidiaries by the 10th day of each month. If the Company's balance of endorsements/guarantees reaches one of the following levels it shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <p>I. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>II. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20</p>	<p>Article 10: Announcing and reporting procedures</p> <p>The Company shall announce and report the previous month's balance of endorsements/guarantees of the Company and subsidiaries by the 10th day of each month. If the Company's balance of endorsements/guarantees reaches one of the following levels it shall announce and report such event within two days commencing immediately from the date of occurrence:</p> <p>I. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>II. The balance of endorsements/guarantees by</p>	<p>Primarily specifies the definition of long-term investments.</p>

Original Article	Amended Article	Description
<p>percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>III. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate <u>amount</u> of all endorsements/guarantees, <u>long-term investment amount</u>, and <u>amount</u> of loans for such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>IV. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>For any subsidiary of the Company that is not a public company in Taiwan, the Company shall announce and report any matters that such subsidiary is required to announce and report pursuant to Subparagraph 4 of the preceding paragraph on behalf of the subsidiary.</p>	<p>the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>III. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees, <u>carrying value</u> of investments <u>under the equity method</u>, and <u>balance of loans</u> for such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>IV. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>For any subsidiary of the Company that is not a public company in Taiwan, the Company shall announce and report any matters that such subsidiary is required to announce and report pursuant to Subparagraph 4 of the preceding paragraph on behalf of the subsidiary.</p>	
<p>Article 13: <u>After passage by the board of directors, the Rules are submitted to each supervisor and presented at the shareholders meeting for approval; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to each</u></p>	<p>Article 13: <u>The establishment or amendment of these Rules shall be approved by the majority of the audit committee, and after they have been ratified by the board of directors, they shall be submitted to a shareholders meeting for approval. If an independent director expresses any dissent or</u></p>	<p>Establishment of duties of the audit committee and amendments to the duties shall be agreed upon</p>

Original Article	Amended Article	Description
<p><u>supervisor and submit it for discussion by the shareholders meeting. The same shall apply to any amendments to the Rules. Where the Company has appointed independent directors, it shall take the opinions of each independent director into full consideration; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors meeting.</u></p> <p>These Rules were formulated on November 27, 1997; the 1st amendments were made on March 12, 2003; the 2nd amendments were made on March 19, 2009; the 3rd amendments were made on June 9, 2010; and the 4th amendments were made on June 21, 2013.</p>	<p><u>reservation, it shall be specifically recorded in the minutes of the board of directors meeting.</u></p> <p>These Rules were formulated on November 27, 1997; the 1st amendments were made on March 12, 2003; the 2nd amendments were made on March 19, 2009; the 3rd amendments were made on June 9, 2010; the 4th amendments were made on June 21, 2013; <u>and the 5th amendments were made on May 27, 2021.</u></p>	<p>by the audit committee and some text has been slightly adjusted.</p>

Comparison Table of Amendments to the Operating Procedures for Loaning Funds to Others

Original Article	Amended Article	Description
<p>Article 5: Operating procedures for loaning</p> <p>I. Credit check:</p> <p>(I) First-time borrowers should provide basic and financial information to facilitate the unit in charge and the authorization unit to perform credit check.</p> <p>(II) For those who continue borrowing, the Finance Department shall, in principle, perform a credit check each year. If it is a material case, the borrower’s credit shall be checked every 6 months according to the actual needs.</p> <p>(III) If the borrower’s financial situation is determined to be sound, and the financial statements for the year have been certified by a CPA, then the financial reports exceeding one year but not exceeding two years may be used to pass the loan with reference to the CPA’s certified report.</p> <p>The Company shall conduct a detailed evaluation review of the borrower. The evaluation shall at least include:</p> <ol style="list-style-type: none"> 1. The necessity of and reasonableness of loans to others. 2. Whether the amount of the loan is necessary based on the financial condition of the borrower. 3. Whether the cumulative amount of the loan is still within the limit. 4. The impact on the Company’s business operations, financial condition, and shareholders’ equity. 5. Whether collateral must be obtained and appraisal of the value thereof. 6. A submission of the credit check and risk evaluation record of the borrower. <p>II. Security:</p>	<p>Article 5: Operating procedures for loaning</p> <p>I. Credit check:</p> <p>(I) First-time borrowers should provide basic and financial information to facilitate the unit in charge and the authorization unit to perform credit check.</p> <p>(II) For those who continue borrowing, the Finance Department shall, in principle, perform a credit check each year. If it is a material case, the borrower’s credit shall be checked every 6 months according to the actual needs.</p> <p>(III) If the borrower’s financial situation is determined to be sound, and the financial statements for the year have been certified by a CPA, then the financial reports exceeding one year but not exceeding two years may be used to pass the loan with reference to the CPA’s certified report.</p> <p>The Company shall conduct a detailed evaluation review of the borrower. The evaluation shall at least include:</p> <ol style="list-style-type: none"> 1. The necessity of and reasonableness of loans to others. 2. Whether the amount of the loan is necessary based on the financial condition of the borrower. 3. Whether the cumulative amount of the loan is still within the limit. 4. The impact on the Company’s business 	<p>Establishment of duties of the audit committee and amendments to the duties shall be agreed upon by the audit committee and some text has been slightly adjusted.</p>

Original Article	Amended Article	Description
<p>When the Company is providing a loan, a promissory note for the same amount shall be obtained. Where necessary, a mortgage on personal or real property shall be set up. The guarantees referred to in the preceding paragraph mean that if the creditor provides a person or company of substantial capital and credit as guarantee in lieu of providing collateral, the board of directors may refer to the credit check report provided by the Finance Department. If a company is used as a guarantor, it shall take into account whether its Articles of Incorporation provide the provision of guarantor.</p> <p>III. Scope of authorization: When the Company is providing a loan, the Company's Finance Department will first carry out a credit check. The loan may proceed after being approved by the president and submitted to the board of directors for approval. The decision on the loan may not be authorized by others. <u>The Company shall take the opinions of each independent director into full consideration; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors meeting.</u></p>	<p>operations, financial condition, and shareholders' equity.</p> <p>5. Whether collateral must be obtained and appraisal of the value thereof.</p> <p>6. A submission of the credit check and risk evaluation record of the borrower.</p> <p>II. Security: When the Company is providing a loan, a promissory note for the same amount shall be obtained. Where necessary, a mortgage on personal or real property shall be set up. The guarantees referred to in the preceding paragraph mean that if the creditor provides a person or company of substantial capital and credit as guarantee in lieu of providing collateral, the board of directors may refer to the credit check report provided by the Finance Department. If a company is used as a guarantor, it shall take into account whether its Articles of Incorporation provide the provision of guarantor.</p> <p>III. Scope of authorization: When the Company is providing a loan, the Company's Finance Department will first carry out a credit check. The loan may proceed after being approved by the president and submitted to the board of directors for approval. The decision on the loan may not be authorized by others.</p>	
<p>Article 14: Internal control</p> <p>I. The Company shall prepare a memorandum book for its fund-lending activities and record the following information in detail: borrower, amount, date of approval by the board of directors,</p>	<p>Article 14: Internal control</p> <p>I. The Company shall prepare a memorandum book for its fund-lending activities and record the following information in detail: borrower, amount, date of</p>	

Original Article	Amended Article	Description
<p>lending/borrowing date, and matters to be carefully evaluated in accordance with regulations.</p> <p>II. The Company’s internal auditors shall audit the Operating Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the <u>supervisors</u> in writing of any material violation found. If any material violation is found, the managerial officer and the personnel in charge shall be penalized depending on the situation of the violation.</p> <p>III. If, as a result of a change in circumstances, an entity for which a loan is made no longer meets the requirements of these Operating Procedures or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to each <u>supervisor</u>, and shall complete the rectification according to the timeframe set out in the plan in order to strengthen the Company’s internal control.</p>	<p>approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated in accordance with regulations.</p> <p>II. The Company’s internal auditors shall audit the Operating Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify <u>the audit committee</u> in writing of any material violation found. If any material violation is found, the managerial officer and the personnel in charge shall be penalized depending on the situation of the violation.</p> <p>III. If, as a result of a change in circumstances, an entity for which a loan is made no longer meets the requirements of these Operating Procedures or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to <u>the audit committee</u>, and shall complete the rectification according to the timeframe set out in the plan in order to strengthen the Company’s internal control.</p>	
<p>Article 16: Other matters</p> <p>I. Where a subsidiary of the Company intends to make loans to others due to business needs, the Company shall instruct it to formulate its own Operating Procedures for Loaning Funds to Others in compliance with the regulations, and it shall comply with the Operating Procedures when lending funds.</p> <p>II. <u>After passage by the board of directors, the Operating Procedures are submitted to each supervisor and presented at the shareholders</u></p>	<p>Article 16: Other matters</p> <p>I. Where a subsidiary of the Company intends to make loans to others due to business needs, the Company shall instruct it to formulate its own Operating Procedures for Loaning Funds to Others in compliance with the regulations, and it shall comply with the Operating Procedures when lending funds.</p> <p>II. <u>The establishment or</u></p>	

Original Article	Amended Article	Description
<p data-bbox="162 153 504 435"><u>meeting for approval; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to each supervisor and submit it for discussion by the shareholders meeting. The same shall apply to any amendments to the Procedures. The same shall apply to any amendments to the Operating Procedures.</u></p> <p data-bbox="115 440 496 671">III. These Operating Procedures were formulated on November 27, 1997; the 1st amendments were made on March 12, 2003; the 2nd amendments were made on March 19, 2009; the 3rd amendments were made on June 9, 2010; and the 4th amendments were made on June 21, 2013.</p>	<p data-bbox="557 153 846 699"><u>amendment of these Operating Procedures shall be approved by the majority of the audit committee, and after they have been ratified by the board of directors, they shall be submitted to a shareholders meeting for approval. When amendments to these Operating Procedures are submitted for discussion by the board of directors, the board of directors shall take each independent director's opinions into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p> <p data-bbox="512 703 846 1015">III. These Operating Procedures were formulated on November 27, 1997; the 1st amendments were made on March 12, 2003; the 2nd amendments were made on March 19, 2009; the 3rd amendments were made on June 9, 2010; the 4th amendments were made on June 21, 2013; and the 5th amendments were made on May 27, 2021.</p>	

Resolution:

[Election Matters]

Reason: Motion for the election of 9 directors (including 3 independent directors) for the Company's 12th board. Please proceed.

(Proposed by the Board of Directors)

Description:

- I. The Company shall have 7 to 9 directors (including 3 independent directors) who shall serve a term of 3 years; but they may be eligible for re-election. Directors are elected by the shareholders meeting from among persons with capacity or their representatives as required by the Company's Articles of Incorporation.
- II. This motion for the election of 9 directors (including 3 independent directors) was approved by resolution of the Company's 11th board at the 18th meeting. The new directors and independent directors will take office after this annual general meeting for a term of 3 years from May 27, 2021, to May 26, 2024. The originally appointed directors and supervisors will be relieved their duties after this Annual General Meeting.
- III. For the Company's director candidate list, please refer to page 70 of this Handbook.

Resolution result:

[Other Motions]

Reason: Motion for the lifting of competition restrictions for the Company's 12th Board and its representatives, please review.

(Proposed by the Board of Directors)

Description:

- I. As stipulated in Article 209 of the Company Act, a director who does anything for themselves or on behalf of another person that is within the scope of the Company's business shall explain to the meeting of shareholders the essential contents of such an act and secure its approval. Proposal for the lifting of competition restrictions for new directors and their representatives.
- II. Contents for the lifting of competition restrictions for new directors are as follows:

Title	Name	Scope for the lifting of competition restrictions for directors
Director	Hung Min-Fu (representative of Don Tai Development Co., Ltd.)	Chairperson, Don Tai Development Co., Ltd. Chairperson, Jin-Zan Business Development Co., Ltd.
Director	Lin I-Wei (representative of Don Tai Development Co., Ltd.)	Chairperson, Trans-idea Educational Laboratory Co., Ltd.
Director	Chuang Yu-Te (representative, Yo-Li Investment Co., Ltd.)	Member of the Construction Quality Inspection Committee, Public Construction Commission, Executive Yuan Consultant, C. Y. Wang Architect & Associates
Director	Jean Jyi-Dean (representative, Yo-Li Investment Co., Ltd.)	None
Director	Golden Plaza Cultural & Education Foundation	None
Director	Chen Tsung-Jen	Fu-Shun Fiber Industries Co., Ltd.
Independent Director	Huang Tse-Jen	Director, Sheng-Xin Accounting Firm Independent Director, Genmont Biotech, Inc. Independent Director, Sunplus Technology Co., Ltd.
Independent Director	Lin Wen-Fang	Vice President, Tronpsen Enterprise Co., Ltd.
Independent Director	Wu Chen-Chi	None

Resolution:

[Extraordinary Motions]

[Appendix I]

CPAs' Audit Report

To Sunfon Construction Co., Ltd.:

Auditor's opinion

We have audited the accompanying consolidated balance sheets of Sunfon Construction Co., Ltd. and its subsidiary (hereinafter "Sunfon Construction Group") for the years ended December 31, 2020, and December 31, 2019, and the comprehensive income, consolidated statements of changes in equity, and consolidated cash flow statements for January 1 to December 31, 2020, and January 1 to December 31, 2019, as well as the notes to the consolidated financial statements (including a summary of material accounting policies).

In our opinion, based on the audit results, the said financial statements fairly present, in all material aspects and in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations and Announcements of Interpretations endorsed by the Financial Supervisory Commission, the consolidated financial status of Sunfon Construction Group for the years ended December 31, 2020, and December 31, 2019, and its consolidated financial performance and consolidated cash flows for January 1 to December 31, 2020, and January 1 to December 31, 2019.

The basis for opinions

The audit is conducted in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the generally accepted auditing standards. Our responsibility under these standards is further explained in the responsibility section of the audited consolidated financial statements. We are subject to the code of independence of the accounting firm that we belong to, have maintained our independence from Sunfon Construction Group in accordance with the code of professional ethics for accountants, and have fulfilled other responsibilities of the code. Based on our audit results, we believe that we have obtained sufficient and appropriate audit evidence as the basis for expressing the audit opinion.

Key audit items

Key audit items refer to the most important items in the audit of the consolidated financial statements of Sunfon Construction Group for 2020 based on our professional judgment. These items have been reflected in the process of auditing the consolidated financial statements as a whole and in the process of forming the audit opinion. We do not express our opinion on these items separately.

1. Recognition of proceeds from the sale of real estate

Sunfon Construction Group recognized NT\$666,812 thousand as its operating revenue for 2020, primarily from the sale of real estate. We determined this as a key audit item in the year as there was a large number of real estate transactions and the timing of revenue is material to the consolidated financial statements.

Our audit procedures include (but are not limited to) understanding, evaluating and

testing the effectiveness of internal controls in regard to the proceeds from the sale of real estate. This includes testing the control points of sales personnel by reviewing the contents of contracts as well as purchase and sale points. At the end of the period, we also reviewed real estate purchase and sale contracts, title transfer documents and delivery notes of land and buildings, and examined collection records to confirm that the timing for fulfilling contractual obligations was met. We also examined whether there were restricted terms in the real estate purchase and sale contracts to confirm the correctness of revenue recognition.

The related information on operating revenue of Sunfon Construction Group for 2020 has been disclosed and presented in Note 4 and Note 6 in the consolidated financial statements.

2. Inventory valuation

The primary business of Sunfon Construction Group is the construction of residential and commercial buildings. Its inventory is mainly land for construction, land under construction and land for sale. As of December 31, 2020, the consolidated net inventory of Sunfon Construction Group totaled NT\$1,557,223 thousand, accounting for 47% of its consolidated total assets, which was material to its financial statements. As the real estate market is affected by politics, the general economy, and land tax reform, it is more difficult and risky for management to evaluate the value of inventories. Therefore, inventory valuation is material to the audit of financial statements.

Our audit procedures include but are not limited to obtaining the net realizable value assessment table and a land development analysis table of Sunfon Construction Group to evaluate and test whether management's estimated net realizable value was reasonable. In addition, based on the analysis reports of industry trends and market demand projections, an inquiry is made into the actual transaction prices in the most recent period and of transaction prices of similar property markets in the vicinity of relevant assets (including the Real Estate Actual Transaction Price Inquiry Website and websites of real estate agents) in order to assess whether there was a decline in the value of inventories.

As of December 31, 2020, the inventory of Sunfon Construction Group has been disclosed and presented in Note 4, Note 5 and Note 6 in the consolidated financial statements.

Responsibilities of management and those charged with governance for the consolidated financial statements

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations and Announcements of Interpretations endorsed by the Financial Supervisory Commission, and for such internal control as the management determines is necessary to enable the preparation of the consolidated financial statements to be free from material misstatement whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of Sunfon Construction Group as a going concern, disclosing matters related to a going concern as applicable, and using the going concern basis of accounting,

unless the management either intends to liquidate Sunfon Construction Group or to cease operations, or has no realistic alternative but to do so.

Those in charge of governance (including the supervisors) are responsible for overseeing the reporting process of Sunfon Construction Group.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the generally accepted accounting principles, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

1. Identifying and assessing the risks of material misstatement, whether due to fraud or error, in the consolidated financial statements, designing and performing measures in response to the evaluated risks, and obtaining 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 that of one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtaining an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Sunfon Construction Group.
3. Evaluating the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Drawing a conclusion on the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Sunfon Construction Group, and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to remind the users of our auditor's report to pay attention to the related disclosures in the consolidated financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Sunfon Construction Group to cease as a going concern.
5. Evaluating the overall presentation, structure, and content of the consolidated financial statements (including related notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including related notes, and whether the consolidated statements represent the underlying transactions and events in a matter that achieves fair presentation. We are responsible for guiding, supervising, and implementing the audit of the Group, as well as for forming an opinion on the audit of the Group.

We communicate with those in charge of governance regarding matters that include the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identify during our audit).

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

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of Sunfon Construction Group for 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so could reasonably be expected to outweigh the public interest benefits of such communications.

We have audited and expressed an unqualified opinion on the parent only financial reports of Sunfon Construction Co., Ltd. for the years ended December 31, 2020 and 2019.

EY

Financial reports of the public company approved by the competent authorities

Audit No.: (2003) Tai-Cai-Zheng-(VI) No. 100592
(2007) Jin-Guan-Zheng-(VI)-Zi No. 0960002720

Yang Chih-Hui 楊智惠

CPAs:

Hsu Hsin-Min 許新民

March 9, 2021



Sunfon Construction Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2020 and 2019



Assets			December 31, 2020		December 31, 2019		Liabilities and equity			December 31, 2020		December 31, 2019	
Code	Accounting Subject	Notes	Amount	%	Amount	%	Code	Accounting Subject	Notes	Amount	%	Amount	%
	Current assets							Current liabilities					
1100	Cash and cash equivalents	4, 6	\$395,292	12	\$630,947	19	2100	Short-term borrowings	4, 6, 8	\$363,190	11	\$309,000	9
1220	Income tax assets for the period	4	-	-	1,028	-	2110	Short-term notes payable	4, 8	-	-	100,000	3
130x	Inventories	4, 5, 6, 8	1,557,223	47	1,390,201	41	2130	Contractual liabilities – current	4, 6	122,725	4	97,096	3
1410	Prepayments		243	-	2,493	-	2150	Notes payable		5,911	-	7,875	-
1470	Other current assets		87,024	3	39,765	1	2170	Accounts payable		19,742	1	29,728	1
1480	Incremental costs to obtain contracts – current	6	27,874	1	14,020	1	2200	Other payables		14,212	1	16,878	1
11xx	Total current assets		2,067,656	63	2,078,454	62	2230	Income tax liabilities for the period	4	44,868	1	62,409	2
							2399	Other current liabilities – other		4,502	-	2,965	-
							21xx	Total current liabilities		575,150	18	625,951	19
	Non-current assets							Non-current liabilities					
	Financial assets measured at fair value through other comprehensive income – non-current	4, 6, 8	905,060	27	928,947	28	2540	Long-term borrowings	4, 8	-	-	73,500	2
1517							2640	Net defined benefit liabilities – non-current	4, 6	10,450	-	10,224	-
1600	Property, plant and equipment	4, 6, 8	45,051	1	44,536	1	2670	Other non-current liabilities – other		590	-	730	-
1760	Net investment properties	4, 5, 6, 8	295,037	9	296,182	9	25xx	Total non-current liabilities		11,040	-	84,454	2
1780	Intangible assets	4, 6	497	-	-	-	2xxx	Total liabilities		586,190	18	710,405	21
1840	Deferred income tax assets	4	715	-	715	-							
1900	Other non-current assets		1,823	-	1,795	-							
15xx	Total non-current assets		1,248,183	37	1,272,175	38	31xx	Equity attributable to owners of parent					
							3100	Share capital					
							3110	Ordinary shares capital	6	1,943,076	59	1,766,433	53
							3200	Additional paid-in capital	6	26,557	1	23,014	1
							3300	Retained earnings	6				
							3310	Legal reserves		333,007	10	298,876	9
							3320	Special reserves		9,733	-	9,733	-
							3350	Undistributed earnings		260,254	8	356,447	11
								Total retained earnings		602,994	18	665,056	20
							3400	Other equity		180,389	5	209,077	6
							3500	Treasury stocks	4, 6	(23,385)	(1)	(23,385)	(1)
							36xx	Non-controlling interests	6	18	-	29	-
							3xxx	Total equity		2,729,649	82	2,640,224	79
1xxx	Total Assets		\$3,315,839	100	\$3,350,629	100		Total liabilities and equity		\$3,315,839	100	\$3,350,629	100

(Please refer to the Notes in the Consolidated Financial Statements)

Chairman: Hung Min-Fu



Managerial Officer: Yu Jui-Hsing



Accounting Supervisor: Shih Shu-Ying



Sunfon Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2020 and 2019



1

Code	Accounting Item	Notes	2020		2019	
			Amount	%	Amount	%
4000	Operating income	4, 6	\$666,812	100	\$1,302,273	100
5000	Operating costs	6	(406,147)	(61)	(873,885)	(67)
5900	Operating profit		260,665	39	428,388	33
6000	Operating expenses	6				
6100	Marketing expenses		(737)	-	(2,980)	-
6200	Management expenses		(49,149)	(7)	(46,480)	(4)
	Total operating expenses		(49,886)	(7)	(49,460)	(4)
6900	Operating income		210,779	32	378,928	29
7000	Non-operating income and expenditures	6				
7100	Interest income		1,733	-	2,773	-
7010	Other income		42,827	7	35,045	3
7020	Other gains and losses		1,677	-	(1,037)	-
7050	Financial costs		(4,693)	(1)	(6,754)	(1)
	Total non-operating income and expenditures		41,544	6	30,027	2
7900	Net income before tax		252,323	38	408,955	31
7950	Income tax expenses	4, 5, 6	(47,705)	(7)	(69,316)	(5)
8200	Net profit for the period		204,618	31	339,639	26
8300	Other comprehensive income	6				
8310	Items not reclassified to profit or loss					
8311	Remeasurement of defined benefit plans		(1,726)	-	1,663	-
8316	Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income		(28,688)	(5)	156,607	12
	Other comprehensive income for the period		(30,414)	(5)	158,270	12
8500	Total comprehensive income for the period		\$174,204	26	\$497,909	38
8600	Net profit (loss) attributable to:					
8610	Parent		\$204,629		\$339,651	
8620	Non-controlling interests		(11)		(12)	
			\$204,618		\$339,639	
8700	Total comprehensive income attributable to:					
8710	Parent		\$174,215		\$497,921	
8720	Non-controlling interests		(11)		(12)	
			\$174,204		\$497,909	
	Earnings per share (NT\$)	6				
9750	Basic earnings per share					
	Net profit for the period		\$1.10		\$1.82	
9850	Diluted earnings per share	6				
	Net profit for the period		\$1.10		\$1.82	

(Please refer to the Notes in the Consolidated Financial Statements)

Chairman: Hung Min-Fu



Managerial Officer: Yu Jui-Hsing



Accounting Supervisor: Shih Shu-Ying



Sunfon Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2020 and 2019

Code	Item	Equity attributable to owners of parent								Non-controlling interests	Total equity
		Share capital	Additional paid-in capital	Retained earnings			Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury stocks	Total		
				Legal reserves	Special reserves	Undistributed earnings					
		3100	3200	3310	3320	3350	3420	3500	31XX	36XX	3XXX
A1	Balance on January 1, 2019	\$1,766,433	\$21,597	\$296,746	\$9,733	\$52,592	\$52,470	\$(23,385)	\$2,176,186	\$41	\$2,176,227
	2018 earnings allocation and distribution										
B1	Allocated legal reserves	-	-	2,130	-	(2,130)	-	-	-	-	-
B5	Common stock – cash dividend	-	-	-	-	(35,329)	-	-	(35,329)	-	(35,329)
	Changes in other additional paid-in capital										
M1	Adjustment of additional paid-in capital by dividends paid to subsidiaries	-	1,417	-	-	-	-	-	1,417	-	1,417
D1	Profit (loss) from January 1 to December 31, 2019	-	-	-	-	339,651	-	-	339,651	(12)	339,639
D3	Other comprehensive income from January 1 to December 31, 2019	-	-	-	-	1,663	156,607	-	158,270	-	158,270
D5	Total comprehensive income from January 1 to December 31, 2019	-	-	-	-	341,314	156,607	-	497,921	(12)	497,909
Z1	Balance on December 31, 2019	\$1,766,433	23,014	298,876	9,733	356,447	209,077	(23,385)	2,640,195	29	2,640,224
	2018 earnings allocation and distribution										
B1	Allocated legal reserves	-	-	34,131	-	(34,131)	-	-	-	-	-
B5	Common stock – cash dividend	-	-	-	-	(88,322)	-	-	(88,322)	-	(88,322)
B9	Common stock – stock dividend	176,643	-	-	-	(176,643)	-	-	-	-	-
	Changes in other additional paid-in capital										
M1	Adjustment of additional paid-in capital by dividends paid to subsidiaries	-	3,543	-	-	-	-	-	3,543	-	3,543
D1	Profit (loss) from January 1 to December 31, 2020	-	-	-	-	204,629	-	-	204,629	(11)	204,618
D3	Other comprehensive income from January 1 to December 31, 2020	-	-	-	-	(1,726)	(28,688)	-	(30,414)	-	(30,414)
D5	Total comprehensive income from January 1 to December 31, 2020	-	-	-	-	202,903	(28,688)	-	174,215	(11)	174,204
Z1	Balance on December 31, 2020	\$1,943,076	\$26,557	\$333,007	\$9,733	\$260,254	\$180,389	\$(23,385)	\$2,729,631	\$18	\$2,729,649

(Please refer to the Notes in the Consolidated Financial Statements)

Chairman: Hung Min-Fu



Managerial Officer: Yu Jui-Hsing



Accounting Supervisor: Shih Shu-Ying



Sunfon Construction Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statement
January 1 to December 31, 2020 and 2019

Code	Item	2020	2019
AAAA	Cash flows from operating activities:		
A10000	Net income before tax for the period	\$252,323	\$408,955
A20000	Adjustment item:		
A20010	Gain/loss item:		
A20100	Depreciation expenses	2,137	2,152
A20200	Amortization expenses	17	-
A20900	Interest expenses	4,693	6,754
A21200	Interest income	(1,733)	(2,773)
A21300	Dividend income	(40,431)	(33,162)
A22700	Loss on disposal of investment properties	11	-
A23800	Gain on reversal of impairment on non-financial	(2,047)	-
A30000	Changes in assets/liabilities related to operating		
A31200	(Increase) decrease in inventories	(164,329)	453,775
A31230	Decrease (increase) in prepayments	2,250	(719)
A31240	(Increase) decrease in other current assets	(47,434)	44,579
A31270	(Increase) decrease in incremental costs to obtain contracts	(13,854)	14,260
A32125	Increase (decrease) in contract liabilities	25,629	(108,769)
A32130	Decrease in notes payable	(1,964)	(15,799)
A32150	(Decrease) increase in accounts payable	(9,986)	7,092
A32180	(Decrease) increase in other payables	(2,706)	8,249
A32230	Other current liabilities – other increases (decreases)	1,537	(3,435)
A32240	Net defined benefit liabilities – decrease in non-current	(1,500)	(464)
A33000	Cash inflow from operations	2,613	780,695
A33100	Interest received	1,908	2,714
A33500	Income tax paid	(64,218)	(6,907)
AAAA	Net cash inflow (outflow) from operating activities	(59,697)	776,502
BBBB	Cash flows from investing activities:		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	(4,802)	(2,652)
B02700	Acquisition of property, plant and equipment	(1,117)	(19,546)
B04500	Acquisition of intangible assets	(514)	-
B06700	Increase in other non-current assets	(28)	(1,112)
B07600	Dividends received	40,431	33,162
BBBB	Net cash inflow from investing activities	33,970	9,852
CCCC	Cash flows from financing activities:		
C00100	Increase in short-term borrowings	54,190	-
C00200	Decrease in short-term borrowings	-	(390,671)
C00600	Decrease in short-term notes payable	(100,000)	(70,000)
C01700	Repayment of long-term loans	(73,500)	-
C04400	Other non-current liabilities – other decreases	(140)	(152)
C04500	Payment of cash dividends	(84,779)	(33,912)
C05600	Interest paid (including capitalized interests)	(5,699)	(11,188)
CCCC	Net cash outflow from financing activities	(209,928)	(505,923)
EEEE	Increase in cash and cash equivalents for the period	(235,655)	280,431
E00100	Cash and cash equivalents at the beginning of the period	630,947	350,516
E00200	Cash and cash equivalents at the end of the period	\$395,292	\$630,947

(Please refer to the Notes in the Consolidated Financial Statements)

Chairman: Hung Min-Fu



Managerial Officer: Yu Jui-Hsing



Accounting Supervisor: Shih Shu-Ying



CPAs' Audit Report

To Sunfon Construction Co., Ltd.:

Auditor's opinion

We have audited the accompanying parent only balance sheets of Sunfon Construction Co., Ltd. for the years ended December 31, 2020, and December 31, 2019, and the parent only balance sheet, parent only statements of comprehensive income, parent only statements of changes in equity, and parent only cash flow statement for January 1 to December 31, 2020, and January 1 to December 31, 2019, as well as the notes to the parent only financial statements (including a summary of material accounting policies).

In our opinion, based on the audit results, the said financial statements fairly present, in all material aspects and in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the financial status of Sunfon Construction Group for the years ended December 31, 2020 and 2019, and its financial performance and cash flows for January 1 to December 31, 2020, and January 1 to December 31, 2019.

The basis for opinions

The audit is conducted in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the generally accepted auditing standards. Our responsibility under these standards is further explained in the responsibility section of the audited financial statements. We are subject to the code of independence of the accounting firm that we belong to, have maintained our independence from Sunfon Construction Co., Ltd. in accordance with the code of professional ethics for accountants, and have fulfilled other responsibilities of the code. Based on our audit results, we believe that we have obtained sufficient and appropriate audit evidence as the basis for expressing the audit opinion.

Key audit items

Key audit items refer to the most important items in the audit of the parent only financial statements of Sunfon Construction Co., Ltd. for 2020 based on our professional judgment. These items have been reflected in the process of auditing the parent only financial statements as a whole and in the process of forming the audit opinion. We do not express our opinion on these items separately.

1. Recognition of proceeds from the sale of real estate

Sunfon Construction Co., Ltd. recognized NT\$666,932 thousand as its operating revenue for 2020, primarily from the sale of real estate. We determined this as a key audit item in the year as there was a large number of real estate transactions and the timing of revenue is material to the parent only financial statements.

Our audit procedures include (but are not limited to) understanding, evaluating and

testing the effectiveness of internal controls in regard to the proceeds from the sale of real estate. This includes testing the control points of sales personnel by reviewing the contents of contracts as well as purchase and sale points. At the end of the period, we also reviewed real estate purchase and sale contracts, title transfer documents and delivery notes of land and buildings, and examined collection records to confirm that the timing for fulfilling contractual obligations was met. We also examined whether there were restricted terms in the real estate purchase and sale contracts to confirm the correctness of revenue recognition.

The related information on operating revenue of Sunfon Construction Co., Ltd. for 2020 has been disclosed and presented in Note 4 and Note 6 in the parent only financial statements.

2. Inventory valuation

The primary business of Sunfon Construction Co., Ltd. is the construction of residential and commercial buildings. Its inventory is mainly land for construction, land under construction and land for sale. As of December 31, 2020, the net inventory of Sunfon Construction Co., Ltd. totaled NT\$1,570,227 thousand, accounting for 48% of its total assets, which was material to its financial statements. As the real estate market is affected by politics, the general economy, and land tax reform, it is more difficult and risky for management to evaluate the value of inventories. Therefore, inventory valuation is material to the audit of financial statements.

Our audit procedures include but are not limited to obtaining the net realizable value assessment table and a land development analysis table of Sunfon Construction Co., Ltd. to evaluate and test whether management's estimated net realizable value was reasonable. In addition, based on the analysis reports of industry trends and market demand projections, an inquiry is made into the actual transaction prices in the most recent period and of transaction prices of similar property markets in the vicinity of relevant assets (including the Real Estate Actual Transaction Price Inquiry Website and websites of real estate agents) in order to assess whether there was a decline in the value of inventories.

As of December 31, 2020, the inventory of Sunfon Construction Co., Ltd. has been disclosed and presented in Note 4, Note 5 and Note 6 in the parent only financial statements.

Responsibilities of management and those charged with governance for the financial statements

The management is responsible for the preparation and fair presentation of the parent only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as the management determines is necessary to enable the preparation of the parent only financial statements to

be free from material misstatement whether due to fraud or error.

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

Those in charge of governance (including the supervisors) are responsible for overseeing the reporting process of Sunfon Construction Co., Ltd.

Auditor's responsibilities for the audit of the parent only financial statements

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

As part of an audit in accordance with the generally accepted accounting principles, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

1. Identifying and assessing the risks of material misstatement, whether due to fraud or error, in the financial statements, designing and performing measures in response to the evaluated risks, and obtaining 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 that of one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtaining an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Sunfon Construction Co., Ltd.
3. Evaluating the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Drawing a conclusion on the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Sunfon Construction Co., Ltd. and its subsidiary, and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to remind the

users of our auditor’s report to pay attention to the related disclosures in the parent only financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor’s report. However, future events or conditions may cause Sunfon Construction Co., Ltd. to cease as a going concern.

- 5. Evaluating the overall presentation, structure, and content of the parent only financial statements (including related notes), and whether the parent only statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those in charge of governance regarding matters that include the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control that we identify during our audit).

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

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the parent only financial statements of Sunfon Construction Co., Ltd. for 2020 and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so could reasonably be expected to outweigh the public interest benefits of such communications.

EY

Financial reports of the public company approved by the competent authorities

Audit No.: (2003) Tai-Cai-Zheng-(VI) No. 100592
(2007) Jin-Guan-Zheng-(VI)-Zi No. 096002720

Yang Chih-Hui 楊智惠



CPAs:

Hsu Hsin-Min 許新民



March 9, 2021

Sunfon Construction Co., Ltd.
Parent Only Balance Sheet
December 31, 2020 and 2019

Assets			December 31, 2020		December 31, 2019		Liabilities and equity			December 31, 2020		December 31, 2019	
Code	Accounting Subject	Notes	Amount	%	Amount	%	Code	Accounting Subject	Notes	Amount	%	Amount	%
	Current assets							Current liabilities					
1100	Cash and cash equivalents	4, 6	\$391,875	12	\$630,193	19	2100	Short-term borrowings	4, 6, 8	\$350,190	11	\$309,000	9
1220	Income tax assets for the period	4	-	-	1,028	-	2110	Short-term notes payable	4, 8	-	-	100,000	3
130x	Inventories	4, 5, 6, 8	1,570,227	48	1,396,293	42	2130	Contractual liabilities – current	6	122,714	4	97,091	3
1410	Prepayments		243	-	1,087	-	2150	Notes payable		1,133	-	698	-
1470	Other current assets		87,024	3	39,765	2	2170	Accounts payable		2,423	-	15	-
1480	Incremental costs to obtain contracts – current	6	27,874	1	14,020	-	2180	Accounts payable – related parties	7	6,667	-	20,724	1
11xx	Total current assets		2,077,243	64	2,082,386	63	2200	Other payables		11,576	-	14,533	-
	Non-current assets						2230	Income tax liabilities for the period	4	44,868	2	62,409	2
	Financial assets measured at fair value comprehensive income – non-current		905,060	28	928,947	28	2399	Other current liabilities – other		4,288	-	2,766	-
1550	Investments accounted for using the equity method	4, 6	13,689	-	30,309	1	21xx	Total current liabilities		543,859	17	607,236	18
1600	Property, plant and equipment	4, 6, 8	45,051	1	44,536	1	2540	Long-term borrowings		-	-	73,500	3
1760	Net investment properties	4, 5, 6, 8	236,483	7	239,413	7	2640	Net defined benefit liabilities – non-current	4, 6	5,977	-	5,972	-
1780	Intangible assets	4, 6	497	-	-	-	2670	Other non-current liabilities – other		339	-	479	-
1900	Other non-current assets		1,783	-	1,791	-	25xx	Total non-current liabilities		6,316	-	79,951	3
15xx	Total non-current assets		1,202,563	36	1,244,996	37							
							2xxx	Total liabilities		550,175	17	687,187	21
								Equity					
							3100	Share capital	4, 6				
							3110	Ordinary shares capital	6	1,943,076	59	1,766,433	53
							3200	Additional paid-in capital	6	26,557	1	23,014	1
							3300	Retained earnings					
							3310	Legal reserves		333,007	10	298,876	9
							3320	Special reserves		9,733	-	9,733	-
							3350	Undistributed earnings		260,254	8	356,447	11
								Total retained earnings		602,994	18	665,056	20
							3400	Other equity		180,389	6	209,077	6
							3500	Treasury stocks	4, 6	(23,385)	(1)	(23,385)	(1)
							3xxx	Total equity		2,729,649	83	2,640,195	79
1xxx	Total Assets		\$3,279,806	100	\$3,327,382	100		Total liabilities and equity		\$3,279,806	100	\$3,327,382	100

(Please refer to the Notes in the Consolidated Financial Statements)

Chairman: Hung Min-Fu



Managerial Officer: Yu Jui-Hsing



Accounting Supervisor: Shih Shu-Ying



unfon Construction Co., Ltd.
Parent Only Statements of Comprehensive Income
January 1 to December 31, 2020 and 2019

Code	Accounting Item	Notes	2020		2019	
			Amount	%	Amount	%
4000	Operating income	4, 5, 6	\$666,932	100	\$1,302,393	100
5000	Operating costs	6	(393,386)	(59)	(862,942)	(66)
5900	Operating profit		273,546	41	439,451	34
6000	Operating expenses	6				
6100	Marketing expenses		(737)	-	(2,980)	-
6200	Management expenses		(37,870)	(6)	(38,923)	(3)
	Total operating expenses		(38,607)	(6)	(41,903)	(3)
6900	Operating income		234,939	35	397,548	31
7000	Non-operating income and expenditures	6				
7100	Interest income		1,731	-	2,770	-
7010	Other income		40,499	6	33,556	3
7020	Other gains and losses		(357)	-	(1,029)	-
7050	Financial costs		(4,550)	-	(6,739)	(1)
7070	Total non-operating income and expenses of subsidiaries, affiliates and joint ventures recognized under the equity method		(19,928)	(3)	(17,139)	(1)
			17,395	3	11,419	1
7900	Net income before tax		252,334	38	408,967	32
7950	Income tax expenses	4, 5, 6	(47,705)	(7)	(69,316)	(5)
8200	Net profit for the period		204,629	31	339,651	27
8300	Other comprehensive income	6				
8310	Items not reclassified to profit or loss					
8311	Remeasurement of defined benefit plans		(1,490)	-	1,531	-
8316	Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income		(28,688)	(5)	156,607	12
8330	Shares of other comprehensive income of subsidiaries, affiliates and joint ventures recognized under the equity method – items not reclassified to profit or loss		(236)	-	132	-
	Other comprehensive income for the period		(30,414)	(5)	158,270	12
8500	Total comprehensive income for the period		\$174,215	26	\$497,921	39
	Earnings per share (NT\$)	6				
9750	Basic earnings per share					
	Net profit for the period		\$1.10		\$1.82	
9850	Diluted earnings per share	6				
	Net profit for the period		\$1.10		\$1.82	

(Please refer to the Notes in the Consolidated Financial Statements)

Chairman: Hung Min-Fu



Managerial Officer: Yu Jui-Hsing



Accounting Supervisor: Shih Shu-Ying



Sunfon Construction Co., Ltd.
Parent Only Statements of Changes in Equity
January 1 to December 31, 2020 and 2019


Code	Item	Share capital 3100	Additional paid-in capital 3200	Retained earnings			Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income 3420	Treasury stocks 3500	Total equity 3XXX
				Legal reserves 3310	Special reserves 3320	Undistributed earnings 3350			
A1	Balance on January 1, 2019	\$1,766,433	\$21,597	\$296,746	\$9,733	\$52,592	\$52,470	\$(23,385)	\$2,176,186
B1	2018 earnings allocation and distribution								
B1	Allocated legal reserves	-	-	2,130	-	(2,130)	-	-	-
B5	Common stock – cash dividend	-	-	-	-	(35,329)	-	-	(35,329)
	Changes in other additional paid-in capital								
M1	Adjustment of additional paid-in capital by dividends paid to subsidiaries	-	1,417	-	-	-	-	-	1,417
D1	Profit from January 1 to December 31, 2019	-	-	-	-	339,651	-	-	339,651
D3	Other comprehensive income from January 1 to December 31, 2019	-	-	-	-	1,663	156,607	-	158,270
D5	Total comprehensive income from January 1 to December 31, 2019	-	-	-	-	341,314	156,607	-	497,921
Z1	Balance on December 31, 2019	\$1,766,433	\$23,014	\$298,876	\$9,733	\$356,447	\$209,077	\$(23,385)	\$2,640,195
	2019 earnings allocation and distribution								
B1	Allocated statutory reserves	-	-	34,131	-	(34,131)	-	-	-
B5	Common stock – cash dividend	-	-	-	-	(88,322)	-	-	(88,322)
B9	Common stock – stock dividend	176,643	-	-	-	(176,643)	-	-	-
	Changes in other additional paid-in capital								
M1	Adjustment of additional paid-in capital by dividends paid to subsidiaries	-	3,543	-	-	-	-	-	3,543
D1	Profit from January 1 to December 31, 2020	-	-	-	-	204,629	-	-	204,629
D3	Other comprehensive income from January 1 to December 31, 2020	-	-	-	-	(1,726)	(28,688)	-	(30,414)
D5	Total comprehensive income from January 1 to December 31, 2020	-	-	-	-	202,903	(28,688)	-	174,215
Z1	Balance on December 31, 2020	\$1,943,076	\$26,557	\$333,007	\$9,733	\$260,254	\$180,389	\$(23,385)	\$2,729,631


(Please refer to the Notes in the Parent Only Financial Statements)

Note: Remuneration to employees totaling NT\$2,575 thousand and remuneration to directors totaling NT\$2,575 thousand for 2020 and have been deducted from the Parent Only Statements of Comprehensive Income for the year.

Remuneration to employees totaling NT\$4,173 thousand and remuneration to directors totaling NT\$4,173 thousand for 2019 have been deducted from the Parent Only Statements of Comprehensive Income for the year.

Chairman: Hung Min-Fu 

Managerial Officer: Yu Jui-Hsing 


Accounting Supervisor: Shih Shu-Ying 


Sunfon Construction Co., Ltd.
Parent Only Cash Flow Statement
January 1 to December 31, 2020 and 2019

Code	Item	2020	2019
AAAA	Cash flows from operating activities:		
A10000	Net income before tax for the period	\$252,334	\$408,967
A20000	Adjustment item:		
A20010	Gain/loss item:		
A20100	Depreciation expenses	1,886	1,841
A20200	Amortization expenses	17	-
A20900	Interest expenses	4,550	6,739
A21200	Interest income	(1,731)	(2,770)
A21300	Dividend income	(40,429)	(33,162)
A22400	Shares of income and expenses of subsidiaries, affiliates and joint ventures recognized under the equity method	19,928	17,139
A30000	Changes in assets/liabilities related to operating activities:		
A31200	(Increase) decrease in inventories	(171,241)	484,286
A31230	Decrease (increase) in prepayments	844	(984)
A31240	(Increase) decrease in other current assets	(47,434)	44,579
A31270	(Increase) decrease in incremental costs to obtain contracts	(13,854)	14,260
A32125	Increase (decrease) in contract liabilities	25,623	(108,770)
A32130	Increase (decrease) in notes payable	435	(4,170)
A32150	Increase in accounts payable	2,408	-
A32160	Accounts payable – decrease in related parties	(14,057)	(43,916)
A32180	(Decrease) increase in other payables	(2,987)	8,082
A32240	Net defined benefit liabilities – decrease in non-current	(1,485)	(455)
A32230	Other current liabilities – other increases (decreases)	1,522	(3,476)
A33000	Cash inflow from operations	16,329	788,190
A33100	Interest received	1,906	2,711
A33500	Income tax paid	(64,218)	(6,907)
AAAA	Net cash inflow (outflow) from operating activities	(59,983)	783,994
BBBB	Cash flows from investing activities:		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	(4,802)	(2,652)
B02700	Acquisition of property, plant and equipment	(1,117)	(19,546)
B04500	Acquisition of intangible assets	(514)	-
B06700	Increase in other non-current assets	-	(1,116)
B06800	Decrease in other non-current assets	8	-
B07600	Dividends received	40,429	33,162
BBBB	Net cash inflow from investing activities	34,004	9,848
CCCC	Cash flows from financing activities:		
C00100	Increase in short-term borrowings	41,190	-
C00200	Decrease in short-term borrowings	-	(390,671)
C00600	Decrease in short-term notes payable	(100,000)	(70,000)
C01700	Repayment of long-term loans	(73,500)	-
C04400	Other non-current liabilities – other decreases	(140)	(152)
C04500	Payment of cash dividends	(88,322)	(35,329)
C05600	Interest paid (including capitalized interests)	(5,567)	(11,173)
CCCC	Net cash outflow from financing activities	(226,339)	(507,325)
EEEE	Increase (decrease) in cash and cash equivalents for the period	(238,318)	286,517
E00100	Cash and cash equivalents at the beginning of the	630,193	343,676
E00200	Cash and cash equivalents at the end of the period	\$391,875	\$630,193

(Please refer to the Notes in the Consolidated Financial Statements)

Chairman: Hung Min-Fu 

Managerial Officer: Yu Jui-Hsing 

Accounting Supervisor: Shih Shu-Ying 

Sunfon Construction Co., Ltd.
2020 earnings distribution table

Item	Amount (NT\$)
Undistributed earnings at the beginning of the period	57,349,244
Less: 2020 actuarial gain or loss adjustment on defined benefit plans (including the subsidiary)	(1,725,359)
Add: profit after tax for the period	204,629,351
Available for distribution	260,253,236
Less: distribution items	
Legal reserves	20,290,399
Cash dividends (NT\$0.5/share)	97,153,815
Stock dividends (NT\$0.7/share)	136,015,340
Total	253,459,554
Undistributed earnings at the end of the period	6,793,682

Note: The cash dividends for shareholders are calculated up to NT\$1.0 (decimal points are rounded off). The total uncounted shares in fractions of NT\$1.0 are transferred to the Employees Welfare Committee.

Chairman:
Hung Min-Fu



Managerial Officer:
Yu Jui-Hsing



Chief Accounting Officer:
Shih Shu-Ying



[Appendix II]

Sunfon Construction Co., Ltd. – Articles of Incorporation

Chapter I General Rules

- Article 1: The Company is organized in accordance with the Company Act and is named SUN FON CONSTRUCTION CO., LTD.
- Article 2: The Company's line of business is as follow:
1. H701010 Housing and Building Development and Rental.
 2. H701020 Industrial Factory Development and Rental.
 3. H701040 Specific Area Development.
 4. H701050 Investment, Development and Construction in Public Construction.
 5. H701060 New Towns, New Community Development.
 6. H701070 Process Zone Expropriation and Urban Land Readjustment Agency.
 7. H701080 Urban Renewal Reconstruction.
 8. H701090 Urban Renewal Renovation or Maintenance.
 9. H703090 Real Estate Commerce.
 10. H703100 Real Estate Leasing.
 11. H703110 Senior Citizen Residence.
 12. E801010 Indoor Decoration.
 13. F211010 Retail Sale of Building Materials.
 14. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1: The aggregate amount of all investments may exceed 40% of the Company's paid-in capital; guarantees may be made to others depending on the necessity of the business.
- Article 3: The Company's head office is located in Taipei City. Where necessary, an overseas branch may be set up by resolution of the board of directors.
- Article 4: Handled in accordance with Article 28 of the Company Act.

Chapter II Shares

- Article 5: The Company's capital is set at NT\$3 billion divided into 300 million shares with a par value of NT\$10 per share. Among these shares, unissued shares shall be issued by the board of directors in installments to satisfy its business requirements.
- Article 6: Any shares bought back by the Company in accordance with the Company Act may be transferred to employees of parents or subsidiaries of the Company

meeting certain specific requirements.

Share subscription warrants may be issued to employees of parents or subsidiaries of the Company meeting certain specific requirements.

The Company's new shares may be subscribed by employees of parents or subsidiaries of the Company meeting certain specific requirements.

The Company's issuing of new restricted stock for employees includes the employees of parents or subsidiaries of the Company meeting certain specific requirements.

- Article 7: The Company's issued shares are exempted from printing any share certificate; however, they shall be registered with a centralized securities depository enterprise.
- Article 8: The transferring of shares shall cease within 60 days prior to the convening date of a regular shareholders meeting, or within 30 days prior to the convening date of a special shareholders meeting, or within 5 days prior to the base date fixed by the Company for distribution of dividends, bonuses or other benefits.
- Article 9: The Company complies with the Company Act and the Regulations Governing the Administration of Shareholder Services of Public Companies when it handles stock-related affairs of shareholders, except as otherwise provided by law or the competent authority of securities.

Chapter III Shareholders Meeting

- Article 10: The shareholders meeting is divided into regular meetings of shareholders and special meetings of shareholders. The general meeting shall be convened by the board of directors once a year within 6 months after the end of fiscal year. The special meeting is convened when necessary.
- Article 11: When a shareholder is not able to attend a shareholders meeting for any reason, they shall issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. In addition to provisions stipulated in Article 177 of the Company Act, related matters shall be handled in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authorities.
- Article 12: Shareholders of the Company are entitled to one vote per share, except for the Company's shares held by the Company and its subsidiaries pursuant to Article 179 of the Company Act.
- Article 13: Except as otherwise provided by the Company Act, resolutions of the shareholders meeting shall be attended by shareholders who represent more than one-half of the total number of issued and outstanding shares.

Article 14: A notice to convene a regular meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date and no later than 15 days prior to the scheduled meeting date for a special meeting, with the date and place of meeting and cause for the meeting included in the notice.

Article 15: Except as otherwise provided by the Company Act, the chairperson shall chair the shareholders meeting. In the event of absence of the chairperson for any reason, matters concerning the chairperson's proxy may be handled in accordance with the provisions stipulated in Article 208 of the Company Act. For a shareholders meeting convened by any person other than directors, they shall act as the chair of that meeting provided that if there are two or more persons having the convening right, the chair of the meeting shall be elected from among themselves.

Article 16: 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 20 days after the close of the meeting. The preparation and distribution of the minutes of the shareholders meeting may be effected by means of public announcement.

The minutes of the shareholders meeting shall record the date and place of the meeting, the name of the chair, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept in the Company.

Chapter IV Directors, Supervisors and Audit Committee

Article 17: The Company has seven to nine directors and two to three supervisors, who shall be elected by the shareholders' meeting from among the persons with capacity or their representatives as required by law. The term of office shall not exceed three years; but they may be eligible for re-election.

The number of independent directors from the preceding paragraph regarding directors shall not be less than two and one-fifth of the number of director seats. The election of directors adopts the candidate nomination system and shareholders shall elect directors from the list of director candidates. The election of directors is handled in accordance with Article 192-1 of the Company Act.

Article 17-1: The Company has set up an audit committee pursuant to Article 14-4 of

the Securities and Exchange Act. The audit committee shall be made up by all independent directors. The audit committee or members of the audit committee are responsible for performing the duties of supervisors set out in the Company Act, the Securities and Exchange Act and other laws and regulations. The supervisors were abolished at the same time as the establishment date of the audit committee; the provisions stipulated in the Articles of Incorporation regarding supervisors also expired.

Article 18: The directors shall organize a board of directors and shall elect a chairperson of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The chairperson represents the Company externally.

Article 19: Except as otherwise provided by the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. Resolutions adopted at a board 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 directors of the Company within 20 days after the close of the meeting. The meeting minutes shall record a summary of the essential points of the proceedings and the results of the meeting. The attendance list bearing the signatures of directors and supervisors present at the meeting and the powers of attorney of the proxies shall be kept in the Company.

When a director is not able to attend a board meeting for any reason, they shall issue a written proxy. A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other director only.

In case a meeting of the board of directors is proceeded via videoconference, then the directors taking part in such a videoconference meeting shall be deemed to have attended the meeting in person.

The convening of the board of directors may be effected by means of written, electronically transmitted or faxed notice to each director and supervisor.

Article 20: In case the chairperson of the board of directors is on leave or absent or cannot exercise their power and authority for any reason, its proxy is handled pursuant to Article 208 of the Company Act.

Article 21: The remuneration to directors and supervisors for performing the Company's business shall be based on the usual rate of the industry. The determination for remuneration is authorized to the board of directors.

Article 22: In addition to exercising supervision rights alone in accordance with the law, a supervisor may also attend board meetings but may not vote.

Chapter V Managerial Officers

Article 23: The Company may have one president and several vice presidents and managerial officers. Their appointment and dismissal as well as remuneration are handled pursuant to Article 29 of the Company Act.

Chapter VI Accounting

Article 24: At the close of each fiscal year, the board of directors shall prepare the following statements and records and shall forward the same to supervisors for their auditing no later than 30 days prior to the meeting date of a general meeting of shareholders, and shall also submit it to the shareholders meeting for ratification.

1. Business report
2. Financial statements
3. Earnings distribution or loss appropriation proposals

Article 25: If the Company has a profit for the year, the remuneration allocated to employees shall be based on the net profit before tax and shall not be less than 1% and remuneration allocated to directors and supervisors shall not exceed 1%. Employee remuneration may be distributed to employees of subordinate companies meeting certain specific requirements. Distribution of remuneration to employees and directors/supervisors shall be reported to the shareholders meeting. However, if the Company still has accumulated losses, the Company should first make up for losses before allocating remuneration to employees and directors/supervisors in the proportion described above.

Article 25-1: The Company should first make up for accumulated losses using its profit for the year, then set aside 10% as the legal reserve and allocate or reverse the special reserve as required by law. After adding the previous year's accumulated undistributed earnings to the remaining balance, 30% or more should be allocated as shareholder dividends. However, the above rates for earnings distribution and cash dividends to shareholders are adjusted by resolution of the shareholders meeting depending on the actual profit of the year and the Company's state of capital.

The cash dividends may not be less than 10% of the total dividends; however, if the cash dividends are less than NT\$0.1 per share or there is a plan for significant capital expenditure for the year, dividends may be distributed in the form of shares.

If the profit for the year is less than NT\$0.5 per share, dividends for shareholders pursuant to the preceding paragraph may be retained.

If there is a reduction in accumulated shareholders' equity from the previous year or incurred in the current year but there is not sufficient net income to provide for the reduction, a special reserve of the same amount should be set aside from the accumulated undistributed earnings of the previous year and deducted prior to the provision for distribution.

The motion for the above distribution of earnings is prepared by the board of directors and submitted to the shareholders meeting for resolution.

Chapter VII Supplemental Provisions

- Article 26: Matters not covered in these Articles of Incorporation are handled in accordance with the Company Act.
- Article 27: The Articles of Incorporation go into effect upon approval and registration by the competent authorities. The same shall apply to any amendments.
- Article 28: The Articles of Incorporation were formulated on January 11, 1988; the 1st amendments were made on June 1, 1989; the 2nd amendments were made on July 18, 1989; the 3rd amendments were made on June 20, 1990; the 4th amendments were made on July 23, 1990; the 5th amendments were made on June 20, 1991; the 6th amendments were made on June 10, 1992; the 7th amendments were made on June 2, 1994; the 8th amendments were made on April 7, 1995; the 9th amendments were made on May 29, 1996; the 10th amendments were made on May 2, 1997; the 11th amendments were made on June 4, 1998; the 12th amendments were made on April 29, 2000; the 13th amendments were made on May 30, 2002; the 14th amendments were made on May 30, 2003; the 15th amendments were made on June 14, 2006; the 16th amendments were made on June 9, 2010; the 17th amendments were made on June 15, 2012; the 18th amendments were made on June 21, 2013; the 19th amendments were made on June 4, 2014; the 20th amendments were made on May 27, 2016; the 21st amendments were made on May 29, 2018; and the 22nd amendments were made on May 28, 2020.

Sunfon Construction Co., Ltd.



[Appendix III]

Sunfon Construction Co., Ltd. – Rules of Procedure for Shareholders Meetings

- I. The Rules of Procedure for the Company's shareholders meetings, except as otherwise provided by law or regulation, shall be as provided in these Rules.
- II. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in.
- III. Attendance and voting at shareholders meetings shall be calculated based on numbers of shares.
- IV. The venue for a shareholders meeting shall be on the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- V. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson, or, if there is no vice chairperson or the vice chairperson is also on leave or for any reason is unable to act, by a managing director designated by the chairperson, or, if there is no managing director, by a director designated thereby, or, if the chairperson does not make such a designation, by a managing director or director elected by and from among the directors.

If a shareholders meeting is convened by a party with power to convene other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- VI. The Company may appoint its attorneys, certified public accountants, or related persons it retains to attend a shareholders meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.
- VII. The Company shall make an audio and video recording of the entire shareholders meeting and the recorded materials shall be retained for at least one year.
- VIII. 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 1 hour, may be made.

If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act. 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.

- IX. 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 other than 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 extraordinary motions), except by a resolution of the shareholders meeting. After the said meeting is adjourned, shareholders may not elect another chair to hold another meeting at the same place or at any other place. During the session of a shareholders meeting, if the chair declares the adjournment of the meeting in a manner in violation of such rules governing the proceedings of meetings, a new chair may be elected by a resolution to be adopted by a majority of the voting rights represented by the shareholders attending the said meeting to continue the proceedings of the meeting.

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

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

- XI. 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.

- XII. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

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

- XIII. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- XIV. When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.
- XV. 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 voting results shall be announced on-site immediately, and a record shall be made of the vote.
- XVI. When a meeting is in progress, the chair may announce a break based on time considerations
- 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. If there is no objection by any shareholders present following an inquiry by the chair, the proposal shall be deemed passed with the same effect as a poll.
A shareholder shall be entitled to one vote for each share held, except for shares held by the Company under the Company Act.
- 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 of the proposals is passed, the other proposals will be deemed rejected, and no further voting shall be required.
- XIX. The chair may direct proctors (or security personnel) to help maintain order at the meeting place. When proctors (security personnel) help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor".
- XX. All matters not provided in these Rules are handled in accordance with the Company Act and the Company's Articles of Incorporation.
- XXI. These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.
- XXII. These Rules were formulated on June 20, 1990; the 1st amendments were made on May 29, 1999; and the 2nd amendments were made on May 30, 2002.

[Appendix IV]

Sunfon Construction Co., Ltd. – Rules of Procedure for Board of Directors Meetings

Article 1 (Basis for the adoption of these Rules)

To establish a strong governance system and sound supervisory capabilities for the Company's board of directors and to strengthen management capabilities, these Rules are adopted pursuant to the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

Article 2 (Scope of these Rules)

With respect to the board of directors meetings ("board meetings") of the Company, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of these Rules.

Article 3 (Convening and notice of board meetings)

The board of directors shall meet at least once every quarter.

A notice of the reasons for convening a board meeting shall be given to each director and supervisor 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called on shorter notice.

All matters set out in the subparagraphs of Article 12, Paragraph 1, shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion except in the case of an emergency or legitimate reason.

The convening of the board of directors may be effected by means of written, electronically transmitted or faxed notice to each director.

Article 4 (Meeting notification and meeting materials)

The designated unit responsible for the board meetings of the Company shall be the Finance Department.

The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting.

A director who is of the opinion that the meeting materials provided are insufficient may request supplementation by the unit responsible for board meetings. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such a proposal may be postponed by a resolution from the board of directors.

Article 5 (Preparation of attendance book and other documents and attendance by proxy)

When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.

Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in their place in accordance with the Company's Articles of Incorporation. Attendance by videoconference will be deemed attendance in person.

A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

The proxy referred to in Paragraph 2 may be the appointed proxy of only one person.

Article 6 (Principles for determining the place and time of a board meeting)

A board meeting shall be held at the premises and during the business hours of the Company, or at a place and time convenient for all directors to attend and suitable for holding board meetings.

Article 7 (Chair and acting chair of a board meeting)

The Company's board meetings shall be convened and chaired by the chairperson. However, where the first meeting of each newly elected board of directors is convened by the director who received votes representing the largest portion of voting rights at the shareholders meeting in which the directors were elected, the meeting shall be chaired by that director;

if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.

When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson, or, if there is no vice chairperson or the vice chairperson is also on leave or for any reason is unable to act, by a managing director designated by the chairperson, or, if there is no managing director, by a director designated thereby, or, if the chairperson does not make such a designation, by a managing director or director elected by and from among the directors.

Article 8 (Reference materials, non-voting participants, and holding board meetings)

When a board meeting is held, the designated unit responsible for the board meetings shall furnish the attending directors with relevant materials for ready reference.

As merited by the content of a proposal to be put forward at a board meeting,

personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants. When necessary, certified public accountants, attorneys, or other professionals may also be invited to attend the meeting as non-voting participants and to make explanatory statements. However, they shall leave the meeting when deliberation or voting takes place.

The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.

If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair may reconvene the meeting in accordance with the procedures in Article 3, Paragraph 2.

The number of “all directors” as used in the preceding paragraph and in Article 16, Paragraph 2, Subparagraph 2 shall be counted as the number of directors actually in office.

Article 9 (Recording of a board meeting by audio or video)

Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recordings shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of the Company.

Article 10(Agenda items)

Agenda items for regular board meetings of the Company shall include at least the following:

I. Matters to be reported:

- (I) Minutes of the last meeting and actions taken.
- (II) Important financial and business matters.
- (III) Internal audit activities.
- (IV) Other important matters to be reported.

II. Matters for discussion:

- (I) Items for continued discussion from the last meeting.
- (II) Items for discussion at this meeting.

III. Extraordinary motions.

Article 11 (Discussion of proposals)

Board meetings of the Company shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.

At any time during the course of a board meeting, if the number of directors present at the meeting does not constitute a majority of the attending directors, then upon the motion by a director present at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, Paragraph 4 shall apply *mutatis mutandis*.

Article 12 (Matters requiring discussion at a board meeting)

The matters listed below as they relate to Company shall be raised for discussion at a board meeting:

- I. The Company's business plan.
- II. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited and attested by a certified public accountant (CPA).
- III. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.
- IV. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
- V. The offering, issuance, or private placement of equity-type securities.
- VI. The appointment or discharge of a financial, accounting, or chief internal auditor.
- VII. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
- VIII. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or the Articles of Incorporation, must be approved by resolution at a shareholders meeting or board meeting, or any material

matter as may be prescribed by the competent authority.

The term “related party” in Subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term “major donation to a non-related party” means an individual donation, or cumulative donations within a 1-year period to a single recipient, with an amount of NT\$100 million or more, or with an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term “within a 1-year period” in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10 per share, 2.5 percent of shareholders’ equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under Paragraph 2.

At least one independent director of the Company shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting in person, that independent director shall appoint another independent director to attend the meeting as proxy. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

Article 13(Voting – I)

When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

“Attending directors” as used in the preceding paragraph does not include

directors that may not exercise voting rights pursuant to Article 15, Paragraph 1.

One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

I. A show of hands or a vote by voting machine.

II. A roll call vote.

III. A vote by ballot.

Article 14(Voting – II and methods for vote monitoring and counting)

Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a board meeting of the Company shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

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 of the proposals is passed, the other proposals will be deemed rejected, and no further voting shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, provided that all monitoring personnel shall be directors.

The voting results shall be announced on-site immediately, and a record shall be made of the vote.

Article 15(Recusal system of directors)

If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

Where a director is prohibited by the regulations in the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, Paragraph 2 of the Company Act shall apply mutatis mutandis in accordance with Article 206, Paragraph 3 of the same Act.

Article 16(Meeting minutes and sign-in matters)

Discussions at a board meeting of the Company shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

I. The session (or year), time, and place of the meeting.

- II. The name of the chair.
- III. The attendance of directors at the meeting, specifying the names and number of members present, excused, and absent.
- IV. The names and titles of those attending the meeting as non-voting participants.
- V. The name of the minutes taker.
- VI. The matters reported at the meeting.
- VII. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in Paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 12, Paragraph 4.
- VIII. Extraordinary motions: the name of the proposer, method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in Paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and opinions expressing objections or reservations at the meeting that were included in records or stated in writing.
- IX. Any other matters that require reporting.

Any of the following matters in relation to a resolution passed at a meeting of the board of directors shall be stated in the meeting minutes and within two days of the meeting be published on the Market Observation Post System designated by the Financial Supervisory Commission, Executive Yuan:

- I. Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.
- II. If the Company has an audit committee, any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors.

The attendance book forms a part of the minutes for each board of directors meeting and shall be well preserved during the existence of the Company.

The minutes of a board of directors meeting shall bear the signature or seal of both the meeting chair and the minutes taker; a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting. The minutes of a board of directors meeting shall be well preserved as important company records during the existence of the Company.

The production and distribution of the meeting minutes referred to in Paragraph 1 may be done in electronic form.

Article 17(Principles with respect to the delegation of powers by the board)

Aside from the matters referred to in Paragraph 1 of Article 12, which are required to be submitted for discussion by the board of directors, when the board of directors authorizes the chairperson to exercise their powers pursuant to laws or regulations or the Company's Articles of Incorporation, matters such as the level and substance of the delegation shall be set out as follows:

- I. Approval of important contracts
- II. Approval of real estate mortgage loans and other loans.
- III. Approval of the Company's general assets and real estate purchase and disposition.
- IV. Appointment of directors and supervisors of the investment company.
- V. Approval of the base dates for capital increase or capital reduction as well as cash dividends distribution.

Article 18(Supplementary provisions)

- I. These Rules of Procedure shall be adopted by the approval of the meeting of the board of directors and shall be reported to the shareholders meeting.
- II. These Rules of Procedures were formulated on March 23, 2007; the 1st amendments were made on March 21, 2008; the 2nd amendments were made on March 17, 2010; the 3rd amendments were made on June 21, 2013; and the 4th amendments were made on November 8, 2017.

[Appendix V]

Sunfon Construction Co., Ltd. – Rules for the Election of Directors

- Article 1: The Company's elections for directors are handled pursuant to these Rules.
- Article 2: The cumulative voting method shall be used for the election of the directors of the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting.
- Article 3: Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.
- Article 4: For the election of director of the Company, the number of directors will be as specified in the Company's Articles of Incorporation and the board of directors' proposal, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing 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 positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 5: The qualifications of the Company's independent directors must meet the criteria for independent directors determined by the competent authorities. The election of independent directors is handled in accordance with the regulations set out by the competent authorities.
The election of the Company's directors (including independent directors) is subject to the provisions of Article 192-1 of the Company Act in that a candidate nomination system shall be adopted and that such system shall be expressly stated in the Articles of Incorporation of the Company
- Article 6: If the candidate is a shareholder, voters shall indicate the account name and account number in the "Candidate" column on the ballot. If the candidate is not a shareholder, mark the name and the identification document number of the candidate. However, when the candidate is a governmental organization or juristic person shareholder, the name of the governmental organization or juristic person shareholder shall be indicated in the column for the candidate's

account name on the ballot paper, or both the name of the governmental organization or juristic person shareholder and the name of its representative may be indicated. When there are multiple representatives, the names of each respective representative shall be indicated.

Article 7: A ballot is invalid under any of the following circumstances.

1. A ballot not prepared in accordance with these Rules.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. For a candidate who is a shareholder, the account name and account number entered on the ballot do not conform to the director candidate list.
5. For a candidate who is a non-shareholder, the name and the identification document number entered on the ballot do not conform to the director candidate list.
6. Other words or marks are entered in addition to the candidate's account name (name) or account number (identification document number) and the number of allocated voting rights.
7. The number of candidates entered exceeds the required number for candidates.

Article 8: The results of votes shall be announced by the chairperson on the spot.

Article 9: A certificate shall be issued to elected directors by the board of directors.

Article 10: These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Article 11: These Rules were formulated on June 21, 1990; the 1st amendments were made on May 30, 2002; the 2nd amendments were made on June 21, 2013; and the 3rd amendments were made on May 28, 2020.

[Appendix VI]

Sunfon Construction Co., Ltd. – Regulations Governing the Acquisition and Disposal of Assets

Article 1: Purpose and legal basis

These Regulations are formulated in accordance with related regulations set out in the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”.

Article 2: Application scope

The term “assets” as used in these Regulations includes the following:

- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- III. Memberships.
- IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- V. Right-of-use assets.
- VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- VII. Derivatives (the Company does not engage in derivatives trading).
- VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- IX. Other major assets.

Article 3: Evaluation procedures

- I. For the acquisition or disposal of securities that are not traded over a centralized exchange market or at a securities firm’s place of business, it shall be determined by taking the net worth per share, profitability, future development potential, market interest rates, coupon rates of bonds, debtor’s credit and the prevailing price at the time into account.
- II. For the acquisition or disposal of securities that are traded over a centralized exchange market or at a securities firm’s place of business, it shall be determined by the prevailing price of the shares or bonds at the time.
- III. The acquisition or disposal of assets other than those in the preceding two paragraphs may be made through inquiry of price, comparison of price, evaluation of present value, and actual transaction prices of nearby real properties. If the criteria of these Regulations for reporting are met, the appraisal report of a professional appraiser shall

be referred to.

Article 4: Procedures for the acquisition or disposal of assets

- I. When acquiring or disposing of assets, the unit in charge shall evaluate the reason, underlying asset, counterparty, the transfer price, the terms of receipt and payment, and the basis for the price, and then submit them to the authority for determination. Related matters are handled in accordance with the Company's internal control system regarding related operations and these Regulations.
- II. The investment risk concerning the acquisition or disposal of long-term and short-term securities investments are analyzed and evaluated by the Finance Department. For the acquisition or disposal of real property and other fixed assets, units shall propose a capital expenditure plan to perform assessments on the purpose and expected benefits of the acquisition or disposal of real estate and other fixed assets. The plan is then submitted to the Finance Department for budgeting. According to the contents of the plan, control is conducted; in the event of acquisition of real property from a related party, aside from a joint construction contract, a cash flow forecast for each month for the coming year beginning from the scheduled contract month should also be prepared, while assessing the necessity and reasonableness of the capital utilization.
- III. The executive unit for long-term and short-term securities investments is the Finance Department; while the executive unit for real property and other fixed assets is the Use Department and the related authority.
- IV. Matters concerning the acquisition and disposal of assets are handled in accordance with the Company's internal control system. If any material violation is found, the managerial officer and the personnel in charge shall be penalized depending on the situation of the violation.

Article 5: Level of authority

Except as provided below, the acquisition and disposal of assets must be submitted to and approved by the board of directors.

- I. For acquiring or disposing securities on the centralized trading market or TPEX, the Company authorizes the president and the chairperson to perform transactions within the limit set out under Article 6 of these Regulations. The transaction shall be submitted to the next board meeting for ratification. Where the transaction meets the criteria for public announcement and reporting under Article 7, it must be reported to the chairperson on the following day.
- II. The acquisition or disposal of real property or right-of-use assets for business use amounting to less than NT\$600 million (inclusive) shall be approved by the president and chairperson; where the amount is over NT\$600 million, it is subject to the approval

of the board of directors.

Article 6: Investment limit

The total amount of investment in real property, right-of-use assets or securities not for business use shall not exceed the total net worth of the Company. The amount of investment in securities may not exceed the total net worth of the Company and the amount of investment in individual securities shall not exceed 50% of the total net worth of the Company.

The net worth of the preceding paragraph is calculated based on the amount of equity attributable to owners of parent in the most recent financial report audited or reviewed by the CPAs.

Article 7: Public announcement and reporting criteria

Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the website designated by the Securities & Futures Institution (SFI) in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

- I. Acquisition or disposal of real property or right-of-use assets from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more. However, this does not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- II. Merger, demerger, acquisition, or transfer of shares.
- III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Regulations adopted by the Company.
- IV. Where equipment or right-of-use assets for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - (I) Paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - (II) Paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- V. Acquisition or disposal by the Company in the construction business of real property or right-of-use assets for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the Company has paid-in capital of NT\$10 billion or more, and it is disposing

of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.

- VI. Where land is acquired 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 furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.
- VII. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million. However, this shall not apply to the following circumstances:
 - (I) Trading of domestic government bonds.
 - (II) Where done by professional investors, securities trading on securities exchanges or securities firm's place of business, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics.
 - (III) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

- I. The amount of any individual transaction.
 - II. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
 - III. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets within the same development project within the preceding year.
 - IV. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
- “Within the preceding year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the SFI by the 10th day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall again be publicly announced and reported in their entirety within two days

counting inclusively from the date of learning of such error or omission.

The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, and they shall be retained for 5 years except where other regulations provide otherwise.

Article 8: Public announcement and reporting timeframe

Where any of the following circumstances occur 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 SFI 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 has not been completed by the scheduled date set forth in the contract.
- III. Change to the originally publicly announced and reported information.

Article 9:

In acquiring or disposing of real property, equipment, or right-of-use assets where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless trading 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 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:

- I. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- II. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- III. Where any one of the following circumstances are applicable with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research

and Development Foundation (ARDF) and to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

- (I) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
- (II) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

IV. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date. However, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report and the certified public accountant's opinion under Subparagraph 3 of the preceding paragraph shall be obtained within 2 weeks counting inclusively from the date of occurrence.

Article 10:

The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authorities.

Article 11:

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

Article 11-1:

The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 7, Paragraph 2 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA’s opinion has been obtained need not be counted toward the transaction amount.

Article 12:

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

Article 13:

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports may not be related parties of the counterparty.

Article 14:

When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company’s total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA’s opinion in compliance with the requirements.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11-1 of these Regulations.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 15:

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

- I. The purpose, necessity and anticipated benefits 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 property or right-of-use assets from a related party, information regarding the 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 property, the original transaction counterparty, and that transaction counterparty's relationship with the Company and the related party.
- V. Monthly cash flow forecasts for the year starting 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 the preceding article.
- VII. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 7, Paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may, pursuant to Article 5, Paragraph 1, Subparagraph 2 of these Regulations, 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 held for business use.
- II. Acquisition or disposal of real property right-of-use assets held for business use.

When a matter is submitted for discussion by the board of directors pursuant to Paragraph 1, the board of directors shall take each independent director's opinions into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Article 16:

When the Company acquires real property or right-of-use assets from a related party, other than the under the following four circumstances, it shall assess the reasonableness of the transaction cost and engage a CPA to check the appraisal and render a specific opinion:

- I. The related party acquired the real property or right-of-use assets through inheritance

or as a gift.

- II. More than 5 years have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets to the signing date for the current transaction.
- III. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.
- IV. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 17:

Where the Company acquires real property or right-of-use assets from a related party and the results of appraisals conducted in accordance with the regulations are uniformly lower than the transaction price, the following steps shall be taken:

- I. A special reserve shall be set aside in accordance with regulations against the difference between the real property transaction price and the appraised cost, which may not be distributed or used for capital increase or issuance of bonus shares. For investments made by the Company accounted for using the equity method, if the company is a public company, then a special reserve shall be set aside in accordance with regulations pro rata in a proportion consistent with the share of the Company's equity stake in the other company.
- II. Supervisors shall comply with Article 218 of the Company Act.
- III. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

Where the Company has set aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the competent authority has given its consent.

When the Company obtains property or right-of-use assets from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 18:

The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to

convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on the reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in the preceding paragraph when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. However, where the provisions of other laws exempt a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

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

Article 19:

The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless other laws provide otherwise.

The Company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless other laws provide otherwise or the competent authorities are notified in advance of extraordinary circumstances and grant consent.

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 in a securities firm's place of business shall prepare a full written record of the following information and retain it for 5 years for 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 a securities firm's place of business shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report the information set out in Subparagraphs 1 and 2 of the preceding paragraph in the prescribed format and via the Internet-based information system to the competent authorities 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 in a securities firm's place of business, the company so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

Article 20:

The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the circumstances listed below, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

- I. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
- II. An action, such as a disposal of major assets, that affects the company's financial operations.
- III. An event, such as a major disaster or major change in technology, that affects the company's shareholder equity or share price.
- IV. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock in accordance with law.
- V. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
- VI. Other terms and conditions that the contract stipulates may be altered and that have been publicly disclosed.

Contracts of the Company's mergers, demergers, acquisitions or transfers of shares have set forth the relevant matters to protect the rights and interest of the participating companies.

Article 21: Acquisition or disposal of assets of subsidiaries

- I. For real property and right-of-use assets or securities other than those purchased by the subsidiaries not for business use, the aggregate amount of investment may not exceed their paid-in capital; the investment in securities shall not exceed their total paid-in capital; and for the purchase of individual securities, the investment amount may not exceed 50% of their paid-in capital. The acquisition or disposal of assets by subsidiaries shall be handled in accordance with the parent company's rules.
- II. Information required to be publicly announced and reported in accordance with the provisions of Article 7 on acquisitions and disposals of assets by a public company's subsidiary that is not itself a public company in Taiwan shall be reported by the parent company.
- III. The term "transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more" as used in the criteria for public announcement and reporting standards for subsidiaries is based on the parent company's paid-in capital or total assets.

So-called "subsidiaries" are investment holding companies in which the Company directly holds 50% or more of the issued voting shares or investment holding companies in which the Company indirectly holds 50% or more of the issued voting shares through a subsidiary, and so on, or investment holding companies in which the Company directly and indirectly through a subsidiary holds 50% or more of the issued voting shares, and so on.

Article 22: Matters disclosed in the financial statements

Where the Company acquires or disposes of assets that meet the criteria for public announcement and reporting pursuant to Article 7 of these Regulations, and has a substantive related party relationship with the transaction counterparty, the contents of the public announcement shall be disclosed in the notes to the financial statements and reported to the shareholders meeting.

Article 22-1

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

In the case of a company whose shares have no par value or a par value other than NT\$10 per share, for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be used for

the calculation.

Article 23: Enforcement date

- I. After these Regulations have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders meeting for approval; the same applies when the Regulations are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor.

When the Regulations Governing the Acquisition and Disposal of Assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take each independent director's opinions into full consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

- II. These Regulations were formulated on November 29, 1999. The 1st amendments were made on March 12, 2003; the 2nd amendments were made on March 21, 2008; the 3rd amendments were made on June 15, 2012; the 4th amendments were made on June 21, 2013; the 5th amendments were made on June 4, 2014; the 6th amendments were made on May 28, 2015; the 7th amendments were made on May 26, 2017; and the 8th amendments were made on May 29, 2019.

[Appendix VII]

Sunfon Construction Co., Ltd. – Enforcement Rules of Making of Endorsements/Guarantees

Article 1: When the Company makes endorsements/guarantees, they shall be enforced in accordance with these Rules.

Article 2: Application scope

The term “endorsements/guarantees” as used in these Rules include:

- I. Financing endorsements and guarantees:
 - (I) Bill discount financing.
 - (II) Endorsement or guarantee made to meet the financing needs of another company.
 - (III) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
- II. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the Company itself or another company with respect to customs duty matters.
- III. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
- IV. Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Rules.

Article 3: Companies for which the Company may make endorsements/guarantees

The Company may make endorsements/guarantees for the following companies:

- I. A company with which it does business.
- II. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- III. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.

Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the listed company. However, this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

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 Company, or through a company in which the Company holds 100% of the voting shares.

Article 4: Endorsement/guarantee limit

- I. The aggregate amount of an endorsement/guarantee made by the Company shall not exceed 50% of the Company's net worth. The amount of an endorsement/guarantee made to a single enterprise shall not exceed 20% of the Company's net worth.
- II. The aggregate amount of an endorsement/guarantee made by the Company and subsidiaries as a whole shall not exceed 50% of the Company's net worth. The amount of an endorsement/guarantee made to a single enterprise by the Company and subsidiaries shall not exceed 20% of the Company's net worth. If the aggregate amount of endorsements/guarantees that is set as the ceiling for the Company and its subsidiaries as a whole reaches 50% or more of the net worth of the Company, an explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting.
"Net worth" means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- III. Where an endorsement/guarantee is made due to needs arising from business dealings with the Company or subsidiaries, except for the said limits, the amount of individual endorsement guarantees shall not exceed the amount of business dealings between the two parties in the most recent year. The "business transaction amount" refers to the higher of purchases or sales between the two parties.

Article 5: Hierarchy of decision-making authority and delegation

- I. The making of endorsements/guarantees by the Company must be approved by the board of directors. Where the Company has appointed independent directors, it shall take the opinions of each independent director into full consideration; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting. Where the Company deems necessary, the board of directors may authorize the chairperson to make

decisions within a specific limit and submit these decisions at the next board meeting for ratification, where relevant matters are submitted at the shareholders meeting for reference.

- II. Where the Company needs to exceed the limits set out in these Rules to satisfy its business requirements when making endorsements/guarantees, and where the conditions set out in these Rules are complied with, it shall obtain approval from the board of directors and the majority of directors shall act as joint guarantors for any losses that may be caused to the Company by the excess endorsement/guarantee. It shall also amend the operating procedures for making endorsements/guarantees accordingly and submit the same to the shareholders meeting for ratification. If the shareholders meeting does not give consent, the Company shall adopt a plan to discharge the amount in excess within a given time limit.

Where the Company has appointed independent directors, during the board meeting under the preceding paragraph, it shall take the opinions of each independent director into full consideration; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.

Article 6: Procedures for making endorsements/guarantees

- I. When the Company makes an endorsement/guarantee, the entity for which an endorsement/guarantee is made shall submit an application to the Company's Finance Department. The Finance Department shall perform a credit check on the entity for which an endorsement/guarantee is made concerning its risks and an evaluation record shall be compiled. After the evaluation has been approved, it shall be submitted to the president and chairperson for approval, and collateral shall be obtained where necessary.
- II. The Finance Department will perform credit checks on the entity for which an endorsement/guarantee is made and compiles a risk evaluation record, which shall include:
 - (I) The necessity and reasonableness of the endorsement/guarantee.
 - (II) Whether the amount of endorsement/guarantee is necessary based on the financial condition of the entity for which an endorsement/guarantee is made
 - (III) Whether the cumulative endorsement/guarantee amount is still within the limit.
 - (IV) For endorsements/guarantees made due to business dealings, it shall be evaluated whether the amount of endorsement/guarantee and the business dealings are within the limit.
 - (V) The impact on the Company's business operations, financial condition, and

shareholders' equity.

(VI) Whether collateral must be obtained and appraisal of the value thereof.

(VII) Endorsement/guarantee credit check and risk evaluation records must be submitted.

- III. The Finance Department shall prepare a memorandum book for its endorsement/guarantee activities and record the following information in detail in the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the board of directors or of authorization by the chairperson, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under preceding paragraph.
- IV. The Finance Department shall evaluate or record the contingent losses for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in the financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures and issue an adequate audit report in accordance with the Statement of Financial Accounting Standards No. 9.
- V. If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made no longer meets the requirements of these Rules or the amount of endorsement/guarantee exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to each supervisor, and shall complete the rectification according to the timeframe set out in the plan.
- VI. For circumstances in which an entity for which an endorsement/guarantee is made is a subsidiary of the Company whose net worth is lower than half of its paid-in capital, the Company may not add additional amount, and it shall be reported to the board of directors.
- VII. In the case of a subsidiary with shares having no par value or a par value other than NT\$10 per share, for the paid-in capital in the calculation under the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

Article 7: Endorsement/guarantee cancellation

- I. Where documents or negotiable instruments associated with endorsement/guarantees need to be cancelled due to debt settlement or renewal, the entity for which an endorsement/guarantee is made shall prepare an official letter and return the relevant documents affixed with a "cancellation" seal to the Finance Department of the Company. The application form shall be retained for future reference.
- II. The Finance Department shall record the cancellation of endorsements/guarantees on

the memorandum book at any time so as to reduce the amount of endorsements/guarantees.

Article 8: Internal control

- I. The Company's internal auditors shall audit the operating procedures for making endorsements/guarantees for others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found.
- II. The Company's making of endorsements/guarantees shall be handled in accordance with the regulations. If any material violation is found, the managerial officer and the personnel in charge shall be penalized depending on the situation of the violation.

Article 9: Procedures for use and custody of seals:

- I. The corporate seal registered with the Ministry of Economic Affairs is the dedicated seal for endorsements/guarantees. The seal and guaranteed bill shall be kept separately in the custody of a designated person and shall be used in accordance with prescribed regulations. The appointment, removal or change of the custodian shall be approved by the board of directors.
- II. When making a guarantee for an overseas company, the Company shall have the guarantee agreement signed by a person authorized by the board of directors.

Article 10: Announcing and reporting procedures

The Company shall announce and report the previous month's balance of endorsements/guarantees of the Company and subsidiaries by the 10th day of each month. If the Company's balance of endorsements/guarantees reaches one of the following levels it shall announce and report such event within two days commencing immediately from the date of occurrence:

- I. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.
- II. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
- III. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees, long-term investment amount, and amount of loans for such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest

financial statement.

- IV. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.

For any subsidiary of the Company that is not a public company in Taiwan, the Company shall announce and report any matters that such subsidiary is required to announce and report pursuant to Subparagraph 4 of the preceding paragraph on behalf of the subsidiary.

Article 11:

Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its own operating procedures for making endorsements/guarantees in compliance with the regulations, and it making endorsements/guarantees according to the formulated operating procedures.

Article 12:

Matters not covered in these Rules are handled in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" publicly announced by the SFL.

Article 13:

After passage by the board of directors, the Rules are submitted to each supervisor and presented at the shareholders meeting for approval; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to each supervisor and submit it for discussion by the shareholders meeting. The same shall apply to any amendments to the Rules. Where the Company has appointed independent directors, it shall take the opinions of each independent director into full consideration; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors meeting.

These Rules were formulated on November 27, 1997; the 1st amendments were made on March 12, 2003; the 2nd amendments were made on March 19, 2009; the 3rd amendments were made on June 9, 2010; and the 4th amendments were made on June 21, 2013.

[Appendix VIII]

Sunfon Construction Co., Ltd. – Operating Procedures for Loaning Funds to Others

Article 1:

To effectively manage capital and reduce financial risks, operations concerning the loaning of funds to others are handled in accordance with these Procedures.

Article 2: Fund loaning recipient

- I. Companies or firms (the “borrower”) that have business relationship with the Company.
- II. Companies or firms (the “borrower”) in need of short-term financing.
- III. The so-called “short-term” mentioned above means a period of one year or one business cycle (whichever is longer).

Article 3: Reason for the loan and its necessity

- I. The Company’s loaning of funds to other companies or firms due to business dealings is limited to the following circumstances:
 - (I) The top 10 suppliers or customers in the twelve months prior to the date of purchases or sales.
 - (II) The “business transaction amount” refers to the amount of purchases or sales between the two parties; where there are purchases and sales at the same time, the higher of the amount of purchases or sales for the past twelve months shall prevail.
- II. The Company’s loaning of funds to other companies or firms due to short-term financing needs is limited to the following circumstances:
 - (I) Companies of which the Company holds 10% or more of the shares that are in need of short-term financing.
 - (II) Companies or firms in need of short-term financing for the purchase of materials or operating turnover.
- III. Other loans approved by the Company’s board of directors.

Article 4: Loan ceilings

- I. The ceiling of the aggregate amount of loans shall not exceed 40% of the Company’s net worth. The loan to a borrower due to business dealings may not exceed 25% of the total amount of the aforementioned loans. The cumulative amount of loans to borrowers for short-term financing shall not exceed 25% of the total amount of the aforementioned loans.
- II. The ceiling for loaning funds to an individual entity shall not exceed 8% of the

Company's net worth. The amount of loans to individual parties due to business dealings shall not exceed three times the average amount of six months' business dealings. Loans to an individual entity due to short-term financing needs may not exceed 5% of the net worth.

- III. The restriction in Paragraph 1 shall not apply to inter-company loans of funds between overseas companies in which the Company directly or indirectly holds, 100% of the voting shares. However, its ceiling of the aggregate amount of the loans shall not exceed 50% of the Company's net worth. Loans due to business dealings may not exceed 25% of the total amount of aforementioned loans. The cumulative amount of loans to borrowers for short-term financing shall not exceed 25% of the total amount of the aforementioned loans. The amount of loans to individual customers shall be limited to 8% of the net worth.
- IV. Loans between the Company and subsidiaries or between different subsidiaries shall be decided by a resolution of the board of directors and authorization may also be given to the chairperson, within a certain monetary limit resolved by the board of director, for a specific borrowing counterparty and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available.

The "certain monetary limit" in the preceding paragraph for the authorization for loans extended by the Company or its subsidiaries to any single entity shall not exceed 10% of the net worth of the Company in the most current financial statements, except in cases of compliance with Article 3, Paragraph 4.

Article 5: Operating procedures for loaning

I. Credit check:

- (I) First-time borrowers should provide basic and financial information to facilitate the unit in charge and the authorization unit to perform credit check.
- (II) For those who continue borrowing, the Finance Department shall, in principle, perform a credit check each year. If it is a material case, the borrower's credit shall be checked every 6 months according to the actual needs.
- (III) If the borrower's financial situation is determined to be sound, and the financial statements for the year have been certified by a CPA, then the financial reports exceeding one year but not exceeding two years may be used to pass the loan with reference to the CPA's certified report.

The Company shall conduct a detailed evaluation review of the borrower. The evaluation shall at least include:

- 1. The necessity of and reasonableness of loans to others.
- 2. Whether the amount of the loan is necessary based on the financial condition of the borrower.
- 3. Whether the cumulative amount of the loan is still within the limit.

4. The impact on the Company's business operations, financial condition, and shareholders' equity.
5. Whether collateral must be obtained and appraisal of the value thereof.
6. A submission of the credit check and risk evaluation record of the borrower.

II. Security:

When the Company is providing a loan, a promissory note for the same amount shall be obtained. Where necessary, a mortgage on personal or real property shall be set up. The guarantees referred to in the preceding paragraph mean that if the creditor provides a person or company of substantial capital and credit as guarantee in lieu of providing collateral, the board of directors may refer to the credit check report provided by the Finance Department. If a company is used as a guarantor, it shall take into account whether its Articles of Incorporation provide the provision of guarantor.

III. Scope of authorization:

When the Company is providing a loan, the Company's Finance Department will first carry out a credit check. The loan may proceed after being approved by the president and submitted to the board of directors for approval. The decision on the loan may not be authorized by others. The Company shall take the opinions of each independent director into full consideration; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors meeting.

Article 6: Duration of financing and calculation of interest

- I. For those who have business with the Company, the maximum period is one year.
- II. For those in need of short-term financing with the Company, the maximum period is one year.
- III. For inter-company loans of funds between overseas companies in which the Company directly or indirectly holds 100% of the voting shares, the maximum period is two years.
- IV. The lending rate is subject to reciprocity and interest is charged on a monthly basis, but shall not be less than the minimum interest rate for short-term loans by financial institutions.

Article 7: Guarantees and warranties

- I. To protect the Company's creditors rights, other than its subsidiaries as the borrower, promissory notes shall be issued for the same amount of the loan and delivered to the Company. One to two appropriate guarantors shall also be provided.
- II. For loans amounting to NT\$10 million or more, the borrower must present real property or movable property with value that is at least equal as collateral.

Article 8: Insurance

Except for land and securities, all collateral should be insured with fire insurance, while vessels and vehicles should be insured with safety insurance. The insurance amount shall be no less than the value of the collateral; the insurance policy shall list the Company as the beneficiary, and the name of the underlying asset, quantity, storage place, insurance terms and insurance endorsement on the insurance policy shall be the same as the Company's originally approved loaning conditions. Where the building has not been assigned a house number at the time of setting, its address shall be indicated with the lot and number where it is situated.

The handling person shall notify the borrower of the renewal of the insurance prior to the expiration or the insurance period.

Article 9: Loan approval

- I. After a credit check or evaluation is carried out, if the borrower's credit is found to be poor or if the usage for the loan is not appropriate, the loan will not be made. The handling personnel shall submit the reason for refusal, and after it is approved, the borrower shall be notified as soon as possible.
- II. After a credit check or evaluation is carried out, if the borrower's credit is found to be good with a good reason for the usage of the loan, the handling personnel shall submit the credit check report and opinion to the responsible unit to assess whether it is feasible. The loan is then submitted to the board of directors for approval.
- III. After the loan has been approved, the handling personnel shall write to or call the borrower as soon as possible. The borrower shall be informed of the terms of the loan, including the limit, period, interest rate, collateral, insurance and guarantor. The borrower shall be asked to sign the contract within a period of time and complete the collateral security setting and proceed with the guarantee procedures.

Article 10: Guarantee contract

The personnel handling the loan shall draw up the terms and conditions of the contract, which shall be reviewed by the supervisor and, if necessary, the contract shall be sent to a legal advisor for an opinion prior to the signing procedures.

The content of the contract should be consistent with the approved loan terms. The contract shall be signed by both the borrower and the joint guarantor and the handling personnel shall proceed with the guarantee procedures.

Article 11: Allocation of loans

Once the loan has been approved and the borrower has signed the contract and delivered the promissory note (or instruments for repayment by installment), and completed registration of the mortgage (or pledge) of the collateral, and all of the procedures have been checked

and found to be correct, the funds may be allocated.

Article 12: Subsequent measures for control and management of loans

- I. After a loan has been allocated, the financial, business, and credit condition of the borrower and the guarantor shall be monitored on a regular basis. If collateral has been provided, it shall also be monitored for any changes in its value. In the event of any material change, the chairperson shall immediately be notified, and appropriate measures shall be taken in accordance with the chairperson's instructions.
- II. When the borrower repays the loan at or before it becomes due, the interest payable shall first be calculated and repaid together with the principal amount before the promissory note loan may be cancelled and returned to the borrower or the mortgage cancelled.
- III. III. The borrower shall repay the principal and interest in full when the loan becomes due. When a loan is due and the borrower requires an extension, a request must be made in advance, and proceeded with the approval of the board of directors. Each extension shall not exceed three month and shall be limited to one time. In the event of breach, the Company may duly dispose of, or pursue recovery from, the borrower's collateral or guarantor.

Article 13: Procedures for handling delinquent creditor's rights

- I. If the borrower fails to repay the principal and interest or extend the maturity period after it becomes due, after necessary notice has been carried out, the Company shall perform creditor security measures in accordance with the law as soon as possible.
- II. The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

Article 14: Internal control

- I. The Company shall prepare a memorandum book for its fund-lending activities and record the following information in detail: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated in accordance with regulations.
- II. The Company's internal auditors shall audit the Operating Procedures for Lending Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found. If any material violation is found, the managerial officer and the personnel in charge shall be penalized depending on the situation of the violation.

- III. If, as a result of a change in circumstances, an entity for which a loan is made no longer meets the requirements of these Operating Procedures or the loan balance exceeds the limit, the Company shall adopt rectification plans and submit the rectification plans to each supervisor, and shall complete the rectification according to the timeframe set out in the plan in order to strengthen the Company's internal control.

Article 15: Public announcement and reporting

- I. The previous month's loan balances of the Company and subsidiaries shall be announced and reported by the 10th day of each month.
- II. If the loans of funds reach one of the following levels, such event shall be announced and reported within two days commencing immediately from the date of occurrence:
 - (I) The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
 - (II) The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
 - (III) The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.
- III. The Company shall announce and report on behalf of any of the Company's subsidiary that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to Subparagraph 3 of the preceding paragraph.

Article 16: Other matters

- I. Where a subsidiary of the Company intends to make loans to others due to business needs, the Company shall instruct it to formulate its own Operating Procedures for Loaning Funds to Others in compliance with the regulations, and it shall comply with the Operating Procedures when lending funds.
- II. After passage by the board of directors, the Operating Procedures are submitted to each supervisor and presented at the shareholders meeting for approval; where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion to each supervisor and submit it for discussion by the shareholders meeting. The same shall apply to any amendments to the Procedures. The same shall apply to any amendments to the Operating Procedures.
- III. These Operating Procedures were formulated on November 27, 1997; the 1st amendments were made on March 12, 2003; the 2nd amendments were made on March 19, 2009; the 3rd amendments were made on June 9, 2010; and the 4th amendments were made on June 21, 2013.

[Appendix IX]

Director candidate list

Nominee category	Nominee										
	Candidate	Education	Experience	Current position	Number of shares held	Name of the juristic person represented	Whether or not they have served three consecutive terms as independent director	Reason for continuing to nominate independent directors who have served three consecutive terms	Number and names of other public companies in which the individual is concurrently serving as an independent director		
Director Board of Directors	Hung Min-Fu	Master's degree, Environmental Engineering, University of Southern California	Project Manager, Environmental & Ocean Technology Inc. Project Manager, E.O.T Engineering Consultants, Inc.	Chairperson, Sunfon Construction Co., Ltd.	12,550,000	Don Tai Development Co., Ltd.	Not applicable	Not applicable	None		
	Lin I-Wei	Toy and Game Design Institute, National Taipei University of Education	Vice President, Lee Heng Academic Managing Consultancy Co., Ltd.	Chairperson, Trans-idea Educational Laboratory Co., Ltd.	12,550,000	Don Tai Development Co., Ltd.	Not applicable	Not applicable	None		
	Chuang Yu-Te	Master's degree, Mechanical Engineering, Chung Yuan Christian University	Electrical and Mechanical Engineering, Underground Railway Engineering Division, Ministry of Transportation	Member of Construction Quality Inspection Committee, Public Construction Commission	12,360,000	Yo-Li Investment Co., Ltd.	Not applicable	Not applicable	None		

Nominee category	Nominee	Candidate	Education	Experience	Current position	Number of shares held	Name of the juristic person represented	Whether or not they have served three consecutive terms as independent director	Reason for continuing to nominate independent directors who have served three consecutive terms	Number and names of other public companies in which the individual is concurrently serving as an independent director
	Director									
Director	Board of Directors	Jean Jyi-Dean	Horticulture and Landscape Architecture, National Taiwan University	Chairperson, Jing-Tai Greening Co., Ltd.	None	12,360,000	Yo-Li Investment Co., Ltd.	Not applicable	Not applicable	None
Director		Golden Plaza Cultural & Education Foundation	None	None	None	1,980,000	None	Not applicable	Not applicable	None
Director		Chen Tsung-Jen	International Trade, Takming University of Science and Technology	Consultant, Fu Hsun Fiber Industry Co., Ltd.	Consultant, Fu Hsun Fiber Industry Co., Ltd.	289,944	None	Not applicable	Not applicable	None
Independent Director		Huang Tse-Jen	Master's degree, Finance, National Taiwan University of Science and Technology	Director, Sheng-Xin Accounting Firm	Director, Sheng-Xin Accounting Firm	0	None	No	Not applicable	1. Sunplus Technology Co. Ltd. 2. Genmont Biotech, Inc.

Nominee category	Nominee									
	Candidate	Education	Experience	Current position	Number of shares held	Name of the juristic person represented	Whether or not they have served three consecutive terms as independent director	Reason for continuing to nominate independent directors who have served three consecutive terms	Number and names of other public companies in which the individual is concurrently serving as an independent director	
Independent Director	Board of Directors	Lin Wen-Fang	College of Management, Yuan Ze University	Adjunct lecturer, Hsing Wu University	Vice President, Trompsen Enterprise Co., Ltd.	0	None	No	Not applicable	None
Independent Director	Board of Directors	Wu Chen-Chi	Master of Science in Management, Baker University, Kansas, USA	Head of Business Department, E.SUN Commercial Bank; Manager, Hwatai Bank Limited	None	0	None	No	Not applicable	None

[Appendix X]

Shareholding information of directors and supervisors

- (I) Minimum number of shares to be held by all directors and supervisors and shareholdings as recorded in the shareholders register

Title	Number of shares to be held	Number of shares as recorded in the shareholders register
Director	11,658,458 shares	27,219,677 shares
Supervisor	1,165,846 shares	1,980,000 shares

Note: Closing date: March 29, 2021

- (II) Details of shares held by directors and supervisors

Title	Name	Number of shares held as recorded in the shareholders register	Ratio
Chairperson	Hung Min-Fu (representative, Don Tai Development Co., Ltd.)	12,550,000	6.46%
Director	Lin I-Wei (representative, Don Tai Development Co., Ltd.)		
Director	Chuang Yu-Te (representative, Yo-Li Investment Co., Ltd.)	12,360,000	6.36%
Director	Jean Jyi-Dean (representative, Yo-Li Investment Co., Ltd.)		
Director	Representative of Hong Ding Investment Co., Ltd.: Chen Teh-Fong	2,309,677	1.19%
Independent Director	Huang Tse-Jen	0	0%
Independent Director	Lin Wen-Fang	0	0%
Supervisor	Yen Kuo-Lung	0	0%
Supervisor	Representative of Golden Plaza Cultural & Education Foundation: Huang Cheng-Yuan	1,980,000	1.02%

Note: Closing date: March 29, 2021