

Stock Code: 5514



Sunfon Construction Co., Ltd.
2023 Annual General Meeting

Shareholders
Meeting Agenda
Handbook

May 25, 2023

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2023 Annual General Meeting Agenda – Sunfon Construction Co., Ltd.

Date/time: May 25, 2023 (Thursday); 9 a.m.

Venue: 2F, No. 99, Fuxing N. Rd., Songshan Dist., Taipei City (Primasia Conference & Business Center, Conference Room 208)

Annual General Meeting Convention Method: Physical Meeting

Meeting Procedures:

- I. Call Meeting to Order
- II. Chair in Position
- III. Recite “Company Spirit”
- IV. Chair’s Remark
- V. Report Items
- VI. Ratification Items
- VII. Other Proposals and Extraordinary Motions
- VIII. Meeting Adjourned

[Management Presentation]

I. 2022 Business Report, please review.

Business report

(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

Up to 2022, with regard to the construction progress, the 7F-RF exterior wall tiles of Changan Hui have been completed, the guide ditch pavement of Yun Ji and Yun Di projects have been completed, the project of Baosheng Emperor Memorial Hall has completed the floor of 1st storage, and the Sun Fon AIT project has completed the pre-pile construction, which is expected to release in 2023 Q1 for sale in the market. For the co-construction project located at Nanchang Road of Zhongzheng District and the urban renewal development Chengde Project, the house demolition stage has been completed for both projects. In addition, for the urban renewal project for the sea-sand house at Tianyu Street of Tianmu and the co-construction projects at No. 128, Section 3 of Chengde Road and Huanshan Road of Neihu, the consolidation has been completed, and presently, the re-construction project approval operation is in process.

(III) 2022 Business Report Implementation Result

The Company’s consolidated operating revenue in 2022 totaled NT\$6,936 thousand, an increase of 22.76% from the consolidated operating revenue of NT\$5,650 thousand in 2021. The consolidated net loss after tax in 2022 was NT\$13,914 thousand, a decrease of 89% from the consolidated net loss after tax of NT\$7,362 thousand in 2021. The earnings per share was NT\$-0.07. The business operation result is described in the following:

1. Consolidated Profit or Loss

Unit: NT\$ thousand

Item	Amount in 2022	Amount in 2021	Increase/decrease amount	Change in percentage %
Operating income	6,936	5,650	1,286	22.76
Operating costs	1,725	1,843	(118)	(6.40)
Operating profit	5,211	3,807	1,404	36.88
Operating expenses	57,771	48,245	9,526	19.75
Operating income (loss)	(52,560)	(44,438)	(8,122)	(18.28)
Non-operating income and (expenditures)	34,955	41,702	(6,747)	(16.18)
Net income before tax	(17,605)	(2,736)	(14,869)	(543.46)
Income tax benefit (expense)	3,691	(4,626)	(8,317)	(179.79)
Net profit (loss) for the period	(13,914)	(7,362)	(6,552)	(89.00)
Earnings per share (NT\$)	(0.07)	(0.04)		

2. Parent Only Profit/Loss

Unit: NT\$ thousand

Item	Amount in 2022	Amount in 2021	Increase/decrease amount	Change in percentage %
Operating income	7,056	5,770	1,286	22.29
Operating costs	1,725	7,982	(6,257)	(78.39)
Operating profit	5,331	(2,212)	7,543	341.00
Operating expenses	42,896	34,965	7,931	22.68
Operating income (loss)	(37,565)	(37,177)	(388)	(1.04)
Non-operating income and (expenditures)	19,966	34,442	(14,476)	(42.03)
Net income before tax	(17,599)	(2,735)	(14,864)	(543.47)
Income tax benefit (expense)	3,691	(4,626)	(8,317)	(179.79)
Net profit (loss) for the period	(13,908)	(7,361)	(6,547)	(88.94)
Earnings per share (NT\$)	(0.07)	(0.04)		

(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	2022.12.31	2021.12.31	Increase/decrease percentage (%)
Cash flow ratio (%)	(26.88)	(11.88)	(15.00)
Cash flow adequacy ratio (%)	(18.96)	(7.06)	(11.90)
Cash reinvestment ratio (%)	(18.61)	(9.35)	(9.26)

Analysis of changes in the increase/decrease percentage: Increase/decrease percentage less than 20%.

(2) Parent Only Liquidity Analysis

Item \ Year	2022.12.31	2021.12.31	Increase/decrease percentage (%)
Cash flow ratio (%)	(24.60)	(10.96)	(13.64)
Cash flow adequacy ratio (%)	(13.83)	(4.33)	(9.50)
Cash reinvestment ratio (%)	(16.96)	(8.91)	(8.05)

Analysis of changes in the increase/decrease percentage: Increase/decrease percentage less than 20%.

2. Profitability analysis

(1) Consolidated profitability analysis

Item \ Year	2022	2021	Increase/decrease rate (%)	
Return on assets (%)	(0.29)	(0.13)	(0.16)	
Shareholder return on equity (%)	(0.50)	(0.26)	(0.24)	
Percentage to paid-in capital (%)	Operating income	(2.43)	(2.14)	(0.29)
	Net income before tax	(0.81)	(0.13)	(0.68)
Net profit rate (%)	(200.61)	(130.30)	(70.31)	
Earnings per share (NT\$)	(0.07)	(0.04)		

(2) Parent Only Profitability Analysis

Item \ Year	2022	2021	Increase/decrease rate (%)	
Return on assets (%)	(0.31)	(0.13)	(0.18)	
Shareholder return on equity (%)	(0.50)	(0.26)	(0.24)	
Percentage to paid-in capital (%)	Operating income	(1.74)	(1.79)	0.05
	Net income before tax	(0.81)	(0.13)	(0.68)
Net profit rate (%)	(197.11)	(127.57)	(69.54)	
Earnings per share (NT\$)	(0.07)	(0.04)		

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

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

- (1) Through applications for incentives urban renewal and 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, giving them life so that they are reasonable, practical, humanized and refined, and 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) For our construction projects completed in recent years, including "Feng Hua Hui," "Wen Ding Hui," "Di Yi Hui," "The Twin Cities," and construction projects currently under construction, including "Changan Hui," "Baosheng Emperor Memorial Hall," "Yun Ji," "Sun Fon AIT" and "Yun Di," all of these projects have received high praise by customers in terms of both 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.
- (5) As we primarily provide land development and construction services, R&D investment is not applicable.

(VII) Conclusion

First of all, I would like to thank you for your long-term support and encouragement of Sunfon Construction. With regard to the Company's 2022 project development and construction project progress, we provide further reports in the following for your review. Presently, for the project of "Changan Hui" under construction, due to the severe labor shortage, the construction is expected to complete during the middle of this year. For the "Baosheng Emperor Memorial Hall" located at Section 3 of Chongqing North Road, the basement construction has been completed and the ground storage is currently under construction, which is expected to be completed for delivery in 2024. As for the "Yun Ji" project located on Mingsheng West Road, the construction is under progress, and it is expected to be completed for delivery in 2026. Regarding the "Yun Di" project located at the intersection of Minle Street and Guisui Street, the official sale of the house units started in August of last year. Despite numerous external factors of the government's restraining policy to suppress real estate, increase of inflation and financial stress, such that the real estate market recession seems to occur, the "Yun Di" project still demonstrated the outcome of 40% of sales of all house units before the end of last year, and presently its construction site continues the wall finishing works for the project, and the house units are expected to be completed for delivery in 2025. Furthermore, for the "Chengde I Project," the structure exterior inspection and five main electrical, mechanical and fire systems have been inspected, and the construction was started during the end of last year, and is expected to be completed for delivery in 2027. Moreover, for the "Sun Fon AIT" project located at Section 1 of Kangning Road of Neihu, the construction has been started in November of last year, and it is expected to be completed for delivery in 2025; its sales of house units is also scheduled to be officially online in March of this year. In addition, for the "Nanchang Road Project," since it is located at the city center area and close to the MRT Wanda Line, the demolition construction work was started immediately after the building permit had been obtained in April of last year;

once the structure exterior inspection and five main electrical, mechanical and fire systems inspection are complete, the construction of the project is expected to be started in February of this year and finished for delivery in 2026. As for the “Tianmu Tianyu Street Project,” since it is a sea-sand urban renewal project under the 168 project, the urban renewal review is expected to be completed in June of this year, the building permit will be obtained in September of this year, and is expected to be completed for delivery in 2025. For the “Project at No. 128, Section 3 of Chengde Road,” the reconstruction plan resubmitted was approved in February of this year, and after the building permit is obtained successfully in May of this year, the construction can be started immediately; it is expected to be completed for delivery in 2025. As for the “Neihu Huanshan Project,” the reconstruction plan was approved in February of this year, and the building permit is expected to be obtained in July of this year, following which construction can be started. In addition, there were several old building development consolidation projects converted into urban renewal projects, such as “Changan No. 101 Project,” “Taiyuan Road Project,” “Changji Project,” “Section 2 of Zhongshan North Road Project,” “Section 3 of Chongqing North Road Project,” “Kunyang at Section 6 of Zhongxiao East Road Project,” Yansan Nightmarket at Section 3 of Yanping North Road Project,” “Yanping North Road and Liangzhou Street Project.” For some of these projects, the private urban renewal planning procedure were submitted last year, and for some of the public planning projects, business plans will be submitted this year. Furthermore, regarding the “West Changan I Project,” the urban renewal business plan review procedure will be resubmitted. Accordingly, the Company will have several development consolidation projects completed in the next several years.

In 2022, as the COVID-19 pandemic changed from an elevated state to mitigation with relaxed measures progressively, along with the increase of vaccination rate, the economic activities also recovered. However, the problem associated with high construction cost and labor shortage still exists, and the mortgage rate has increased to nearly 2%. Under the impact of unfavorable factors of approval of the third reading of the amendment of Equalization of Land Rights Act and increasing supply in the real estate market, the future outlook of the real estate market becomes unclear in a short term. Looking into the year of 2023, according to the latest economic forecast announced by the Taiwan Institute of Economic Research, Taiwan’s economic growth rate in 2023 is expected to be 2.58%, a decrease of 0.33 percentage points from the estimated number for November of last year. The Taiwan Institute of Economic Research indicates that the international economic status affects the trading and investment dynamics in Taiwan; however, the domestic demand remains strong. Accordingly, for other projects developed completely by the Company, we will start the sale of house units during appropriate timing of the construction stage, and we are optimistic in achieving great sales performance. We sincerely appreciate all shareholders for their continuous support and encouragement to our company.

Chairperson:
Hung Min-Fu

Managerial Officer:
Yu Jui-Hsing

Chief Accounting Officer:
Shih Shu-Ying

II. 2022 Audit Committee's Review Report, please review.

Description: The Company's 2022 financial statements have been audited and attested by CPAs and reviewed by the audit committee. The review report has been submitted for review.

Audit Committee's Review Report

Please approve

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements (including consolidated and parent only statements), and proposal for distribution of earnings. The Company's Financial Statements have been audited and certified by CPA Yang Chih-Hui and CPA Hsu Hsin-Min of Ernst & Young, Taiwan, and an audit report related thereto has been issued. The aforementioned report and statements have been reviewed and considered to be compliant with relevant rules by the undersigned, the Audit Committee of the Company. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for review.

Submitted to

The Company's 2023 Annual General Meeting

Audit Committee Convener: Huang Tse-Jen

March 7, 2023

III. Report on 2022 distribution of remunerations of employees and directors.

Description:

- I. According to Article 25 of the Articles of Incorporation of the Company, when the Company has a profit in a fiscal year, it shall allocate no less than 1% of the net income before tax as the remuneration of employees and no more than 1% thereof as the remuneration of directors.
- II. For the 2022 settlement, the net loss before tax excluding remuneration of employees and directors is NT\$17,598,846. Accordingly, no remuneration of employees and directors are distributed for 2022.
- III. The above remuneration distribution has been reviewed and approved at the 9th meeting of the 1st term of the Audit Committee on March 7, 2023.

IV. Report on amendment 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 and notice of board meetings)</p> <p>The board of directors shall meet at least once every quarter.</p> <p>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 at shorter notice.</p> <p>All matters set out in the subparagraphs of Paragraph 1 of Article 12 of these Rules 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 <u>except in the case of an emergency or legitimate reason.</u></p> <p>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 3 (Convening and notice of board meetings)</p> <p>The board of directors shall meet at least once every quarter.</p> <p>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 at shorter notice.</p> <p>All matters set out in the subparagraphs of Paragraph 1 of Article 12 of these Rules 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.</p> <p>The convening of the board of directors may be effected by means of written, electronically transmitted or faxed notice to each director.</p>	<p>It is to explicitly specify that all matters described in the subparagraphs of Paragraph 1 of Article 12 must be specified in the notice of the reasons for calling a board of directors meeting, and none of them may be raised by an extraordinary motion.</p>
<p>Article 12 (Matters requiring discussion at a board meeting)</p> <p>The matters listed below as they relate to Company shall be raised for discussion at a board meeting:</p>	<p>Article 12 (Matters requiring discussion at a board meeting)</p> <p>The matters listed below as they relate to Company shall be raised for discussion at a board meeting:</p>	<p>If the board of directors have no managing directors, the election or</p>

Original Article	Amended Article	Reason for Amendment
<p>I. The Company’s business plan.</p> <p>II. Annual financial report and financial report for the second quarter audited and attested by a certified public account (CPA).</p> <p>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.</p> <p>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.</p> <p>V. The offering, issuance, or private placement of equity-type securities.</p> <p>VI. The appointment or discharge of a financial, accounting, or chief internal auditor.</p> <p>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</p>	<p>I. The Company’s business plan.</p> <p>II. Annual financial report and financial report for the second quarter audited and attested by a certified public account (CPA).</p> <p>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.</p> <p>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.</p> <p>V. The offering, issuance, or private placement of equity-type securities.</p> <p>VI. <u>If the board of directors have no managing directors, the election or discharge of the chairman of the board.</u></p> <p>VII. The appointment or discharge of a financial, accounting, or chief internal auditor.</p> <p>VIII. A donation to a related party or a major donation to a non-related party, provided that a</p>	<p>discharge of the chairman of the board shall be reported to the board of directors for discussion.</p>

Original Article	Amended Article	Reason for Amendment
<p>a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>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.</p> <p>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.</p> <p>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</p>	<p>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.</p> <p>IX. 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.</p> <p>The term "related party" in Subparagraph 8 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.</p> <p>The term "within a 1-year period" in the preceding paragraph means a</p>	

Original Article	Amended Article	Reason for Amendment
<p>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.</p> <p>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</p>	<p>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.</p> <p>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</p>	

Original Article	Amended Article	Reason for Amendment
minutes.	recorded in the board meeting minutes.	
<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; and the 5th amendments were made on March 9, 2021.</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; the 5th amendments were made on March 9, 2021; <u>and the 6th amendments were made on November 8, 2022.</u></p>	

[Recognition Matters]

Case 1 Proposed by the Board of Directors

Reason: 2022 business report and financial statements, proposed for ratification.

Description:

- I. The Company's 2022 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 2022 parent only financial statements, have not only been reviewed by the Audit Committee, but 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 36–53 of this Handbook.

Resolution:

Case 2 Proposed by the Board of Directors

Reason: the 2022 earnings distribution, please recognize.

Explanation: The Company's 2022 net loss after tax was NT\$13,907,652; therefore, no earnings are to be distributed. For the 2022 Earnings Distribution Table, please refer to page 54 of this Handbook.

Resolution:

[Other Proposals and Extraordinary Motions]

[Appendix I]

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 percent 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, a domestic or 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 Shareholders’ 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 Unless otherwise specified in the Company Act, any resolution at a shareholders’ meeting shall be adopted by a majority of the shareholders present, who represent more than half of the total number of the Company’s outstanding shares, and shall be executed based on the majority of the voting rights of attending shareholders. According to the regulations of the competent authority, shareholders of the Company may also exercise their voting rights via electronic method, and shareholders exercising voting rights via electronic method shall be deemed to attend the meeting in person. Relevant matters shall be handled according to laws and regulations.

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.
A shareholders’ meeting of the Company may be held by video conferencing or any other methods as announced by the central competent authority.

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 and Audit Committee

- Article 17 The Company has seven to nine directors. The number of directors is determined by the board of directors.
- The number of independent directors from the preceding paragraph regarding directors shall be at least three.
- 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.
- 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 of 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.
- Article 18 The directors shall organize a board of directors and shall elect a chairperson of the board of 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 present at the meeting and the powers of attorney of the proxies shall be kept by 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 video conference, then the directors taking part in such a video conference 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.

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 of directors shall be based on the usual rate of the industry. The determination for remuneration is authorized to the board of directors.

Article 22 Deleted.

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 shall 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 shall 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; the 22nd amendments were made on May 28, 2020; the 23rd amendments were made on July 23, 2021; and the 24th amendments were made on May 26, 2022.

Sunfon Construction Co., Ltd.

[Appendix II]

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 chair the meeting 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, the meeting shall be chaired 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 and disclose

information concerning the number of nonvoting shares and the number of shares represented by shareholders attending the meeting. 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 shareholders' 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. 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 not elected and number of votes they received.

- 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; the 2nd amendments were made on May 30, 2002; and the 3rd amendments were made on July 23, 2021.

[Appendix III]

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 7 days before the meeting is convened. In emergency circumstances, however, a board meeting may be called at shorter notice.

All matters set out in the subparagraphs of Paragraph 1 of Article 12 of these Rules 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 sign-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 video conference 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)

Board meetings shall be convened and chaired by the chairman of the board. 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.

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.

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 video conference, 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. Report Items:
 - (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. Discussion Items:
 - (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 financial statements and semi-annual financial statements and financial statements for the second quarter audited and attested by a certified public account (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 the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or 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.

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.

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 minute 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, 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, 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 matter 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 stating these matters in the meeting minutes, they shall also be published on the Market Observation Post System designated by the competent authority within two days.

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 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 of the invested 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; the 4th amendments were made on November 8, 2017; and the 5th amendments were made on March 9, 2021.

[Appendix IV]

Director Shareholding Information

(I) Minimum Shareholding Required for All Directors and Details of Shareholding of All Directors Recorded on the Shareholders' Roster

Title	Number of shares to be held	Number of shares as recorded in the shareholders register
Director	12,000,000 shares	30,259,449 股

Note: Closing date: March 27, 2023

(II) Details of shares held by directors

Title	Name	Number of shares held as recorded in the shareholders register	Ratio
Chairperson	Hung Min-Fu (representative, Don Tai Development Co., Ltd.)	14,000,480	6.47%
Director	Lin I-Wei (representative, Don Tai Development Co., Ltd.)		
Director	Chuang Yu-Te (representative, Yo-Li Investment Co., Ltd.)	14,560,104	6.73%
Director	Jean Jyi-Dean (representative, Yo-Li Investment Co., Ltd.)		
Director	Representative of Golden Plaza Cultural & Education Foundation: Huang Cheng-Yuan	1,387,344	0.64%
Director	Chen Tsung-Jen	311,521	0.14%
Independent Director	Huang Tse-Jen	0	0%
Independent Director	Lin Wen-Fang	0	0%
Independent Director	Wu Chen-Chi	0	0%

Note: Closing date: March 27, 2023

Report of Independent Auditors

To SUNFON CONSTRUCTION CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of Sunfon Construction Co., Ltd. (the “Company”) and its subsidiaries (collectively the “Group”) as of December 31, 2022, and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022, and 2021, and notes to the consolidated financial statements (including the summary of significant accounting policies).

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly in all material respects, the financial position of the Group as of December 31, 2022 and 2021, and financial performance and its cash flows for the years ended December 31, 2022 and 2021, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Inventories

The primary business of the Group is the construction of residential and commercial buildings. The inventories of the Group consist principally of land held for construction site, construction in progress, and land and buildings held for sale. As of December 31, 2022, the net amount of the inventories was NTD2,436,588 thousand, which accounted for 52% of the consolidated total assets

and was considered material to the consolidated financial statements. In addition, the real estate development is subject to political influence, general economy, market prospect, and property tax system reforms, which added to the difficulties and risks in management's assessment over the value of the inventories. As the valuation of inventories had significant impact on the consolidated financial statements, we considered this a key audit matter.

For the valuation of inventories, we have conducted audit procedures including but not limited to obtaining the appraisal reports concerning net realizable value of inventories, projected profit-and-loss statement, and analysis of the land development, to evaluate and test the reasonableness of net realizable value estimated by management. In addition, we analyzed the report based on the industry development trends and the expected demands of the market, also inquired the most recent closing price and transaction price of similar construction projects in nearby areas (including public information from the Department of Land Administration, Ministry of Interior and real estate agents), in order to evaluate whether declines in inventory value did occur.

As of December 31, 2022, the inventory of Sunfon Construction Co., Ltd. and its subsidiaries has been disclosed and presented in Notes 4, 5 and 6 in the consolidated financial statements.

Non-current financial assets at fair value through other comprehensive income

As of December 31, 2022, the net amount of the non-current financial assets at fair value through other comprehensive income of the Group amounted to NTD808,236 thousand, which accounted for 18% of the consolidated total assets and were domestic listed stocks and funds investments mainly. In addition, the net amount of the unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income amounted to NTD119,985 thousand, and the net amount of the dividends revenue was NTD31,634 thousands which were the major source of income for the year ended December 31, 2022. In conclusion, the transaction of the non-current financial assets at fair value through other comprehensive income had significant impact on the consolidated financial statements, we considered this a key audit matter.

For the ownership and existence of non-current financial assets at fair value through other comprehensive income, we have conducted audit procedures including but not limited to check the passbook of Taiwan Depository & Clearing Corporation and send confirmation letters to securities companies. We checked the bank statements and securities companies' statements to verify the authenticity of trading and the accuracy of gains or losses from selling financial assets measured at fair value through other comprehensive income. We verified the accuracy of valuation gains or losses of financial assets measured at fair value through other comprehensive income in the end of period by checking investment's market price at end of period and calculating its valuation gain or loss. We also checked the relevant information of dividend statements to verify the authenticity and accuracy of recognition of dividends revenue.

As of December 31, 2022, the non-current financial assets measured at fair value through other comprehensive income of Sunfon Construction Co., Ltd. and its subsidiaries have been disclosed and presented in Note 6 and Attachment 2 in the consolidated financial statements.

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 the consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have audited and expressed unqualified opinions in the parent company only financial statements of the Company for the years ended December 31, 2022 and 2021.

Yang Chih-Hui

Hsu Hsin-Min

Ernst & Young, Taiwan

March 7, 2023

Taipei, Taiwan

Republic of China

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English translation of consolidated financial statements originally issued in Chinese
SUNFON CONSTRUCTION CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheet
December 31, 2022 and December 31, 2021
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2022		December 31, 2021		Liabilities and Equity		December 31, 2022		December 31, 2021	
Accounts	Notes	Amount	%	Amount	%	Accounts	Notes	Amount	%	Amount	%
Current assets						Current liabilities					
Cash and cash equivalents	4 ∙ 6 ∙ 9	\$313,663	7	\$608,603	14	Short-term loans	4 ∙ 6 ∙ 8	\$794,591	17	\$492,991	11
Current tax assets	4	111	-	-	-	Short-term notes and bills payable, net	4 ∙ 8	30,000	1	200,000	5
Inventory	4 ∙ 5 ∙ 6 ∙ 8 ∙ 9	2,436,588	52	1,837,463	42	Contract liabilities	4 ∙ 6	1,047,073	23	757,113	17
Prepayments		5,286	-	615	-	Notes payable		18,157	-	17,601	-
Other current assets	9	581,990	12	430,435	10	Accounts payable		23,439	1	22,075	1
Current assets recognised as incremental costs to obtain contract with customers	6	164,701	4	144,959	3	Other payables		11,162	-	11,411	1
Total current assets		3,502,339	75	3,022,075	69	Current tax liabilities	4	-	-	3,697	-
						Other current liabilities-other		4,163	-	4,502	-
						Total current liabilities		1,928,585	42	1,509,390	35
Non-current assets						Non-current liabilities					
Financial assets at fair value through other comprehensive income, non-current	4 ∙ 6 ∙ 8	808,236	18	1,002,737	23	Net defined benefit liabilities, non-current	4 ∙ 6	5,094	-	9,724	-
Property, plant and equipment	4 ∙ 6 ∙ 8	43,846	1	44,417	1	Other non-current liabilities-other		756	-	590	-
Investment property, net	4 ∙ 5 ∙ 6 ∙ 8	291,884	6	293,458	7	Total non-current liabilities		5,850	-	10,314	-
Intangible assets	4 ∙ 6	355	-	475	-	Total liabilities		1,934,435	42	1,519,704	35
Deferred tax assets	4	715	-	715	-						
Other non-current assets		10,845	-	9,343	-						
Total non-current assets		1,155,881	25	1,351,145	31	Equity attributable to the parent company					
						Share capital					
						Ordinary share	6	2,162,255	46	2,079,091	48
						Additional paid in capital	6	1,346	-	30,454	1
						Retained earnings	6				
						Legal reserve		358,822	8	353,297	8
						Special reserve		9,733	-	9,733	-
						Unappropriated earnings		28,408	1	62,049	1
						Total retained earnings		396,963	9	425,079	9
						Other equities		186,575	4	342,260	8
						Treasury stock	4 ∙ 6	(23,393)	(1)	(23,385)	(1)
						Non-controlling interest	6	39	-	17	-
						Total equity		2,723,785	58	2,853,516	65
Total assets		\$4,658,220	100	\$4,373,220	100	Total liabilities and equity		\$4,658,220	100	\$4,373,220	100

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

English translation of consolidated financial statements originally issued in Chinese
SUNFON CONSTRUCTION CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	For the years ended			
		December 31, 2022	%	December 31, 2021	%
Operating revenues	4、6	\$6,936	100	\$5,650	100
Operating costs	6	(1,725)	(25)	(1,843)	(33)
Gross profit		5,211	75	3,807	67
Operating expenses	6				
Selling and marketing expenses		(7,437)	(107)	(115)	(2)
Administrative expenses		(50,334)	(726)	(48,130)	(851)
Total operating expenses		(57,771)	(833)	(48,245)	(853)
Operating loss		(52,560)	(758)	(44,438)	(786)
Non-operating income and expenses	6				
Interest income		2,897	42	1,220	22
Other income		33,911	489	44,829	793
Other gains and losses, net		(1,018)	(15)	(1,288)	(23)
Finance costs, net		(835)	(12)	(3,059)	(54)
Total non-operating income and expenses		34,955	504	41,702	738
Loss from continuing operations before income tax		(17,605)	(254)	(2,736)	(48)
Income tax income (expense)	4、5、6	3,691	53	(4,626)	(82)
Net loss		(13,914)	(201)	(7,362)	(130)
Other comprehensive income (loss)	6				
Items that will not be reclassified subsequently to profit or loss					
Gains (losses) on remeasurements of defined benefit plans		4,168	60	(155)	(3)
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income		(119,985)	(1,729)	161,871	2,865
Total other comprehensive (loss) income		(115,817)	(1,669)	161,716	2,862
Total comprehensive (loss) income		\$(129,731)	(1,870)	\$154,354	2,732
Net loss attributable to:					
Parent		\$(13,908)		\$(7,361)	
Non-controlling interests		(6)		(1)	
		\$(13,914)		\$(7,362)	
Total comprehensive (loss) income attributable to:					
Parent		\$(129,725)		\$154,355	
Non-controlling interests		(6)		(1)	
		\$(129,731)		\$154,354	
Earnings per share (in dollars)	6				
Basic earnings per share					
Net loss		(\$0.07)		(\$0.04)	
Diluted earnings per share	6				
Net loss		(\$0.07)		(\$0.04)	

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

English translation of consolidated financial statements originally issued in Chinese
SUNFON CONSTRUCTION CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	Equity attributable to owners of parent							Non-controlling interests	Total equity	
	Share capital	Capital surplus	Legal reserve	Retained earnings		Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury stock			Total
				Special reserve	Unappropriated retained earnings					
Balance as of January 1, 2021	\$1,943,076	\$26,557	\$333,007	\$9,733	\$260,254	\$180,389	\$(23,385)	\$2,729,631	\$18	\$2,729,649
Appropriation and distribution of 2020 retained earnings :										
Legal reserve appropriated	-	-	20,290	-	(20,290)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(97,154)	-	-	(97,154)	-	(97,154)
Stock dividends of ordinary share	136,015	-	-	-	(136,015)	-	-	-	-	-
Net loss for 2021	-	-	-	-	(7,361)	-	-	(7,361)	(1)	(7,362)
Other comprehensive income, net of tax, for 2021	-	-	-	-	(155)	161,871	-	161,716	-	161,716
Total comprehensive income (loss)	-	-	-	-	(7,516)	161,871	-	154,355	(1)	154,354
Change in other additional paid in capital										
Adjustment of additional paid in capital by dividends paid to subsidiaries	-	3,897	-	-	-	-	-	3,897	-	3,897
Disposal of equity instruments investments measured at fair value through other comprehensive income	-	-	-	-	62,770	-	-	62,770	-	62,770
Balance as of December 31, 2021	2,079,091	30,454	353,297	9,733	62,049	342,260	(23,385)	2,853,499	17	2,853,516
Appropriation and distribution of 2021 retained earnings :										
Legal reserve appropriated	-	-	5,525	-	(5,525)	-	-	-	-	-
Stock dividends of ordinary share	54,056	-	-	-	(54,056)	-	-	-	-	-
Change in other capital surplus										
Capital surplus transferred to capital	29,108	(29,108)	-	-	-	-	-	-	-	-
Net loss for 2022	-	-	-	-	(13,908)	-	-	(13,908)	(6)	(13,914)
Other comprehensive loss, net of tax, for 2022	-	-	-	-	4,168	(119,985)	-	(115,817)	-	(115,817)
Total comprehensive loss	-	-	-	-	(9,740)	(119,985)	-	(129,725)	(6)	(129,731)
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	-	-	(20)	-	(8)	(28)	28	-
Disposal of equity instruments investments measured at fair value through other comprehensive income	-	-	-	-	35,700	(35,700)	-	-	-	-
Balance as of December 31, 2022	\$2,162,255	\$1,346	\$358,822	\$9,733	\$28,408	\$186,575	\$(23,393)	\$2,723,746	\$39	\$2,723,785

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

English translation of consolidated financial statements originally issued in Chinese
SUNFON CONSTRUCTION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended	
	December 31, 2022	December 31, 2021
Cash flows from operating activities :		
Net loss before tax	\$(17,605)	\$(2,736)
Adjustments :		
Income and expenses		
Depreciation expense	2,097	2,213
Amortization expense	120	107
Interest expense	835	3,059
Interest revenue	(2,897)	(1,220)
Dividend revenue	(31,634)	(43,080)
Loss on disposal of property, plant and equipment	52	-
Changes in operating assets and liabilities :		
Increase in inventories	(586,599)	(276,898)
Increase in prepayments	(4,671)	(372)
Increase in other current assets costs to obtain contract with customers	(151,579)	(343,405)
Increase in current assets recognised as incremental	(19,742)	(117,085)
Increase in contract liabilities	289,960	636,589
Increase in notes payables	556	11,690
Increase in accounts payables	1,364	2,333
Decrease in other payables	(590)	(2,895)
Decrease in other current liability, others	(339)	(2,201)
Decrease in net defined benefit liabilities, non-current	(462)	(881)
Cash outflow generated from operations	<u>(521,134)</u>	<u>(134,782)</u>
Interest received	2,921	1,214
Income tax paid	<u>(117)</u>	<u>(45,797)</u>
Net cash flows used in operating activities	<u>(518,330)</u>	<u>(179,365)</u>
Cash flows from (used in) investing activities :		
Acquisition of financial assets at fair value through other comprehensive income	(10,624)	(6,634)
Disposal of financial assets at fair value through other comprehensive income	85,140	133,598
Acquisition of intangible assets	-	(85)
Increase in other non-current assets	(1,502)	(7,520)
Dividend received	31,634	43,080
Net cash flows from investing activities	<u>104,648</u>	<u>162,439</u>
Cash flows from (used in) financing activities :		
Increase in short-term loans	415,600	232,801
Decrease in short-term loans	(114,000)	(103,000)
Increase in bonds payable	680,000	530,000
Decrease in bonds payable	(850,000)	(330,000)
Increase in other non-current liabilities-other	166	-
Cash dividends paid	-	(93,257)
Interest paid (Including capitalized interests)	(13,024)	(6,307)
Net cash flows from financing activities	<u>118,742</u>	<u>230,237</u>
Net (decrease) increase in cash and cash equivalents	(294,940)	213,311
Cash and cash equivalents at beginning of period	608,603	395,292
Cash and cash equivalents at end of period	<u>\$313,663</u>	<u>\$608,603</u>

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

Report of Independent Auditors

To SUNFON CONSTRUCTION CO., LTD.

Opinion

We have audited the accompanying parent only balance sheets of Sunfon Construction Co., Ltd. (the “company”) as of December 31, 2022, and 2021, and the related parent only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022, and 2021, and notes to the parent company only financial statements (including the summary of significant accounting policies).

In our opinion, based on our audits, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and financial performance and its cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Inventories

The primary business of the Company is the construction of residential and commercial buildings. The inventories of Company consist principally of land held for construction site, construction in progress, and land and buildings held for sale. As of December 31, 2022, the net amount of the inventories was NTD 2,462,947 thousands, which accounted for 53% of the parent company only total assets and was considered material to the parent company only financial statements. In addition, the real estate development is subject to political influence, general economy, market prospect, and property tax system reforms, which added to the difficulties and risks in management's assessment over the value of the inventories. As the valuation of inventories had significant impact on the parent company only financial statements, we considered this a key audit matter.

For the valuation of inventories, we have conducted audit procedures including but not limited to obtaining the appraisal reports concerning net realizable value of inventories, projected profit-and-loss statement, and analysis of the land development, to evaluate and test the reasonableness of net realizable value estimated by management. In addition, we analyzed the report based on the industry development trends and the expected demands of the market, also inquired the most recent closing price and transaction price of similar construction projects in nearby areas (including public information from the Department of Land Administration, Ministry of Interior and real estate agents), in order to evaluate whether declines in inventory value did occur.

As of December 31, 2022, the inventory of the Company has been disclosed and presented in Notes 4, 5 and 6 in the Parent Company only Financial Statements.

Non-current financial assets at fair value through other comprehensive income

As of December 31, 2022, the net amount of the non-current financial assets at fair value through other comprehensive income of the Company amounted to NTD 808,236 thousands, which accounted for 17% of the parent company only total assets and were domestic listed stocks and funds investments mainly. In addition, the net amount of the unrealised losses from investments in equity instruments measured at fair value through other comprehensive income amounted to NTD 119,985 thousand, and the net amount of the dividends revenue was NTD 31,634 thousand, which were the major source of income for the year ended December 31, 2022. In conclusion, the transaction of the non-current financial assets at fair value through other comprehensive income had significant impact on the parent company only financial statements, we considered this a key audit matter.

For the ownership and existence of non-current financial assets at fair value through other comprehensive income, we have conducted audit procedures including but not limited to check the passbook of Taiwan Depository & Clearing Corporation and send confirmation letters to securities companies. We checked the bank statements and securities companies' statements to verify the authenticity of trading and the accuracy of gains or losses from selling financial assets measured at fair value through other comprehensive income. We verified the accuracy of valuation gains or losses of financial assets measured at fair value through other comprehensive income in the end of period by checking investment's market price at end of period and calculating its valuation gain or loss. We also checked the relevant information of dividend statements to verify the authenticity and accuracy of recognition of dividends revenue.

As of December 31, 2022, the non-current financial assets measured at fair value through other comprehensive income of Sunfon Construction Co., Ltd. has been disclosed and presented in Note 6 and Attachment 2 in the Parent Company only Financial Statements.

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

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

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company only Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 the parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yang Chih-Hui

Hsu Hsin-Min

Ernst & Young, Taiwan

March 7, 2023

Taipei, Taiwan

Republic of China

Notice to Readers

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

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English translation of parent company only financial statements originally issued in Chinese
SUNFON CONSTRUCTION CO., LTD. AND SUBSIDIARIES
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2022 and December 31, 2021
(Expressed in Thousands of New Taiwan Dollars)

	Notes	December 31, 2022		December 31, 2021			Notes	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets						Current liabilities					
Cash and cash equivalents	4 · 6	\$228,244	5	\$604,177	14	Short-term loans	4 · 6 · 8	\$766,591	16	\$464,991	11
Current tax assets	4	100	-	-	-	Short-term notes and bills payable, net	4 · 8	-	-	200,000	5
Inventory	4 · 5 · 6 · 8	2,462,947	53	1,850,618	43	Contract liabilities	6	1,047,073	23	757,112	18
Prepayments		3,510	-	318	-	Notes payable		4,112	-	12,366	-
Other current assets		581,815	13	430,429	10	Accounts payable		10,105	-	8,650	-
Current assets recognised as incremental costs to obtain contract with customer	6	164,701	4	144,959	3	Accounts payable-related parties	7	72,076	2	15,238	-
Total current assets		3,441,317	75	3,030,501	70	Other payables		7,342	-	8,915	-
						Current tax liabilities	4	-	-	3,697	-
						Other current liabilities-other		3,927	-	4,319	-
						Total current liabilities		1,911,226	41	1,475,288	34
Non-current assets						Non-current liabilities					
Financial assets at fair value through other comprehensive income, non-current	4 · 6 · 8	808,236	17	1,002,737	24	Net defined benefit liabilities, non-current	4 · 6	917	-	5,233	-
Investments accounted for under the equity method	4 · 6	97,920	2	11,687	-	Other non-current liabilities-other		492	-	339	-
Property, plant and equipment	4 · 6 · 8	43,846	1	44,417	1	Total non-current liabilities		1,409	-	5,572	-
Investment property, net	4 · 5 · 6 · 8	233,930	5	235,204	5						
Intangible assets	4 · 6	355	-	475	-	Total liabilities		1,912,635	41	1,480,860	34
Other non-current assets		10,777	-	9,338	-						
Total non-current assets		1,195,064	25	1,303,858	30	Equity attributable to the parent company					
						Share capital					
						Ordinary share	4 · 6	2,162,255	47	2,079,091	48
						Additional paid in capital	6	1,346	-	30,454	1
						Retained earnings	6				
						Legal reserve		358,822	8	353,297	8
						Special reserve		9,733	-	9,733	-
						Unappropriated earnings		28,408	1	62,049	1
						Total retained earnings		396,963	9	425,079	9
						Other equities					
						Treasury stock	4 · 6	186,575	4	342,260	9
						Total equity		2,723,746	59	2,853,499	66
Total assets		\$4,636,381	100	\$4,334,359	100	Total liabilities and equity		\$4,636,381	100	\$4,334,359	100

The accompanying notes are an integral part of parent company only financial statements.

English translation of parent company only financial statements originally issued in Chinese
 SUNFON CONSTRUCTION CO., LTD. AND SUBSIDIARIES
 PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
 For the years ended December 31, 2022 and 2021
 (Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	For the years ended			
		31-Dec-22	%	31-Dec-21	%
Operating revenues	4、5、6	\$7,056	100	\$5,770	100
Operating costs	6	(1,725)	(24)	(7,982)	(138)
Gross profit (loss)		5,331	76	(2,212)	(38)
Operating expenses	6				
Selling and marketing expenses		(7,437)	(105)	(115)	(3)
Administrative expenses		(35,459)	(503)	(34,850)	(604)
Total operating expenses		(42,896)	(608)	(34,965)	(607)
Operating loss		(37,565)	(532)	(37,177)	(645)
Non-operating income and expenses	6				
Interest income		2,719	38	1,219	21
Other income		32,157	456	43,197	748
Other gains and losses, net		(755)	(11)	(1,288)	(22)
Finance costs, net		(130)	(2)	(2,848)	(49)
Share of profit or loss of associates and joint ventures accounted for using equity method, net		(14,025)	(199)	(5,838)	(101)
Total non-operating income and expenses		19,966	283	34,442	597
Loss from continuing operations before income tax		(17,599)	(249)	(2,735)	(48)
Income tax benefit (expense)	4、5、6	3,691	52	(4,626)	(80)
Net loss		(13,908)	(197)	(7,361)	(128)
Other comprehensive income (loss)	6				
Items that will not be reclassified subsequently to profit or loss					
Gains (losses) on remeasurements of defined benefit plans		3,882	55	(94)	(1)
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income		(119,985)	(1,700)	161,871	2,805
Share of other comprehensive income of subsidiaries, associate and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		286	4	(61)	(1)
Total other comprehensive (loss) income		(115,817)	(1,641)	161,716	2,803
Total comprehensive (loss) income		\$ (129,725)	(1,838)	\$154,355	2,675
Earnings per share (in dollars)	6				
Basic earnings per share					
Net loss		(\$0.07)		\$ (0.04)	
Diluted earnings per share	6				
Net loss		(\$0.07)		(\$0.04)	

The accompanying notes are an integral part of parent company only financial statements.

English translation of parent company only financial statements originally issued in Chinese
SUNFON CONSTRUCTION CO., LTD. AND SUBSIDIARIES
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Share capital	Capital surplus	Retained earnings			Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings			
Balance as of January 1, 2021	\$1,943,076	\$26,557	\$333,007	\$9,733	\$260,254	\$180,389	\$(23,385)	\$2,729,631
Appropriation and distribution of 2020 retained earnings :								
Legal reserve appropriated	-	-	20,290	-	(20,290)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(97,154)	-	-	(97,154)
Stock dividends of ordinary share	136,015	-	-	-	(136,015)	-	-	-
Net loss for 2021	-	-	-	-	(7,361)	-	-	(7,361)
Other comprehensive income, net of tax, for 2021	-	-	-	-	(155)	161,871	-	161,716
Total comprehensive income (loss)	-	-	-	-	(7,516)	161,871	-	154,355
Change in other additional paid in capital								
Adjustment of additional paid in capital by dividends paid to subsidiaries	-	3,897	-	-	-	-	-	3,897
Disposal of equity instruments investments measured at fair value through other comprehensive income	-	-	-	-	62,770	-	-	62,770
Balance as of December 31, 2021	2,079,091	30,454	353,297	9,733	62,049	342,260	(23,385)	\$2,853,499
Appropriation and distribution of 2021 retained earnings :								
Legal reserve appropriated	-	-	5,525	-	(5,525)	-	-	-
Stock dividends of ordinary share	54,056	-	-	-	(54,056)	-	-	-
Change in other additional paid in capital								
Capital surplus transferred to capital	29,108	(29,108)	-	-	-	-	-	-
Net loss for 2022	-	-	-	-	(13,908)	-	-	(13,908)
Other comprehensive income (loss), net of tax, for 2022	-	-	-	-	4,168	(119,985)	-	(115,817)
Total comprehensive loss	-	-	-	-	(9,740)	(119,985)	-	(129,725)
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	-	-	(20)	-	(8)	(28)
Disposal of equity instruments investments measured at fair value through other comprehensive income	-	-	-	-	35,700	(35,700)	-	-
Balance as of December 31, 2022	\$2,162,255	\$1,346	\$358,822	\$9,733	\$28,408	\$186,575	\$(23,393)	\$2,723,746

The accompanying notes are an integral part of parent company only financial statements.

English translation of parent company only financial statements originally issued in Chinese
SUNFON CONSTRUCTION CO., LTD. AND SUBSIDIARIES
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended	
	December 31, 2022	December 31, 2021
Cash flows from operating activities :		
Net loss before tax	\$(17,599)	\$(2,735)
Adjustments :		
Income and expenses		
Depreciation expense	1,797	1,913
Amortization expense	120	107
Interest expense	130	2,848
Interest revenue	(2,719)	(1,219)
Dividend revenue	(31,634)	(43,077)
Share of loss of associates and joint ventures	14,025	5,838
Loss on disposal of property, plant and equipment	52	-
Changes in operating assets and liabilities :		
Increase in inventories	(599,803)	(277,049)
Increase in prepayments	(3,192)	(75)
Increase in other current assets costs to obtain contract with customers	(151,415)	(343,399)
Increase in current assets recognised as incremental	(19,742)	(117,085)
Increase in contract liabilities	289,961	634,398
(Decrease) increase in notes payables	(8,254)	11,233
Increase in accounts payables	1,455	6,227
Increase in accounts payables-related parties	56,838	8,571
Decrease in other payables	(1,913)	(2,766)
Decrease in net defined benefit liabilities, non-current	(434)	(838)
(Decrease) increase in other current liability, others	(392)	31
Cash outflow generated from operations	<u>(472,719)</u>	<u>(117,077)</u>
Interest received	2,748	1,213
Income tax paid	(106)	(45,797)
Net cash flows used in operating activities	<u>(470,077)</u>	<u>(161,661)</u>
Cash flows from (used in) investing activities :		
Acquisition of financial assets at fair value through other comprehensive income	(10,624)	(6,634)
Disposal of financial assets at fair value through other comprehensive income	85,140	133,598
Acquisition of investments accounted for under the equity method	(100,000)	-
Acquisition of intangible assets	-	(85)
Increase in other non-current assets	(1,439)	(7,555)
Dividend Received	31,634	43,077
Net cash flows from investing activities	<u>4,711</u>	<u>162,401</u>
Cash flows from (used in) financing activities :		
Increase in short-term loans	415,600	114,801
Decrease in short-term loans	(114,000)	-
Increase in bonds payable	-	200,000
Decrease in bonds payable	(200,000)	-
Decrease in other non-current liabilities, others	153	-
Cash dividends paid	-	(97,154)
Interest paid (Including capitalized interests)	(12,320)	(6,085)
Net cash flows from financing activities	<u>89,433</u>	<u>211,562</u>
Net (decrease) increase in cash and cash equivalents	(375,933)	212,302
Cash and cash equivalents at beginning of period	604,177	391,875
Cash and cash equivalents at end of period	<u>\$228,244</u>	<u>\$604,177</u>

The accompanying notes are an integral part of parent company only financial statements.

Sunfon Construction Co., Ltd.
2022 Earnings Distribution Table

Item	Amount (NT\$)
Undistributed earnings at the beginning of the period	2,466,448
Less: Effect of changes in ownership interests in subsidiaries	(20,426)
Add: Actuarial gain or loss on defined benefit plans	4,167,870
Add: Gain/loss from disposal of equity instrument at fair value through other comprehensive income (OCI)	35,699,914
Less: Net loss after tax of current year	(13,907,652)
Available for distribution	28,406,154
Less: distribution items	
Legal reserves	(2,593,971)
Total	(2,593,971)
Undistributed earnings at the end of the period	25,812,183

Chairperson:
Hung Min-Fu

Managerial Officer:
Yu Jui-Hsing

Chief Accounting Officer:
Shih Shu-Ying