

Stock Code: 5514



Sunfon Construction Co., Ltd.
2024 Annual General Meeting

Shareholders Meeting
Agenda Handbook

May 23, 2024

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2024 Annual General Meeting Agenda – Sunfon Construction Co., Ltd.

Date/time: May 23, 2024 (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 Remarks
- V. Report Items
- VI. Ratification Items
- VII. Discussion Matters
- VIII. Election Matters
- IX. Other Proposals
- X. Extraordinary Motions
- XI. Meeting Adjourned

[Management Presentation]

I. 2023 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 employee education and training as well as the welfare system to enhance work efficiency.
5. Improving the financial structure and strictly controlling budgets and audits to ensure our profitability and operating performance.

(II) Implementation overview

As of 2023, the construction of City Meeting Point was completed and handed over; the steel structure of 1F-3F of Yun Ji was completed; the grouting of the second underground floor of Yun Di Project was completed; the construction of the structure of Baosheng Emperor Memorial Hall was completed; the first underground floor grouting of Sun Fon AIT project was completed; the slurry wall of Yun Du Project of the urban renewal and development was completed. Located at Section 3 of Chengde Road, house demolition for the Yun Cheng Project was completed, and the project is expected to be launched in 2024 Q2. In addition, the joint-construction projects at Nanchang Road in Zhongzheng District and the joint-construction projects at Huanshan Road in Neihu have been integrated, with construction licenses granted.

(III) 2023 Business Report Implementation Result

The Company’s consolidated operating income in 2023 totaled NT\$478,477 thousand, an increase of 6798.46% from the consolidated operating income of NT\$6,936 thousand in 2022. The consolidated net profit after tax in 2023 was NT\$28,916 thousand, an increase of 307.82% from the consolidated net loss after tax of NT\$13,914 thousand in 2022. The earnings per share was NT\$0.14. The business operation result is described in the following:

1. Consolidated Profit or Loss

Unit: NT\$ thousand

Item	Amount in 2023	Amount in 2022	Increase/decrease amount	Change in percentage %
Operating income	478,477	6,936	471,541	6798.46

Operating costs	380,978	1,725	379,253	21985.68
Operating profit	97,499	5,211	92,288	1771.02
Operating expenses	63,850	57,771	6,079	10.52
Operating income (loss)	33,649	(52,560)	86,209	164.02
Non-operating income and (expenditures)	17,194	34,955	(17,761)	(50.81)
Net income before tax	50,843	(17,605)	68,448	388.80
Income tax benefit (expense)	(21,927)	3,691	25,618	(694.07)
Net profit (loss) for the period	28,916	(13,914)	42,830	307.82
Earnings per share (NT\$)	0.14	(0.07)		

2. Parent Only Profit or Loss

Unit: NT\$ thousand

Item	Amount in 2023	Amount in 2022	Increase/decrease amount	Change in percentage %
Operating income	478,597	7,056	471,541	6682.84
Operating costs	327,783	1,725	326,058	18901.91
Operating profit	150,814	5,331	145,483	(2729.00)
Operating expenses	50,966	42,896	8,070	18.81
Operating income (loss)	99,848	(37,565)	137,413	365.80
Non-operating income and (expenditures)	(48,986)	19,966	(68,952)	(345.35)
Net income before tax	50,862	(17,599)	68,461	389.01
Income tax benefit (expense)	(21,927)	3,691	25,618	(694.07)
Net profit (loss) for the period	28,935	(13,908)	42,843	308.05
Earnings per share (NT\$)	0.14	(0.07)		

(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		Increase/decrease percentage (%)
	2023.12.31	2022.12.31	
Cash flow ratio (%)	(9.61)	(26.88)	17.27
Cash flow adequacy ratio (%)	(12.13)	(18.96)	6.83
Cash reinvestment ratio (%)	(8.18)	(18.61)	10.43

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

(2) Parent Only Liquidity Analysis

Item	Year		Increase/decrease percentage (%)
	2023.12.31	2022.12.31	
Cash flow ratio (%)	(3.94)	(24.60)	20.66

Cash flow adequacy ratio (%)	0.71	(13.83)	14.54
Cash reinvestment ratio (%)	(3.20)	(16.96)	13.76

Analysis of changes in the increase/decrease percentage:

Cash flow ratio increased by 20.66%, mainly due to the slowdown in the increase in inventories and the decrease in cash outflow from operating activities, resulting in an increase in the cash flow ratio.

2. Profitability analysis

(1) Consolidated profitability analysis

Year		2023	2022	Increase/decrease rate (%)
Item				
Return on assets (%)		0.60	(0.29)	0.89
Shareholder return on equity (%)		1.03	(0.50)	1.53
Percentage to paid-in capital (%)	Operating income	1.56	(2.43)	3.99
	Net income before tax	2.35	(0.81)	3.16
Net profit rate (%)		6.04	(200.61)	206.65
Earnings per share (NT\$)		0.14	(0.07)	

(2) Parent Only Profitability Analysis

Year		2023	2022	Increase/decrease rate (%)
Item				
Return on assets (%)		0.58	(0.31)	0.89
Shareholder return on equity (%)		1.03	(0.50)	1.53
Percentage to paid-in capital (%)	Operating income	4.62	(1.74)	6.36
	Net income before tax	2.35	(0.81)	3.16
Net profit rate (%)		6.05	(197.11)	203.16
Earnings per share (NT\$)		0.14	(0.07)	

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

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

- (1) Through applications for incentives for urban renewal of 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 a strategy that focuses on small volumes but a large number of projects, we hope to build our company brand in the public awareness.

- (3) Our product design and planning take into account the requirements of building coverage ratio and floor area ratio in order to fully utilize the buildable area. Moreover, we aim to design and construct tall buildings with deep foundations and high floors, imbuing them with vitality so that they are reasonable, practical, humanized and refined, and meeting market demand.
- (4) We select first-rate vendors through evaluation of their information sheets and final reports, while strengthening budget management and improving schedule control to reduce costs, elevating operational efficiency.
- (5) Our recent construction projects have received high praise by customers in terms of both the design and construction quality. Completed projects include “Feng Hua Hui,” “Wen Ding Hui,” “Di Yi Hui,” “The Twin Cities,” “City Meeting Point,” and projects currently under construction include “Baosheng Emperor Memorial Hall,” “Yun Ji,” “Sun Fon AIT” and “Yun Di”.

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 labor resources 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. The progress of our development and construction projects in 2023 is hereby reported. In 2023, the “City Meeting Point” was successfully delivered; the “Baosheng Emperor Memorial Hall” at Chongqing North Road Section 3 is expected to be delivered in 2024; the construction of “Yun Ji” at Minsheng West Road is under construction and expected to be completed and delivered in 2026; the “Yun Di” at the corner of Guisuijie on Minle Street is under construction, which was sold out in 2023 for a total sales amount of NT\$1586.62 million and is scheduled to be delivered in 2025; the “Sun Fon AIT” on Section 1 of Kangning Road in Neihu was pre-sold in 2023, achieving a sales rate of 99%, with only one unit remaining unsold, and a total sales amount of NT\$56.862 million; the “Yun Du”, located

at 1 Chengde Road, is under construction and is scheduled to be delivered in 2027; the construction project at “Nanchang Road” is scheduled to begin in February 2024 due to a change in the construction license, and is scheduled to be delivered in 2026; a construction license was obtained for the construction project at “Section 2, Huanshan Road” on September 12, 2023, with a base area of 269.53 pings, and 11 levels above ground and 3 levels underground, the floor area is 1,660.56 pings (after the Lunar New Year this year, the demolition and construction began, and is scheduled to be delivered in 2026).

The active promotion of development projects in this year include: urban renewal project “No. 101, Chang’an West”, with a base area of 669.13 ping; publicly planned urban renewal project “Changji Street”, with a base area of 664.59 pings, urban renewal project “Yansan Night Market” at Section 3 of Yanping North Road, with a base area of 665.75 pings; publicly planned urban renewal project “No. 31-1, Section 3, Chongqing North Road”, with a base area of 464.94 pings.

Looking forward to 2024, despite the pressure of inflation and lack of work, and the need for low-carbon and environmental protection, the cost of construction may be pushed higher, making it more difficult for housing prices to fall. However, the Company adheres to the concept of sustainable operation: “Loyalty and dedication, increase income and minimize expenditure, and put the customer first and create a better future together.” We look forward to the Company’s breakthroughs, robust growth and stability. Once again, thank you for your continued support and encouragement. Finally, I wish you good health and all the best!

Chairperson:
Hung, Ping-Yao

Managerial Officer:
Lan, Li-Hua

Chief Accounting Officer:
Shih, Shu-Ying

II. 2023 Audit Committee's Review Report, please review.

Description: The Company's 2023 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 2023 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 2024 Annual General Meeting

Audit Committee Convener: Huang, Tse-Jen

March 5, 2024

III. Report on 2023 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 2023, net profit before tax excluding remuneration to employees and directors was NT\$51,900,568 , and it was proposed that NT\$519,006 was to be distributed as remuneration to employees and NT\$519,006 as remuneration to directors, all of which were paid in cash.
- III. The above remuneration distribution has been reviewed and approved at the 13th meeting of the 1st term of the Audit Committee on March 5, 2024.

[Recognition Matters]

Case 1 Proposed by the Board of Directors

Reason: Adoption of the 2023 business report and financial statements, proposed for ratification.

Description:

- I. The Company's 2023 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 2023 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 26–41 of this Handbook.

Resolution:

Case 2 Proposed by the Board of Directors

Reason: Motion for the 2023 earnings distribution, proposed for ratification.

Description:

- I. The Company's net profit after tax for 2023 was NT\$28,934,869. It is proposed that the undistributed earnings of NT\$108,112,770 will be distributed in stock dividends at NT\$0.5 per share, i.e., NT\$50 per every 1,000 shares. The Board of Directors is authorized to set the basis for dividend distribution after the resolution is adopted at the shareholders' meeting.
- II. For the 2023 earnings distribution table, please refer to page 42 of this Handbook.

Resolution:

[Discussion Matters]

Case 1 Proposed by the Board of Directors

Reason: Motion for issuing new shares by transferring capital from surplus, please review

Description:

- I. As a means to raise working capital and for future business development, the Company proposes to allocate NT\$108,112,770 of common stock dividends from distributable earnings for 2023 to increase capital. A total of 10,811,277 new shares with a par value of NT\$10 per share is expected to be issued.
- II. After the shareholders meeting has passed the issue of new shares and it has been approved by the competent authorities, the base date for distribution of shares will be set. Based on shares held by the shareholder as recorded in the register on the base date, 50 shares per 1000 shares shall be allocated. If shares are less than one full share, shareholders are to register to consolidate the shares into one share within five days from the date of the suspension of stock transfer. If the shares are not consolidated or still not enough after five days, as stipulated in Article 240 of the Company Act, shares less than one full share shall be distributed in cash. The shares are authorized to be purchased at the par value by the chairperson of the board of directors from certain persons.
- III. Regarding the new stock issued for capital increase, the rights and obligations are the same as the originally issued common stock.
- IV. If the Company's capital stock changes prior to the base date of capital increase and affects the total number of outstanding shares resulting in changes in the stock distribution ratio of shareholders, it has been proposed that the shareholders meeting authorize the chairperson of the board of directors to have full rights regarding adjustment.
- V. The chairperson of the board of directors is authorized to handle matters not covered in this motion for capital increase due to changes in law or approval by the competent authorities.

Resolution:

Case 2 Proposed by the Board of Directors

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

Description: The Company's Articles of Incorporation has been amended stating that one Vice Chairperson is to be appointed. The comparison table of the amended provisions is as follows:

Comparison Table of Amendments to the Articles of Incorporation

Original Article	Amended Article	Reason for Amendment
<p>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.</p>	<p>Article 18: At the Board of Directors' meeting, a chairperson may be elected from among the directors present at a meeting attended by more than two-thirds of the directors. <u>A vice chairperson may also be elected by the directors in the same manner.</u> The chairperson is the representative of the Company externally.</p>	<p>One new vice chairperson may be added.</p>
<p>Article 28: These Articles were formulated on January 11, 1988; the 1st amendments were made on June 1, 1989...; the 23rd amendments were made on July 23, 2021; and the 24th amendments were made on May 26, 2022.</p>	<p>Article 28: These Articles were formulated on January 11, 1988; the 1st amendments were made on June 1, 1989...; the 23rd amendments were made on July 23, 2021; the 24th amendments were made on May 26, 2022; and <u>the 25th amendments were made on May 23, 2024.</u></p>	

Resolution:

Case 3 Proposed by the Board of Directors

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

Description: The Rules of Procedure for Shareholder Meetings of OO Co., Ltd. has been amended in accordance with the “Rules of Procedure for Shareholder Meetings of OO Co., Ltd.” promulgated by the competent authority. The comparison table of the amended provisions is as follows:

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

Original Article	Amended Article	Reason for Amendment
<p>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.</p>	<p>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. <u>Any change of the means for convening of a shareholders’ meeting shall be resolved by the Board of Directors. The change shall be made at the latest prior to sending a letter of notification of shareholders’ meeting. The Company shall state the following in the notice of convening of a virtual shareholders meeting</u> 1. <u>How shareholders attend the virtual meeting and exercise their rights.</u> 2. <u>The handling method in case of failure of the virtual meeting platform or participants through virtual meeting due to natural disasters, accidents or other force majeure events.</u></p>	<p>The Company has added relevant matters in accordance with the “Rules of Procedure for Shareholder Meetings of OO Co., Ltd.” promulgated by the competent authority and in accordance with Article 172-2 of the Company Act that virtual shareholders’ meetings may be adopted by public companies.</p>
<p>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</p>	<p>II. <u>Shareholders should register for the shareholders’ meeting at least 30 minutes before the meeting starts. For virtual shareholders’ meetings, shareholders may begin to register on the virtual meeting platform 30 minutes</u></p>	<p>In the event of a virtual shareholders’ meeting, the Company shall begin to take</p>

Original Article	Amended Article	Reason for Amendment
<p>attendance shall be calculated according to the shares indicated by the <u>attendance book or sign-in cards</u> handed in.</p>	<p><u>before the meeting starts. Shareholders completing registration will be deemed as attending the shareholders’ meeting in person</u> The Company shall upload the number of shares, agenda handbook, annual report and supplementary information of the meeting by correspondence or electronic means to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</p> <p>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. <u>In the event of a virtual shareholders’ meeting, shareholders intending to attend the virtual shareholders’ meeting shall register with the Company two days before the shareholders’ meeting.</u></p> <p>The number of shares represented shall be calculated based on the sign-in cards handed in <u>and the number of shares registered via the virtual shareholders’ meeting platform, plus the number of shares exercising voting rights by correspondence or electronic means .</u></p>	<p>register and upload meeting-related materials to the virtual meeting platform at least 30 minutes before the meeting starts. Shareholders intending to attend the virtual shareholders’ meeting shall register with the Company two days before the shareholders’ meeting.</p>
<p>III. Attendance and voting at shareholders’ meetings shall be calculated based on numbers of shares.</p>	<p>III. Attendance and voting at shareholders’ meetings shall be calculated based on numbers of shares. <u>For each shareholders’ meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy</u></p>	<p>Paragraphs 2 and 3 have been added to accommodate the requirements</p>

Original Article	Amended Article	Reason for Amendment
	<p><u>form issued by the Company and stating the scope of the proxy's authorization.</u> <u>A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy appointment.</u> <u>After a shareholder has exercised voting rights by correspondence or electronic means, in the case of shareholders intending to attend the shareholders' meeting in person or online, a written declaration of intent to retract the voting rights already exercised shall be made known to the Company, by the same means by which the voting rights were exercised, two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time by a proxy form, the voting rights already exercised by correspondence or electronic means shall prevail.</u></p>	<p>regarding the delivery time of the proxy form, the use or revocation of the proxy form, and the exercise of voting rights.</p>
<p>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</p>	<p>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</p>	<p>Paragraph 2 has been added to accommodate the requirement that the restriction on the place of the</p>

Original Article	Amended Article	Reason for Amendment
<p>than 9 a.m. and no later than 3 p.m.</p>	<p>later than 3 p.m. <u>The restrictions on the place of the meeting shall not apply when the Company convenes a virtual shareholders' meeting.</u></p>	<p>meeting shall not apply when the Company convenes a virtual shareholders' meeting.</p>
<p>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.</p>	<p>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. <u>If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation. Where a shareholders' meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</u></p>	<p>Paragraph 2 has been added</p>
<p>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</p>	<p>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</p>	<p>In the event the Company's shareholders' meeting is held by way of virtual shareholder's meeting, if the chairman announces meeting adjourned, the Company shall announce the</p>

Original Article	Amended Article	Reason for Amendment
<p>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 Paragraph 1, Article 175 of the Company Act.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.</p>	<p>total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned on the virtual meeting platform. <u>If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 2.</u></p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.</p>	<p>adjournment of the virtual shareholders' meeting platform to notify shareholders immediately. Where a shareholders' meeting is convened by tentative resolution, shareholders wishing to attend the meeting online shall re-register with the Company.</p>
<p>XIII. After an attending shareholder has spoken, the chair may</p>	<p>XIII. After an attending shareholder has spoken, the chair may</p>	<p>To accommodate</p>

Original Article	Amended Article	Reason for Amendment
<p>respond in person or direct relevant personnel to respond.</p>	<p>respond in person or direct relevant personnel to respond. <u>Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words.</u></p>	<p>the addition of Paragraph 2 that when a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words.</p>
<p>XV. Vote monitoring and counting personnel for a vote 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</p>	<p>XV. Vote monitoring and counting personnel for a vote 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</p>	<p>To accommodate the addition of Paragraph 2 that when a virtual shareholders' meeting is convened, the votes shall be</p>

Original Article	Amended Article	Reason for Amendment
<p>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.</p>	<p>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. <u>When a virtual shareholders' meeting is convened, the votes shall be counted once and the voting results of each proposal and the election shall be announced and immediately disclosed on the virtual shareholders' meeting platform.</u></p>	<p>counted once and the voting results of each proposal and the election shall be announced and immediately disclosed on the virtual shareholders' meeting platform.</p>
<p>XXII. These Rules were formulated on June 20, 1990; the 1st amendments were made on May 29, 1999; the 2nd amendments were made on May 30, 2002; and the 3rd amendments were may on July 23, 2021.</p>	<p>XXII. These Rules were formulated on June 20, 1990; the 1st amendments were made on May 29, 1999; the 2nd amendments were made on May 30, 2002; the 3rd amendments were may on July 23, 2021; <u>and the 4th amendments were may on May 23, 2024.</u></p>	

[Election Matters]

Reason: Motion for the election of 7 directors (including 3 independent directors) for the Company's 13th board. Please proceed.

(Proposed by the Board of Directors)

Description:

- I. The Company shall have 7 to 9 directors (including 3 independent directors) who shall serve a term of 3 years; they may be eligible for re-election. Directors are elected by the shareholders meeting from among persons with capacity or their representatives as required by the Company's Articles of Incorporation.
- II. This motion for the election of 7 directors (including 3 independent directors) was approved by resolution of the Company's 12th board at the 14th meeting. The new directors and independent directors will take office after this annual general meeting for a term of 3 years from May 23, 2024, to May 22, 2027. The originally appointed directors and supervisors will be relieved of their duties after this Annual General Meeting.
- III. For the Company's director candidate list, please refer to page 24 of this Handbook.

Resolution result:

[Other Motions]

Reason: Motion for the lifting of competition restrictions for the Company's 13th Board and its representatives, please review.

(Proposed by the Board of Directors)

Description:

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

Title	Name	Concurrent positions held in the Company
Director	Don Tai Development Co., Ltd. Designated Representative: Hung, Ping-Yao	None
Director	Yo-Li Investment Co., Ltd. Appointed Representative: Lin, Yi-Wei	Chairperson, Yi Fu Investment Co., Ltd. Chairperson, Trans-idea Educational Laboratory Co., Ltd.
Director	Golden Plaza Cultural & Education Foundation Representative: Hung, Yi-Ching	Representative appointed by corporate director of Long Da Construction & Development
Director	Hong Ding Investment Co., Ltd. Representative: Chen, Teh-Fong	None
Independent Director	Yen, Kuo-Lung	CPA, Answer CPAs Firm Independent Director, Nichidenbo Corporation Independent Director, Win Win Precision Technology Co., Ltd.
Independent Director	Ke, Pai-Ling	Attorney, Ming Li Attorneys-at-Law Independent Director, Tachan Securities Co., Ltd.
Independent Director	Wu, Chen-Chi	None

Resolution:

[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 attending 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; 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 in the Company.

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

In case a meeting of the board of directors is held 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, their 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 officer

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 Supplementary 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.

[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 or 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 Paragraph 1, Article 175 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 a vote 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 for the Election of Directors

- Article 1: The Company's elections for directors are handled pursuant to these Rules.
- Article 2: The cumulative voting method shall be used for the election of the directors of the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting.
- Article 3: Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.
- Article 4: For the election of director of the Company, the number of directors will be as specified in the Company's Articles of Incorporation and the board of directors' proposal, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 5: The qualifications of the Company's independent directors must meet the criteria for independent directors determined by the competent authorities. The election of independent directors is handled in accordance with the regulations set out by the competent authorities.
- The election of the Company's directors (including independent directors) is subject to the provisions of Article 192-1 of the Company Act in that a candidate nomination system shall be adopted and that such system shall be expressly stated in the Articles of Incorporation of the Company
- Article 6: If the candidate is a shareholder, voters shall indicate the account name and account number in the "Candidate" column on the ballot. If the candidate is not a shareholder, mark the name and the identification document number of the candidate. However, when the candidate is a governmental organization or juristic person shareholder, the name of the governmental organization or juristic person shareholder shall be indicated in the column for the candidate's account name on the ballot paper, or both the name of the governmental organization or juristic person shareholder and the name of its representative may be indicated. When there are multiple representatives, the names of each respective representative shall be indicated.
- Article 7: A ballot is invalid under any of the following circumstances.
1. A ballot not prepared in accordance with these Rules.

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

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

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

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

Article 11: These Rules were formulated on June 21, 2008; the 1st amendments were made on May 30, 2002; the 2nd amendments were made on June 21, 2013; and the 3rd amendments were made on May 28, 2020.

[Appendix IV]

Director candidate list

Nominee category	Nominee	Candidate	Education	Experience	Current position	Number of shares held	Name of the juristic person represented	Whether or not they have served three consecutive terms as independent director	Reason for continuing to nominate independent directors who have served three consecutive terms	Number and names of other public companies in which the individual is concurrently serving as an independent director
Director	Board of Directors	Don Tai Development Co., Ltd.	None	None	None	14,000,480	None	Not applicable	Not applicable	None
Director		Yo-Li Investment Co., Ltd.	None	None	None	14,560,104	None	Not applicable	Not applicable	None
Director		Golden Plaza Cultural & Education Foundation	None	None	None	1,387,344	None	Not applicable	Not applicable	None
Director		Hong Ding Investment Co., Ltd.	None	None	None	2,570,208	None	Not applicable	Not applicable	None
Independent Director		Yen, Kuo-Lung	M.S., Graduate School of Finance, National Chengchi University	CPA, Answer CPAs Firm	CPA, Answer CPAs Firm	0	None	No	Not applicable	1. Independent Director, Nichidenbo Corp. 2. Independent Director, Win Win Precision Technology Co., Ltd.
Independent Director		Ke, Pai-Ling	M.A., Graduate School of Law, National Chengchi University	Attorney, Ming Li Attorneys-at-Law	Attorney, Ming Li Attorneys-at-Law	0	None	No	Not applicable	Independent Director, Tachan Securities Co., Ltd.
Independent Director		Wu, Chen-Chi	Master of Science in Management, Baker University, Kansas, USA	Division Chief, E.SUN Commercial Bank Manager, Hwatai Bank	None	0	None	No	Not applicable	None

[Appendix V]

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 shares

Note: Closing date: March 25, 2024

(II) Details of shares held by directors

Title	Name	Number of shares held as recorded in the shareholders register	Ratio
Chairperson	Hung, Ping-Yao (representative of Don Tai Development Co., Ltd.)	14,000,480	6.47%
Director	Lin, Yi-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 25, 2024

[Appendix VI]

English Translation of Auditors' Report Originally Issued in Chinese

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, 2023, and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023, and 2022, 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, 2023 and 2022, and financial performance and its cash flows for the years ended December 31, 2023 and 2022, 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 2023 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.

Recognition of income from sales of real estate

The Group recognized operating income of NTD 478,477 thousand for the year ended December 31, 2023. Its main operating income was income from the sales of real estate. Due to the large number of counterparties in real estate transactions, we consider that the correct timing of income recognition is material to consolidated financial statements. Therefore, it was determined to be one of the key audit matters for the year ended December 31, 2023.

Our audit procedures include (but are not limited to) understanding, evaluating and testing the effectiveness of internal controls related to the income from the sales of real estate, including testing the control points where the sales staff review the contract and relevant purchase and sale requirements, and when performing substantive procedures at the end of the period, checking the contract of the sale and purchase of real estate and reviewing the ownership transfer registration documents of land and houses, hand over bills of the house and checking the payment collection records to confirm the time when the performance obligations are met; in addition, we will review whether there are any restrictive clauses in the contract of the sale and purchase of real estate to confirm the correctness of the timing of revenue recognition.

The operating income of the Group for the year ended December 31, 2023 has been disclosed and presented in Notes 4 and 6 to the consolidated financial statements.

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, 2023, the net amount of the inventories was NTD 2,983,394 thousand, which accounted for 55% 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, 2023, the inventory of Sunfon Construction Co., Ltd. and its subsidiaries has been disclosed and presented in Notes 4, 5 and 6 to the consolidated financial statements.

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

As of December 31, 2023, the net amount of the non-current financial assets at fair value through other comprehensive income of the Group amounted to NTD 759,574 thousand, which accounted for 14% of the consolidated total assets and were domestic listed stocks and fund 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 NTD 131,376 thousand, and the net amount of the dividend revenue was NTD 11,928 thousands which were the major source of income for the year ended December 31, 2023. 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, 2023, 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 2023 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, 2023 and 2022.

Yang Chih-Huei

Hsu Hsin-Min

Ernst & Young, Taiwan

March 5, 2024

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, 2023 and December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assests		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
Accounts	Notes	Amount	%	Amount	%	Accounts	Notes	Amount	%	Amount	%
Current assets						Current liabilities					
Cash and cash equivalents	4, 6, 9	\$454,551	9	\$313,663	7	Short-term loans	4, 6, 8	\$951,521	18	\$794,591	17
Current tax assets	4	126	-	111	-	Short-term notes and bills payable, net	4, 8	100,000	2	30,000	1
Inventory	4, 5, 6, 8, 9	2,983,394	55	2,436,588	52	Current contract liabilities	4, 6	1,257,139	24	1,047,073	23
Prepayments		19,900	-	5,286	-	Notes payable		97,396	2	18,157	-
Other current assets	9	643,140	12	581,990	12	Accounts payable		55,317	1	23,439	1
Current assets recognised as incremental costs to obtain contract with customers	6	171,306	3	164,701	4	Other payables		16,585	-	11,162	-
Total current assets		4,272,417	79	3,502,339	75	Current tax liabilities	4	21,420	-	-	-
						Other current liabilities - others		6,507	-	4,163	-
						Total current liabilities		2,505,885	47	1,928,585	42
Non-current assets						Non-current liabilities					
Financial assets at fair value through other comprehensive income, non-current	4, 6, 8	759,574	14	808,236	18	Net defined benefit liabilities, non-current	4, 6	3,173	-	5,094	-
Property, plant and equipment	4, 6, 8	43,650	1	43,846	1	Other non-current liabilities - others		605	-	756	-
Investment property, net	4, 5, 6, 8	290,306	5	291,884	6	Total non-current liabilities		3,778	-	5,850	-
Intangible assets	4, 6	740	-	355	-	Total liabilities		2,509,663	47	1,934,435	42
Deferred tax assets	4	715	-	715	-						
Other non-current assets		25,940	1	10,845	-	Equity attributable to the parent company					
Total non-current assets		1,120,925	21	1,155,881	25	Share capital					
						Ordinary share	6	2,162,255	40	2,162,255	46
						Additional paid-in capital	6	1,346	-	1,346	-
						Retained earnings	6				
						Legal reserve		361,416	7	358,822	8
						Speccial reserve		9,733	-	9,733	-
						Unappropriated earnings		131,297	2	28,408	1
						Total retained earnings		502,446	9	396,963	9
						Other equity		241,000	4	186,575	4
						Treasury stock	4, 6	(23,395)	-	(23,393)	(1)
						Non-controlling interest	6	27	-	39	-
						Total equity		2,883,679	53	2,723,785	58
Total assests		\$5,393,342	100	\$4,658,220	100	Total liabilities and equity		\$5,393,342	100	\$4,658,220	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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	For the years ended			
		December 31, 2023	%	December 31, 2022	%
Operating revenues	4, 6	\$478,477	100	\$6,936	100
Operating costs	6	(380,978)	(80)	(1,725)	(25)
Gross profit		97,499	20	5,211	75
Operating expenses	6				
Selling and marketing expenses		(13,767)	(3)	(7,437)	(107)
Administrative expenses		(50,083)	(10)	(50,334)	(726)
Total operating expenses		(63,850)	(13)	(57,771)	(833)
Operating income (loss)		33,649	7	(52,560)	(758)
Non-operating income and expenses	6				
Interest income		4,967	1	2,897	42
Other income		14,658	3	33,911	489
Other gains and losses, net		(586)	-	(1,018)	(15)
Finance costs, net		(1,845)	-	(835)	(12)
Total non-operating income and expenses		17,194	4	34,955	504
Profit (loss) from continuing operations before income tax		50,843	11	(17,605)	(254)
Income tax (expense) income	4, 5, 6	(21,927)	(5)	3,691	53
Net profit (loss)		28,916	6	(13,914)	(201)
Other comprehensive income	6				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		(398)	-	4,168	60
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income		131,376	27	(119,985)	(1,729)
Total other comprehensive income (loss)		130,978	27	(115,817)	(1,669)
Total comprehensive income (loss)		\$159,894	33	\$(129,731)	(1,870)
Net profit (loss) attributable to:					
Owners of the parent company		\$28,935		\$(13,908)	
Non-controlling interests		(19)		(6)	
		\$28,916		\$(13,914)	
Total comprehensive income (loss) attributable to:					
Owners of the parent company		\$159,913		\$(129,725)	
Non-controlling interests		(19)		(6)	
		\$159,894		\$(129,731)	
Earnings per share (in dollars)	6				
Basic earnings per share					
Net profit (loss)		\$0.14		\$(0.07)	
Diluted earnings per share	6				
Net profit (loss)		\$0.14		\$(0.07)	

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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Equity attributable to owners of parent							Non-controlling interests	Total equity	
	Share capital	Capital surplus	Retained earnings			Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury stock			Total
			Legal reserve	Special reserve	Unappropriated retained earnings					
Balance as of January 1, 2022	\$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										
Stock dividend from capital surplus	29,108	(29,108)	-	-	-	-	-	-	-	-
Net loss for 2022	-	-	-	-	(13,908)	-	-	(13,908)	(6)	(13,914)
Other comprehensive income (loss) for 2022	-	-	-	-	4,168	(119,985)	-	(115,817)	-	(115,817)
Total comprehensive income (loss) for 2022	-	-	-	-	(9,740)	(119,985)	-	(129,725)	(6)	(129,731)
Changes in ownership interests in subsidiaries	-	-	-	-	(20)	-	(8)	(28)	28	-
Disposal of equity instruments 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
Appropriation and distribution of 2022 retained earnings :										
Legal reserve appropriated	-	-	2,594	-	(2,594)	-	-	-	-	-
Net income for 2023	-	-	-	-	28,935	-	-	28,935	(19)	28,916
Other comprehensive income for 2023	-	-	-	-	(398)	131,376	-	130,978	-	130,978
Total comprehensive income for 2023	-	-	-	-	28,537	131,376	-	159,913	(19)	159,894
Changes in ownership interests in subsidiaries	-	-	-	-	(5)	-	(2)	(7)	7	-
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	76,951	(76,951)	-	-	-	-
Balance as of December 31, 2023	\$2,162,255	\$1,346	\$361,416	\$9,733	\$131,297	\$241,000	\$(23,395)	\$2,883,652	\$27	\$2,883,679

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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended	
	December 31, 2023	December 31, 2022
Cash flows from (used in) operating activities :		
Net profit (loss) before tax	\$50,843	\$(17,605)
Adjustments :		
Income and expenses		
Depreciation expense	2,117	2,097
Amortization expense	186	120
Interest expense	1,845	835
Interest revenue	(4,967)	(2,897)
Dividend revenue	(11,928)	(31,634)
Loss on disposal of property, plant and equipment	-	52
Changes in operating assets and liabilities :		
Increase in inventories	(527,201)	(586,599)
Increase in prepayments	(14,614)	(4,671)
Increase in other current assets	(61,185)	(151,579)
Increase in current assets recognised as incremental costs to obtain contract with customers	(6,605)	(19,742)
Increase in contract liabilities	210,066	289,960
Increase in notes payables	79,239	556
Increase in accounts payables	31,878	1,364
Increase (decrease) in other payables	5,076	(590)
Increase (decrease) in other current liabilities, others	2,344	(339)
Decrease in net defined benefit liabilities, non-current	(2,319)	(462)
Cash outflow generated from operations	(245,225)	(521,134)
Interest received	5,002	2,921
Income tax paid	(522)	(117)
Net cash flows used in operating activities	(240,745)	(518,330)
Cash flows from (used in) investing activities :		
Acquisition of financial assets at fair value through other comprehensive income	(1,579)	(10,624)
Disposal of financial assets at fair value through other comprehensive income	181,617	85,140
Acquisition of property, plant and equipment	(343)	-
Acquisition of intangible assets	(571)	-
Increase in other non-current assets	(15,095)	(1,502)
Dividend received	11,928	31,634
Net cash flows from investing activities	175,957	104,648
Cash flows from (used in) financing activities :		
Increase in short-term loans	381,230	415,600
Decrease in short-term loans	(224,300)	(114,000)
Increase in short-term notes and bills payable	70,000	680,000
Decrease in short-term notes and bills payable	-	(850,000)
Increase in other non-current liabilities, other	(151)	166
Interest paid (including capitalized interests)	(21,103)	(13,024)
Net cash flows from financing activities	205,676	118,742
Net increase (decrease) in cash and cash equivalents	140,888	(294,940)
Cash and cash equivalents at beginning of period	313,663	608,603
Cash and cash equivalents at end of period	\$454,551	\$313,663

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

English Translation of Auditors' Report Originally Issued in Chinese

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, 2023, and 2022, and the related parent only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023, and 2022, 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, 2023 and 2022, and financial performance and its cash flows for the years ended December 31, 2023 and 2022, 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 2023 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.

Recognition of income from sales of real estate

The Company recognized operating income of NTD 478,597 thousand for the year ended December 31, 2023. Its main operating income was income from the sales of real estate. Due to the large number of counterparties in real estate transactions, we consider that the correct timing of income recognition is material to parent company only financial statements. Therefore, it was determined to be one of the key audit matters for the year ended December 31, 2023.

Our audit procedures include (but are not limited to) understanding, evaluating and testing the effectiveness of internal controls related to the income from the sales of real estate, including testing the control points where the sales staff review the contract and relevant purchase and sale requirements, and when performing substantive procedures at the end of the period, checking the contract of the sale and purchase of real estate and reviewing the ownership transfer registration documents of land and houses, hand over bills of the house and checking the payment collection records to confirm the time when the performance obligations are met; in addition, we will review whether there are any restrictive clauses in the contract of the sale and purchase of real estate to confirm the correctness of the timing of revenue recognition.

The operating income of the Company for the year ended December 31, 2023 has been disclosed and presented in Notes 4 and 6 to the parent company only financial statements.

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, 2023, the net amount of the inventories was NTD 2,892,387 thousand, which accounted for 55% 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, 2023, the inventory of the Company has been disclosed and presented in Notes 4, 5 and 6 to the parent company only financial statements.

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

As of December 31, 2023, the net amount of the non-current financial assets at fair value through other comprehensive income of the Company amounted to NTD 759,574 thousand, which accounted for 14% of the parent company only total assets and were the investment of domestic listed stocks and funds mainly. In addition, the net amount of the unrealized income from financial assets measured at fair value through other comprehensive income amounted to NTD 131,376 thousand, and the net amount of the dividend revenue was NTD 11,928 thousand, which were the major source of income for the year ended December 31, 2023. 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, 2023, 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 2023 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-Huei

Hsu Hsin-Min

Ernst & Young, Taiwan

March 5, 2024

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.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2023 and December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

	Notes	December 31, 2023		December 31, 2022			Notes	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets						Current liabilities					
Cash and cash equivalents	4, 6	\$408,765	8	\$228,244	5	Short-term loans	4, 6, 8	\$893,521	17	\$766,591	16
Current tax assets	4	100	-	100	-	Short-term notes and bills payable, net	4, 8	40,000	1	-	-
Inventory	4, 5, 6, 8	2,892,387	55	2,462,947	53	Contract liabilities, current	6	1,257,139	24	1,047,073	23
Prepayments		7,462	-	3,510	-	Notes payable		7,706	-	4,112	-
Other current assets		643,133	12	581,815	13	Accounts payable		7,450	-	10,105	-
Current assets recognised as incremental costs to obtain contract with customer	6	171,306	3	164,701	4	Accounts payable - related parties	7	138,400	3	72,076	2
Total current assets		4,123,153	78	3,441,317	75	Other payables		11,839	-	7,342	-
						Current tax liabilities	4	21,420	-	-	-
						Other current liabilities - others		6,352	-	3,927	-
						Total current liabilities		2,383,827	45	1,911,226	41
Non-current assets						Non-current liabilities					
Financial assets at fair value through other comprehensive income, non-current	4, 6, 8	759,574	14	808,236	17	Net defined benefit liabilities, non-current	4, 6	-	-	917	-
Investments accounted for using equity method	4, 6	82,107	2	97,920	2	Other non-current liabilities - others		342	-	492	-
Property, plant and equipment	4, 6, 8	43,347	1	43,846	1	Total non-current liabilities		342	-	1,409	-
Investment property, net	4, 5, 6, 8	232,652	4	233,930	5						
Intangible assets	4, 6	235	1	355	-	Total liabilities		2,384,169	45	1,912,635	41
Other non-current assets		25,841	-	10,777	-						
Net defined benefit assets, non-current	4, 6	912	-	-	-	Equity					
Total non-current assets		1,144,668	22	1,195,064	25	Share capital					
						Ordinary shares	4, 6	2,162,255	41	2,162,255	47
						Additional paid in capital	6	1,346	-	1,346	-
						Retained earnings	6				
						Legal reserve	6	361,416	7	358,822	8
						Special reserve		9,733	-	9,733	-
						Unappropriated earnings		131,297	2	28,408	1
						Total retained earnings		502,446	9	396,963	9
						Other equity		241,000	5	186,575	4
						Treasury stock	4, 6	(23,395)	-	(23,393)	(1)
						Total equity		2,883,652	55	2,723,746	59
Total assets		\$5,267,821	100	\$4,636,381	100	Total liabilities and equity		\$5,267,821	100	\$4,636,381	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.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	For the years ended			
		December 31, 2023	%	December 31, 2022	%
Operating revenues	4, 5, 6	\$478,597	100	\$7,056	100
Operating costs	6	(327,783)	(68)	(1,725)	(24)
Gross profit		150,814	32	5,331	76
Operating expenses	6				
Selling and marketing expenses		(13,767)	(3)	(7,437)	(105)
Administrative expenses		(37,199)	(8)	(35,459)	(503)
Total operating expenses		(50,966)	(11)	(42,896)	(608)
Operating income (losses)		99,848	21	(37,565)	(532)
Non-operating income and expenses	6				
Interest income		4,754	1	2,719	39
Other income		12,374	3	32,157	456
Other gains and losses, net		(209)	-	(755)	(11)
Finance costs, net		(7)	-	(130)	(2)
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method, net		(65,898)	(14)	(14,025)	(199)
Total non-operating income and expenses		(48,986)	(10)	19,966	283
Profit (loss) from continuing operations before income tax		50,862	11	(17,599)	(249)
Income tax (expense) benefit	4, 5, 6	(21,927)	(5)	3,691	52
Net income (loss)		28,935	6	(13,908)	(197)
Other comprehensive income	6				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		(490)	-	3,882	55
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income		131,376	27	(119,985)	(1,700)
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		92	-	286	4
Total other comprehensive income (loss)		130,978	27	(115,817)	(1,641)
Total comprehensive income (loss)		\$159,913	33	\$(129,725)	(1,838)
Earnings per share (in dollars)	6				
Basic earnings per share					
Net income (loss)		\$0.14		\$(0.07)	
Diluted earnings per share	6				
Net income (loss)		\$0.14		\$(0.07)	

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.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2023 and 2022
(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, 2022	\$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								
Stock dividend from capital surplus	29,108	(29,108)	-	-	-	-	-	-
Net loss for 2022	-	-	-	-	(13,908)	-	-	(13,908)
Other comprehensive income (loss) for 2022	-	-	-	-	4,168	(119,985)	-	(115,817)
Total comprehensive income (loss) for 2022	-	-	-	-	(9,740)	(119,985)	-	(129,725)
Changes in ownership interests in subsidiaries	-	-	-	-	(20)	-	(8)	(28)
Disposal of equity instruments 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
Appropriation and distribution of 2022 retained earnings :								
Legal reserve appropriated	-	-	2,594	-	(2,594)	-	-	-
Net income for 2023	-	-	-	-	28,935	-	-	28,935
Other comprehensive income for 2023	-	-	-	-	(398)	131,376	-	130,978
Total comprehensive income for 2023	-	-	-	-	28,537	131,376	-	159,913
Changes in ownership interests in subsidiaries	-	-	-	-	(5)	-	(2)	(7)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	76,951	(76,951)	-	-
Balance as of December 31, 2023	\$2,162,255	\$1,346	\$361,416	\$9,733	\$131,297	\$241,000	\$(23,395)	\$2,883,652

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.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	For the years ended	
	December 31, 2023	December 31, 2022
Cash flows from (used in) operating activities :		
Net profit (loss) before tax	\$50,862	\$(17,599)
Adjustments:		
Income and expense		
Depreciation expense	1,777	1,797
Amortization expense	120	120
Interest expense	7	130
Interest revenue	(4,754)	(2,719)
Dividend revenue	(11,928)	(31,634)
Share of profit or loss of associates and joint ventures	65,898	14,025
Loss on disposal of property, plant and equipment	-	52
Changes in operating assets and liabilities :		
Increase in inventories	(409,835)	(599,803)
Increase in prepayments	(3,952)	(3,192)
Increase in other current assets	(61,348)	(151,415)
Increase in other current assets recognised as incremental costs to obtain contract with customers	(6,605)	(19,742)
Increase in net defined benefit assets	(1,402)	-
Increase in contract liabilities	210,066	289,961
Increase (decrease) in notes payables	3,594	(8,254)
(Decrease) increase in accounts payables	(2,655)	1,455
Increase in accounts payables - related parties	66,324	56,838
Increase (decrease) in other payables	4,162	(1,913)
Decrease in net defined benefit liabilities, non-current	(917)	(434)
Increase (decrease) in other current liabilities, others	2,425	(392)
Cash outflow generated from operations	<u>(98,161)</u>	<u>(472,719)</u>
Interest received	4,784	2,748
Income tax paid	<u>(507)</u>	<u>(106)</u>
Net cash flows used in operating activities	<u>(93,884)</u>	<u>(470,077)</u>
Cash flows from investing activities :		
Acquisition of financial assets at fair value through other comprehensive income	(1,579)	(10,624)
Disposal of financial assets at fair value through other comprehensive income	181,617	85,140
Acquisition of investments accounted for using equity method	(50,000)	(100,000)
Increase in other non-current assets	(15,064)	(1,439)
Dividend Received	<u>11,928</u>	<u>31,634</u>
Net cash flows from investing activities	<u>126,902</u>	<u>4,711</u>
Cash flows from financing activities :		
Increase in short-term loans	351,230	415,600
Decrease in short-term loans	(224,300)	(114,000)
Increase in short-term notes and bills payable	85,000	-
Decrease in short-term notes and bills payable	(45,000)	(200,000)
Decrease (increase) in other non-current liabilities, others	(150)	153
Interest paid (Including capitalized interests)	<u>(19,277)</u>	<u>(12,320)</u>
Net cash flows from financing activities	<u>147,503</u>	<u>89,433</u>
Net increase (decrease) in cash and cash equivalents	180,521	(375,933)
Cash and cash equivalents at beginning of period	<u>228,244</u>	<u>604,177</u>
Cash and cash equivalents at end of period	<u>\$408,765</u>	<u>\$228,244</u>

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

Sunfon Construction Co., Ltd.
2023 Earnings Distribution Table

Item	Amount (NT\$)
Undistributed earnings at the beginning of the period	25,812,183
Less: Effect of changes in ownership interests in subsidiaries	(5,107)
Less: Actuarial gain or loss on defined benefit plans	(398,471)
Add: Gain/loss from disposal of equity instrument at fair value through other comprehensive income (OCI)	76,950,740
Add: Profit after tax for the period	28,934,869
Available for distribution	131,294,214
Less: Distribution items	
Stock dividends (NT\$0.5/share)	(10,548,203)
Legal reserves	(108,112,770)
Total	(118,660,973)
Undistributed earnings at the end of the period	12,633,241

Chairperson:
Hung, Ping-Yao

Managerial Officer:
Lan, Li-Hua

Chief Accounting Officer:
Shih, Shu-Ying