

Stock Code: 5324



SHIHLIN DEVELOPMENT COMPANY LIMITED.

2024 Annual General Meeting Meeting Handbook

Date of meeting: May 31, 2024

Venue: B1F., No. 88, Sec. 6, Zhongshan N. Rd., Taipei City
(Landmark Club)

Shihlin Development Company Limited
Meeting Handbook for 2024 Annual General Meeting

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Shihlin Development Company Limited
Procedure of 2024 Annual General Meeting

1. Call Meeting to Order
2. Chair Remarks
3. Management Presentation (Company Reports)
4. Proposals
5. Extraordinary Motion
6. Meeting adjourned

Shihlin Development Company Limited 2024 Annual General Meeting Agenda

Method to hold the meeting: A physical (substantial) meeting

Time: 9:00 a.m. on May 31 (Friday), 2024

Venue: B1F., No. 88, Sec. 6, Zhongshan N. Rd., Taipei City (Landmark Club)

1. Call Meeting to Order
2. Chair Remarks
3. Management Presentation (Company Reports):
 - Motion 1: 2023 Business Report.
 - Motion 2: Report on the 2023 financial statements reviewed by the Audit Committee.
 - Motion 3: Report on amendment to the Rules of Procedure for Board of Directors' Meetings.
4. Proposals:
 - Motion 1: Motion for the 2023 business report and financial statements.
 - Motion 2: Motion to make good the loss in 2023.
5. Extraordinary Motion
6. Meeting adjourned

Management Presentation (Company Reports)

Motion 1

Reason: 2023 business report. Please review.

Description: The Company's 2023 business report and 2024 business outlook. Please refer to pp.5–9 (Annex I) of this Handbook. Please review.

Motion 2

Reason: Report on the 2023 financial statements reviewed by the Audit Committee. Please review.

Description: A review report has been submitted with respect to the Company's 2023 financial statements reviewed by the Audit Committee. Please refer to page 10 of this Handbook (Annex II). Please review.

Motion 3:

Reason: Report on amendment to the Rules of Procedure for Board of Directors' Meetings for review.

Description:

1. Implemented in accordance with the Financial Supervisory Commission's Order No. 1120383996 dated January 11, 2024, the amendment to the "Rules of Procedure for Board of Directors Meetings" were approved.
2. Please refer to pp. 11-12 (Annex III) of the handbook for the comparison table for contents before and after the amendment.

Proposals

Motion 1

Proposed by the Board of Directors

Subject: Revenues & expenditures for the 2023 business report and financial statements.

Description:

1. The Company's 2023 standalone financial statements and consolidated financial statements have been prepared by the Company and have been audited by CPAs Chen, Tsung-Che and Huang, Hsin-Ting of KPMG Taiwan. An audit report has been issued and submitted to the Audit Committee for review alongside the business report.
2. For the Company's 2023 business report, please refer to pp.5–9 (Annex I) of this Handbook; for standalone financial statements, consolidated financial statements and CPAs' review report, please refer to pp.13–33 (Annex IV) of this Handbook. Please acknowledge.

Resolution:

Motion 2

Proposed by the Board of Directors

Subject: A motion to make up the loss in 2023.

Description:

1. The Company's beginning loss to be made up for was NT\$642,066,308; less: current loss after tax of NT\$119,308,110; add: other comprehensive income - change in the re-measurement of defined-benefit plans for the current period of NT\$466,722; the accumulated losses to be made up for the period is NT\$760,907,696.
2. As the Company had accumulated losses as of 2023, no dividends are intended to be distributed.
3. Please refer to Page 34 of the present Handbook (Annex V), i.e. the Table of Loss to be Made up for acknowledgement.

Resolution:

Extraordinary Motion

Meeting adjourned

[Annex I]

Shihlin Development Company Limited 2023 Business Report

Dear Shareholders,

First of all, I would like to express my gratitude to you all, ladies and gentlemen as our shareholders, for your continuous support during the past year. Our 2023 operating results and 2024 business outlook are as follows:

I. 2023 Operating Results

(I) Business plan implementation results

The operating revenue recognized for 2023 totaled NT\$609,213 thousand.

(II) Budget implementation:

Unit: NT\$ thousand

Item	2023 actual number	2023 forecasted number	Achievement rate %
Operating revenue	609,213	Financial forecasts not published	Not applicable
Operating costs	(305,387)		
Gross profit	303,826		
Operating expenses	(359,123)		
Non-business income (expenditures)	(57,614)		
Net loss before tax	(112,911)		

(III) Analyses into financial revenues and expenditures and profitability Unit: NT\$ thousand

Item	Year	2023	2022
Financial income and expenditures	Net operating income	609,213	452,193
	Gross profit	303,826	140,946
	Net loss after tax	(114,897)	(228,179)

Item	Year	2023	2022
Profitability	Return on assets (%)	(0.56)	(1.97)
	Return on shareholders' equity (%)	(7.66)	(13.74)
	As a percentage of paid-in capital ratio (%)	Operating profit	(8.11)
		Income before tax	(9.95)
	Profit margin (%)	(18.86)	(50.46)
	Earnings per share (NT\$)	(0.53)	(0.92)

(IV) Research and development work

We hold a firm grasp of the real estate market and can carefully evaluate the location of the product, features of the surrounding environment, and the needs of consumers, while developing plans for simple designs that live side by side with the environment. We also choose quality architectural teams and follow all applicable construction laws to plan our buildings, integrating aesthetics and practical functions to provide consumers with long-term housing that is "100% space efficient." In addition, the Company will carry out research associated with urban renewal, commercial real estate, and affordable housing in conjunction with future continuous development.

II. Summary of 2024 business plan

(I) Business policy:

1. In 2023, despite the global interest rate hikes, financial tightening and inflation slowed down compared with 2022. The Central Bank froze interest rate for three consecutive times after meetings, showing signs of recovery in the economy and the stock market. However, the policy against real estate speculation (the amendment and implementation of The Equalization of Land Rights Act) and the Housing Tax Differential Rate 2.0 passed by the 3rd Reading at the beginning of 2024, together with the various impacts by the presidential election and the unpredictable situation across the Taiwan Strait before and after the President taking the office, the buyer's willingness to bid continued to decline sharply, resulting in a financial crunch for small and medium-sized construction companies, which also affects the direction of the integration of urban renewal projects, bringing diverse sources of the Company's urban renewal projects. Therefore, the Company has made great achievements in the performance of urban renewal projects in 2023. However, the trading volume in the overall housing market in Taiwan is expected to continue to shrink and consolidate this year. We will be more careful selecting urban renewal projects to appropriately expand the business territory in the event of a recession.
2. Our strategy for land development focuses on the co-development of renovation of old buildings and urban renewal projects in the Greater Taipei area, supplemented by self-construction of purchased land. At this point, we still emphasize the projects of residential buildings, but will continue to find projects of commercial and industrial buildings.
3. In response to structural and environmental changes such as population structure/family composition/aging/pandemic and environmental protection, in addition to revision and refinement of our product positioning, we follow the development trend of ESG by planning the design and construction of green buildings that are energy-saving and carbon-reducing and responding to extreme climates. In terms of construction, we have the research and development of pandemic control methods and the introduction of green energy and resource reuse methods. In terms of materials, we will introduce green supply chain and environmental protection and low-carbon building materials in order to create products that meet customer needs and future trends.
4. For products in the construction industry, under the influence of the long processing and production cycle, the sharp rise of construction costs and the lack of labor and materials in recent years, we will first acquire land, and obtain the construction permit as soon as possible, before carry out our sales operation in a timely manner.
5. Despite the significant increase in construction costs, the Company continues to strictly control the quality and cost. Rigorous budget management and a sound audit system are used to reduce costs and expenditures, improve the return on investment and perform efficient operation management. Implement operations engineering standardization for operations to thoroughly master engineering quality and strictly control the progress to improve quality and technology.
6. Meet customer needs and strengthen after-sales service, reinforce the service

skills of customer service and sales personnel, establish a customer service system, and provide all-inclusive after-sales service and regular maintenance to increase customer satisfaction and trust.

7. The competent authority has increased its control on the construction industry. We will cooperate with the relevant government laws and regulations, focus on the update and research of regulations and respond with conservative strategies to protect the rights and interests of shareholders.

(II) Projected sales volume and basis:

Projects that have been promoted to sale and submitted for review and are in-progress.

Project name	Location/base area	Description
Lin-Yi-Ruo-Zhuo	Zhongzheng District, approximately 131 <i>ping</i> (433 square meters)	The aggregate total sale amount was approximately NT\$670 million, of which 50% of the units had been sold and closed. Subsequent sales of existing houses will depend on the market conditions.
Jing-An-Shu- Yu	Tianmu, approximately 505 <i>ping</i> (1669.4 square meters)	This project has been sold out, with a total sales amount of NT\$1.1 billion and is expected to be completed in Q3 2024.
Yang-Ming- Zhi-Yuan	Shipai, approximately 488 <i>ping</i> (1613.2 square meters)	This project has been sold out, with a total sales amount of NT\$1 billion and is expected to be completed in Q4 2024.
Mei-Hao-Ri- An	Tianmu, approximately 173 <i>ping</i> (571.9 square meters)	Total sales amounted to NTD 300 million. Note*
Cheng-Xin- Yao - Yao	Datong District, approximately 1,009 <i>ping</i> (3335.5 square meters)	The aggregate total sales might be approximately NT\$6 billion. In 2021 through open sales to public, we already accomplished 50% of the total target. Subsequently we shall flexibly adjust the sales strategies as the market status may justify. The entire Project is scheduled to be completed and delivered to buyers by 2026.
Bihu Project	Neihu District, approximately 928 <i>ping</i> (3067.8 square meters)	The total sales was approximately NT\$5.3 billion. This urban renewal project has been approved by the Taipei City Government at the end of 2022. It is expected that the demolition will be completed and construction will officially start in Q2 2024. The timing and strategy of the sales will be determined based on the market sentiment.
Xinyi Anhe project	Daan District, approximately 680 <i>ping</i> (2248 square meters)	The total sales amount was about NTD 5.2 billion. The urban renewal project was submitted for approval in September 2023 and is currently under review.

Note* As the foundation for the co-development with land owners' property are connected with the adjacent houses, reinforcement for the adjacent houses is needed before construction. However, the home owners of the nearby houses do not agree to the reinforcement, so the land owners will clear the obstacles through litigation before the delivery to the Company for future construction. The verdict is expected to be announced in the first instance in the Q2 2024.

Looking ahead to 2024, in addition to continuing the completion and handover, construction, sales and urban renewal procedures of the aforementioned project, the we will be actively promoting the Rui-An Street project in Da'an District, Section 6

of Zhongshan North Road in Shilin District, the Songde Road project in Xinyi District, Fujin Street projects in Songshan District, the Dongfeng Street case in Da'an District and other urban renewal projects, and the development projects of key areas in both Taipei and New Taipei City. Among them, the projects in Rui-An Street, Da'an District, and Section 6 of North Zhongshan Road, Shilin District have been consolidated, and are scheduled to be submitted for approval in Q2 2024.

(III) Production and sales policies:

1. Production strategy-

- (1) Seek locations and products with good development prospects, convenient transportation links and strong value-added potential to gradually expand land development outside Taipei City and New Taipei City.
- (2) There are currently only a small number of commercial/factory office projects. However, we will be able to increase their proportion to meet market demand and increase profitability when suitable opportunities arise.
- (3) Meticulously plan and design acquired land based on regional characteristics and consumer needs.
- (4) Carefully select building materials and prioritize quality to improve living functions, increasing the added value of our products.
- (5) Continue to manage “Urban renewal, dangerous and old buildings” projects in prime locations in the city on par with the government’s incentives for urban renewal and the Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings, to maintain stable projects in prime locations.

2. Sales strategy-

- (1) In response to the impact of the significant increase in construction costs, the future projects will be built and sold at the same time depending on the market condition. At the same time, the sources of property buyers and customers who purchase home for their own use are monitored to ensure the stability of the company's revenue and profit.
- (2) We will continue to focus on the high-end pricing in the local areas. However in actual selling, we will still sell at an appropriate price based on the market condition at the time to take both the profit margin and working capital into consideration, further achieving better profitability.
- (3) If there is still inventory for sales to the public after the commencement of construction, the subsequent sales strategy will be flexibly adjusted depending on the market condition to ensure better profitability when the market price rebounds in the future.

(IV) Future development strategy, and the effect of external competition, the legal environment, and the overall business environment:

Looking back on the performance of the housing market in 2022 when it turned cold from hot, there were factors such as the Russo-Ukrainian War which

affected price hikes in energy and commodities, the constant rate hikes in the US which also resulted in the rise in domestic interest rate. The effects in 2023 were not as apparent, but the instability involving the presidential election was not conducive to the domestic house sales, further holding back the demand for a wait-and-see. In terms of the supply, the domestic policy has adopted financial control and pressure on construction firms in order to curb speculation. Although the interest rates have only been raised by 0.125% in 2023, the recent trends of short-term interest rate hikes remain unchanged, which increase the capital cost for builders. The price hikes of raw materials are expected to slow down, but the shortage of foreign workers and domestic construction workers and the rising wages, coupled with the expected future increase in water and electricity and the extra costs in response to the ESG trends and carbon taxes, will cause the construction costs to remain high, so the overall environment is rather unfriendly to construction firms.

Looking forward to the new year, the various factors unfavorable to construction firms make it difficult to keep an optimistic view. However, food, clothing, shelter, and transportation are the rigid needs of human life. There are many factors affecting the construction industry. Changes in demographics and social changes (such as a declining birthrate, an aging population, etc.) will tend to make the housing market focus on returning to basics. Therefore, there are more development prospects in the premium areas with transportation construction and rich functions to promote small houses in the city center and urban renewal products in old communities.

As Greater Taipei is a comprehensive center that gathers Taiwan's political, cultural, economic, and medical communities, it is an area that would be difficult to replace. The Company will proactively consider Taipei City and New Taipei City as the first choice for buying land and launching projects. Due to the fact that it is not easy to acquire land in Taipei City and New Taipei City, we will also take into account other quality redevelopment zones equipped with convenient transportation links and development projects in the distribution areas of related major construction.

Despite the difficult external environment, the Company will still target products that conform to the brand image and architectural concepts, strictly control costs and expenses, and strive to improve the added value of products, especially the community building, in order to increase the competitive advantages for a better market share. We believe that the Company's brand and value can be better highlighted in such a challenging environment. We adhere to the philosophy of sustainable management, focus on our core business, and aim to create the maximum benefits for our shareholders and employees in order to pursue the Company's operation and profitability growth.

Thank you for your long-standing support and encouragement, we will continue to make every effort to create brand value for the Company and share the operating results with you.

Chairman: Hsu, Yu-Shan

Managerial officer: Lin,
Hsin-Cheng

Chief accounting officer:
Kuo, Ying-Yen

Audit Committee's Review Report

The Company's Board of Directors has duly worked out and submitted hereto annual final account settlement papers for 2023 including business report, financial statement and table for surplus earnings distribution or loss make-up. Among them, the financial statements have been duly audited and contracted by KPMG Certified Public Accountants who has worked out the Audit Report. The abovementioned business report, financial statements and profit and loss appropriation table have not been found to be inconsistent after the audit by the Audit Committee, and we have therefore prepared the report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

To

The Company's 2024 Annual General Meeting

Shihlin Development Company Limited

Convener of the Audit Committee: Wang, Chia-Kun

March 7, 2024

[Annex III]

**Comparison Table of the Rules of Procedure for Board of Directors
Meetings Before and After Amendment**

Amended article	Current article	Descriptions
<p>Article 8</p> <p>1. When a board meeting is held, the Finance Department shall furnish the attending directors with relevant materials for ready reference.</p> <p>2. As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants. When necessary, certified public accountants, attorneys or other professionals retained by the Company may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.</p> <p>3. The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance. If one-half of all the directors are not in attendance at the scheduled meeting time, the chair may announce postponement of the meeting to a later time of the <u>same day</u>, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3, paragraph 2.</p> <p>4. The number of "all directors," as used in the preceding paragraph, shall be counted as the number of directors then actually in office.</p>	<p>Article 8</p> <p>1. When a board meeting is held, the Finance Department shall furnish the attending directors with relevant materials for ready reference.</p> <p>2. As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or a subsidiary may be notified to attend the meeting as non-voting participants. When necessary, certified public accountants, attorneys or other professionals retained by the Company may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.</p> <p>3. The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance. If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3, paragraph 2.</p> <p>4. The number of "all directors," as used in the preceding paragraph, shall be counted as the number of directors then actually in office.</p>	<p>In accordance with Jin-Guan- Zheng-Fa- Zi Document #1120383996.</p>

Amended article	Current article	Descriptions
<p>Article 11</p> <p>1. A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.</p> <p>2. The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.</p> <p>3. At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Paragraph 3 of Article 8 shall apply.</p> <p>4. <u>At any time during the course of a board meeting, if the chairperson is unable to preside over the meeting for some reason or fails to announce the end of the meeting in accordance with the provisions of Paragraph 2, the election of the acting chairperson shall be subject to the provisions of Paragraph 3 of Article 7.</u></p>	<p>Article 11</p> <p>1. A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.</p> <p>2. The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.</p> <p>3. At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Paragraph 3 of Article 8 shall apply.</p>	

[Annex IV]

Independent Auditors' Report

To Shihlin Development Company Limited,

Audit opinion

We have reviewed the accompanying balance sheets of Shihlin Development Company Limited (the “Company”) for the years ended December 31, 2023 and 2022 and the relevant standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the “standalone financial statements”).

In our opinion, the accompanying standalone financial statements, based on our audit results and other CPAs’ audit reports (see “Other matters” paragraph), present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022 and for the years then ended, and its financial performance and cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for the audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards of the Republic of China. Our responsibility under those standards are further described in the paragraph “Auditor’s responsibilities for the audit of the standalone financial statements”. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We are convinced, based on our audit results and other CPAs’ audit report, that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the standalone financial statements of the Company for the year ended December 31, 2023, based on our professional judgment. These matters were addressed in our audit of the standalone financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters. Key audit matters are stated as follows:

I. Inventory valuation

Please refer to Note 4 (7) “Inventories” to standalone financial statements for the accounting policy on inventory valuation; please refer to Note 5(1) to the standalone financial statements for the uncertainty of estimates and assumptions for the inventory valuation; please refer to Note 6(5) “Inventories” to standalone financial statements for details of inventories.

Description of key audit matters:

The Company's construction inventories are an important asset for operations, accounting for about 74% of its total assets; inventory valuation is handled in accordance with the International Accounting Standards (IAS) 2. If the net realizable value is not properly appraised, the financial statements will be misstated. Therefore, the test of inventory values is one of our key audit matters during the audit of the Company's standalone financial statements.

Audit procedures:

The audit procedures we have implemented for the above-mentioned key audit matters include: Understood the Company's internal operating procedures and accounting for subsequent inventory measurement; obtained the assessment data of the net realizable value of the Company's inventories; randomly examined the market prices of the above items, most recent nearby property transactions, the prices of the Group's recent sales contracts, or the property prices registered with the Ministry of the Interior; or obtained a case-by-case return on investment analysis table and checked and verified whether the net realizable values of the inventories were appropriate.

We also evaluated whether the Company's disclosure of inventory-related information was appropriate.

II. Evaluation of impairment of investments accounted for using the equity method

Please refer to Note 4(14) "Impairment of non-financial assets" to the standalone financial statements for the accounting policy on impairment of investments accounted for using the equity method; please refer to Note 5(2) "Evaluation of impairment of investments accounted for using the equity method" to the standalone financial statements for the uncertainty of estimates and assumptions for impairment of investments accounted for using the equity method.

Description of key audit matters:

As the Company's investment in Qun Xin Properties Co., Ltd. using the equity method is an important investment and the carrying amount thereof is material, the Company's impairment assessment of the investment in Qun Xin Properties Co., Ltd. using the equity method is one of our key audit matters during the audit of the Company's standalone financial statements.

Audit procedures:

The audit procedures we have implemented for the above-mentioned key audit matters include: Reviewed the appropriateness of the management's valuation, evaluated the reasonableness key assumptions (discount rate and estimated growth rate) during the specific procedures for asset impairment assessment, and verified the correctness of the accounting methods adopted and the recoverable amount of the asset. We also assessed the appropriateness of the Company's disclosures of the impairment assessment of its investments using the equity method.

Other matters

Among the investments using the equity method recognized by the Company, some

investees' financial statements were not audited by us but by other CPAs. Therefore, in the opinion we expressed on said standalone financial statements, such investees' amounts listed in the financial statements were based on the audit report by other CPAs. The investment amount recognized for some investees using the equity method as of December 31, 2023 and 2022 accounted for 0.87% and 1.09% of the total assets, respectively. The share in the profit or loss of subsidiaries and associates using the equity method recognized for the years ended December 31, 2023 and 2022 accounted for 3.58% and 4.22% of the net loss before tax, respectively.

Responsibilities of the management and the governing bodies for the standalone financial statements

The responsibilities of the management are to prepare the standalone financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the standalone financial statements, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The Company's governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

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

Our objectives are to obtain reasonable assurance on whether the standalone financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatements may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the standalone financial statements, they are considered material.

We have utilized our professional judgment and professional skepticism when performing the audit work in accordance with the auditing standards of the Republic of China. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the standalone financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the standalone financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need 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. Evaluated the overall presentation, structure, and content of the standalone financial statements (including relevant notes), and whether the standalone financial statements adequately present the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of investees using the equity method, to express an opinion on the standalone financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Company.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Company's standalone financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

KPMG Taiwan

CPA:

Competent Security : Financial Supervisory Commission
Authority Approval : Approval Document, Reference No.: FSC
Document No. Zheng-Sheng-Zi NO. 1000011652
Financial Supervisory Commission
Approval Document, Reference No.: FSC
Zheng-Sheng-Zi NO. 1100333824

March 7, 2024

Shihlin Development Company Limited
Balance Sheets
For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand

Assets		2023.12.31		2022.12.31				2023.12.31		2022.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:											
1100	Cash and cash equivalents (Note 6(1))	\$ 622,225	7	697,129	10	2100	Short-term borrowings (Note 6(11))	\$ 2,776,200	34	1,587,223	23
1150	Notes and accounts receivable, net (Notes 6(3) and (19))	7	-	504	-	2110	Short-term notes and bills payable (Note 6(12))	199,546	2	-	-
1200	Other receivables (Note 6(4))	57,391	1	42,008	1	2130	Contract liabilities - current (Note 6(19))	724,258	9	591,618	9
130X	Inventories (Notes 6(5) and 8)	6,123,488	74	4,602,140	66	2150	Notes payable	2,550	-	-	-
1410	Prepayment	167,130	2	147,636	2	2170	Accounts payable	341,754	4	445,882	6
1476	Other financial assets - current (Notes 6(10) and 8)	368,065	4	508,807	7	2200	Other payables (Note 7)	57,204	1	65,198	1
1479	Other current assets - others	7,179	-	6,429	-	2250	Provision for liabilities - current (Note 6(15))	151	-	101	-
1480	Incremental cost of obtaining contracts - current	226,203	3	228,806	3	2280	Lease liabilities - current (Notes 6(14) and 7)	7,304	-	3,169	-
		<u>7,571,688</u>	<u>91</u>	<u>6,233,459</u>	<u>89</u>	2310	Advance receipts	300	-	622	-
Non-current assets:						2320	Long-term liabilities due within one year or one operating cycle (Note 6 (13))	599,940	7	-	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6(2))	66,813	1	46,244	1	2399	Other current liabilities - others	1,392	-	3,236	-
1550	Investments using the equity method (Notes 6(6) and 7)	278,011	4	271,304	4			<u>4,710,599</u>	<u>57</u>	<u>2,697,049</u>	<u>39</u>
1600	Property, plant and equipment (Note 6(7))	711	-	1,121	-		Non-current liabilities:				
1755	Right-of-use assets (Note 6(8))	13,774	-	3,633	-	2530	Corporate bonds payable (Note 6(13))	2,196,102	26	2,794,291	40
1760	Net investment property (Notes 6(9))	6,809	-	6,809	-	2580	Lease liabilities - non-current (Notes 6(14) and 7)	6,533	-	1,871	-
1780	Intangible assets	811	-	500	-	2670	Other non-current liabilities - others	449	-	584	-
1980	Other financial assets - non-current (Notes 6(10) and 8)	341,418	4	394,872	6			<u>2,203,084</u>	<u>26</u>	<u>2,796,746</u>	<u>40</u>
1990	Other non-current assets - others	-	-	185	-		Total liabilities	<u>6,913,683</u>	<u>83</u>	<u>5,493,795</u>	<u>79</u>
		<u>708,347</u>	<u>9</u>	<u>724,668</u>	<u>11</u>		Equity: (Note 6(17)):				
						3100	Share capital	2,263,791	27	2,263,791	33
						3200	Capital surplus	17,484	-	17,484	-
						3300	Retained earnings	(710,645)	(8)	(591,804)	(9)
						3400	Other equity interest	(204,278)	(2)	(225,139)	(3)
							Total equity	<u>1,366,352</u>	<u>17</u>	<u>1,464,332</u>	<u>21</u>
Total assets		<u>\$ 8,280,035</u>	<u>100</u>	<u>6,958,127</u>	<u>100</u>	Total liabilities and equity		<u>\$ 8,280,035</u>	<u>100</u>	<u>6,958,127</u>	<u>100</u>

(Please refer to the Notes to the Standalone Financial Statements)

Chairman: Hsu, Yu-Shan

Managerial officer: Lin, Hsin-Cheng

Chief accounting officer: Kuo, Ying-Yen

Shihlin Development Company Limited
Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand

		2023		2022	
		Amount	%	Amount	%
4000	Operating income (Note 6(19))	\$ 3,387	100	25,476	100
5000	Operating costs (Note 6(5))	332	10	14,358	56
	Gross profit	3,055	90	11,118	44
	Operating expenses (Notes 6(14) and (15)):				
6100	Marketing expenses	-	-	2,291	9
6200	Management expenses	97,523	2,879	100,591	395
		97,523	2,879	102,882	404
	Net operating loss	(94,468)	(2,789)	(91,764)	(360)
	Non-operating income and expenses:				
7100	Interest income (Note 6(21))	16,926	500	6,595	26
7010	Other income (Notes 6(21) and 7)	4,296	127	14,962	59
7020	Other gains and losses (Note 6 (21))	(10,469)	(309)	(8,787)	(34)
7050	Finance costs (Notes 6(21) and 7)	(54,345)	(1,605)	(53,671)	(211)
7070	Share of profits or losses on subsidiaries and associates recognized using the equity method (Note 6(6))	18,752	553	(75,426)	(296)
	Total non-operating income and expenses	(24,840)	(734)	(116,327)	(456)
7900	Net loss before tax	(119,308)	(3,523)	(208,091)	(816)
7950	Income tax expenses (Note 6(16))	-	-	-	-
8200	Net loss for the period	(119,308)	(3,523)	(208,091)	(816)
8300	Other comprehensive income:				
8310	Items not reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	467	14	-	-
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	20,569	607	(7,630)	(30)
8330	Share of other comprehensive income of subsidiaries, associates, and joint ventures recognized using the equity method - items not reclassified to profit or loss	292	9	3,034	12
8349	Income tax related to items not reclassified	-	-	-	-
	Comprehensive income for the period	21,328	630	(4,596)	(18)
8500	Total comprehensive income for the period	\$ (97,980)	(2,893)	(212,687)	(834)
	Loss per share (Unit: NTD) (Note 6(18))				
9750	Basic loss per share	\$ (0.53)		(0.92)	
9850	Diluted loss per share	\$ (0.53)		(0.92)	

(Please refer to the Notes to the Standalone Financial Statements)

Chairman: Hsu, Yu-Shan

Managerial officer: Lin,
Hsin-Cheng

Chief accounting officer:
Kuo, Ying-Yen

Shihlin Development Company Limited
Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand

			Retained earnings		Other equity items	
	Common stock	Capital surplus	Legal reserve	Deficit to be compensated	Total	Unrealized valuation gain or loss on financial assets at fair value through other comprehensive income
						Total equity
Balance as at January 1, 2022	\$ 2,263,791	17,484	50,262	(437,063)	(386,801)	(217,455)
Net loss for the period	-	-	-	(208,091)	(208,091)	-
Comprehensive income for the period	-	-	-	3,088	3,088	(7,684)
Total comprehensive income for the period	-	-	-	(205,003)	(205,003)	(7,684)
Balance as at December 31, 2022	2,263,791	17,484	50,262	(642,066)	(591,804)	(225,139)
Net loss for the period	-	-	-	(119,308)	(119,308)	-
Comprehensive income for the period	-	-	-	467	467	20,861
Total comprehensive income for the period	-	-	-	(118,841)	(118,841)	20,861
Balance as at December 31, 2023	\$ 2,263,791	17,484	50,262	(760,907)	(710,645)	(204,278)

(Please refer to the Notes to the Standalone Financial Statements)

Chairman: Hsu, Yu-Shan

Managerial officer: Lin, Hsin-Cheng

Chief accounting officer: Kuo, Ying-Yen

Shihlin Development Company Limited
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand

	<u>2023</u>	<u>2022</u>
Cash flow from operating activities		
Net loss before tax for the period	\$ (119,308)	(208,091)
Adjustments:		
Income and expenses		
Depreciation expense	8,206	8,007
Amortization expense	466	429
Interest expense	54,345	53,671
Interest income	(16,926)	(6,595)
Dividend income	(24)	(36)
Share of losses (profits) on subsidiaries and associates recognized using the equity method	(18,752)	75,426
Others	16,635	(13,974)
Total income and expenses	43,950	116,928
Changes in assets/liabilities related to operating activities:		
Net change in assets related to operating activities:		
Decrease in notes and accounts payable	497	358
Decrease in other receivables	2,276	1,417
Increase in inventory	(1,496,813)	(1,173,595)
Increase in prepayment	(38,603)	(71,395)
Decrease (increase) in other current assets	868	(7,147)
Decrease in incremental cost of obtaining contracts	-	2,291
Decrease in other financial assets	73,154	231,934
Total of net change in assets related to operating activities	(1,458,621)	(1,016,137)
Net change in liabilities related to operating activities:		
Increase in contract liabilities	132,640	136,501
Increase (decrease) in notes payable	2,550	(10,824)
Increase (decrease) in accounts payable	(100,483)	263,122
Decrease in other payables	(6,578)	(35,948)
Increase (decrease) in provision	50	(313)
Increase (decrease) in advance receipts	(322)	12
Increase (decrease) in other current liabilities	(1,844)	606
Total of net change in liabilities related to operating activities	26,013	353,156
Total net changes in assets and liabilities related to operating activities	(1,432,608)	(662,981)
Total adjustments	(1,388,658)	(546,053)
Cash outflow from operations	(1,507,966)	(754,144)
Interest received	17,002	6,087
Dividends received	6,940	8,675
Interest paid	(83,725)	(61,740)
Income tax paid	(1,618)	(446)
Net cash outflow from operating activities	(1,569,367)	(801,568)

Shihlin Development Company Limited
Statements of Cash Flows (Continued)
For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand

	<u>2023</u>	<u>2022</u>
Cash flow from investing activities:		
Capital contributions returned due to liquidation of subsidiary	5,888	-
Acquisition of property, plant and equipment	(115)	(451)
Acquisition of intangible assets	(777)	(557)
Increase in other financial assets	(14,022)	(280,710)
Decrease in other financial assets	123,995	66,160
Net cash inflow (outflow) from investing activities	<u>114,969</u>	<u>(215,558)</u>
Cash flow from financing activities:		
Increase in short-term borrowings	1,593,000	453,000
Decrease in short-term borrowings	(404,023)	(1,212,500)
Increase in short-term notes and bills payable	200,000	-
Decrease in short-term notes and bills payable	-	(299,616)
Issuance of corporate bonds	-	1,200,000
Increase in guarantee deposits received	-	97
Decrease in guarantee deposits received	(135)	-
Lease principal repayment	(9,348)	(7,817)
Net cash inflow from financing activities	<u>1,379,494</u>	<u>133,164</u>
Decrease in cash and cash equivalents for the period	(74,904)	(883,962)
Opening balance of cash and cash equivalents	<u>697,129</u>	<u>1,581,091</u>
Ending balance of cash and cash equivalents	<u>\$ 622,225</u>	<u>697,129</u>

(Please refer to the Notes to the Standalone Financial Statements)

Chairman: Hsu, Yu-Shan

Managerial officer: Lin,
Hsin-Cheng

Chief accounting officer:
Kuo, Ying-Yen

Independent Auditors' Report

To Shihlin Development Company Limited,

Audit opinion

We have reviewed the accompanying consolidated balance sheets of Shihlin Development Company Limited (hereinafter referred to as the “Company”) and its subsidiaries (hereinafter referred to collectively as the “Group”) for the years ended December 31, 2023 and 2022 and the relevant consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (hereinafter referred to collectively as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements, based on our audit results and other CPAs' audit reports (see “Other matters” paragraph), present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022 and for the years then ended and its consolidated financial performance and consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (hereinafter referred to as IFRS), International Accounting Standards (hereinafter referred to as IAS), IFRIC Interpretations (hereinafter referred to as IFRIC) and SIC Interpretations (SIC) (hereinafter collectively referred to as “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for the audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards of the Republic of China. Our responsibility under those standards are further described in the paragraph “Auditor's responsibilities for the audit of the consolidated financial statements”. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We are convinced, based on our audit results and other CPAs' audit report, that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the consolidated financial statements of the Group for the year ended December 31, 2023, based on our professional judgment. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters. Key audit matters of the consolidated financial statements of the Group are stated as follows:

I. Recognition of the income from hotel rooms, and catering services

Please refer to Note 4(17) to the consolidated financial statements for the accounting policy on income recognition; please refer to Note 6(20) to the consolidated financial statements for the description of income.

Description of key audit matters:

The Group's revenue is mainly from guest rooms and catering services. Due to the characteristics of this industry, the revenue consists of a large number of small-amount transactions, so the risk of error is high. Therefore, the testing of the income from hotel rooms, and catering services recognized is one of the important matters to be audited during our audit of the Group's consolidated financial statements.

Audit procedures:

Understood the income from hotel rooms and catering services to understand the effectiveness of internal control over sales process and the design thereof and tested whether the internal control related to the timing of income recognition was effective; randomly checked customers' bills and uniform invoices and other materials from the sales for a selected period before and after the balance sheet date to see if they were consistent with the billing records to evaluate if the income was recognized in the correct period.

II. Inventory valuation

Please refer to Note 4 (8) "Inventories" to consolidated financial statements for the accounting policy on inventory valuation; please refer to Note 5(1) to the consolidated financial statements for the uncertainty of estimates and assumptions for the inventory valuation; please refer to Note 6(5) "Inventories" to consolidated financial statements for details of inventories.

Description of key audit matters:

The Group's construction inventories are an important asset for operations, accounting for about 63% of its total assets; inventory valuation is handled in accordance with the International Accounting Standards (IAS) 2. If the net realizable value is not properly appraised, the financial statements will be misstated. Therefore, the test of inventory values is one of our key audit matters during the audit of the Group's consolidated financial statements.

Audit procedures:

The audit procedures we have implemented for the above-mentioned key audit matters include: Understood the Group's internal operating procedures and accounting for subsequent inventory measurement; obtained the assessment data of the net realizable value of the Group's inventories; randomly examined the market prices of the above items, most recent nearby real estate transactions, the prices of the Group's recent sales contracts, or the real estate prices registered with the Ministry of the Interior; or obtained a case-by-case return on investment analysis table and checked and verified whether the net realizable values of the inventories were appropriate.

We also evaluated whether the Group's disclosure of inventory-related

information was appropriate.

III. Evaluation of impairment of property, plant and equipment, and right-of-use assets

Please refer to Note 4(14) “Impairment of non-financial assets” to the consolidated financial statements for the accounting policy on asset impairment; please refer to Note 5(2) “Evaluation of impairment of property, plant and equipment, and right-of-use assets” to the consolidated financial statements for the estimate of asset impairment and assumption uncertainties. Please refer to Notes 6(7) and (8) to the consolidated financial statements for the description of the evaluation.

Description of key audit matters:

The carrying amount of the Group’s property, plant and equipment and right-of-use assets as at December 31, 2023 accounted for 14% of the total consolidated assets. As the future operating performance of the aforementioned assets is susceptible to uncertain factors, such as competition in the industry, policies, and economic environment, estimating the recoverable amount of the aforementioned assets based on the discounted present value of future cash flows is highly uncertain. As such, the carrying amount of property, plant and equipment and right-of-use assets may be impaired. Therefore, we paid special attention to the appropriateness of the assumptions, estimates, and judgment adopted for the discounted present value of the future cash flows during the audit process.

Audit procedures:

The audit procedures we have implemented for the above-mentioned key audit matters include: Reviewed the appropriateness of the management's valuation, evaluated the reasonableness key assumptions (discount rate and estimated growth rate) during the specific procedures for asset impairment assessment, and verified the correctness of the accounting methods adopted and the recoverable amount of the asset. We also evaluated whether the Group's disclosure of information related to impairment of assets was appropriate.

Other matters

Among the subsidiaries included in the Group’s consolidated financial statements, Charter Leisure Co., Ltd.’s financial statements were not audited by us but by other CPAs. Therefore, in the opinion we expressed on said consolidated financial statements, Charter Leisure Co., Ltd.’s amounts listed in the financial statements were based on the audit report by other CPAs. Charter Leisure Co., Ltd.’s total assets as of December 31, 2023 and 2022 accounted for 1.58% and 2.09% of the total consolidated assets, respectively. Its net operating income for the years ended December 31, 2023 and 2022 accounted for 13.13% and 16.43% of the consolidated net operating income, respectively.

Among the investments using the equity method included in the Group’s consolidated financial statements, part of the investees’ financial statements were not audited by us but by other CPAs. Therefore, in the opinion we expressed on said consolidated financial statements, such investees’ amounts listed in the financial statements were based on the audit report by other CPAs. The investment amount recognized for some investees using the equity method as of December 31, 2023 and 2022 accounted for 0.23% and 0.31% of the total consolidated

assets, respectively. The share in the profit or loss of associates using the equity method recognized for the years ended December 31, 2023 and 2022 accounted for 3.85% and 3.76% of the consolidated net loss before tax, respectively.

The Group has prepared the standalone financial statements for the years ended December 31, 2023 and 2022, for which we have issued an audit report with an unqualified opinion with the “Other matters” paragraph for reference.

Responsibilities of management and the governing bodies for the consolidated financial statements

The responsibilities of the management are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and regulations of IFRSs endorsed and issued into effect by the FSC and to maintain the necessary internal controls associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the Group in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

The Group’s governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

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

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from any material misstatements arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatements may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We have utilized our professional judgment and professional skepticism when performing the audit work in accordance with the auditing standards of the Republic of China. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the consolidated financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to the relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need 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. Evaluated the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Group.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

KPMG Taiwan

CPA:

Competent Security
Authority Approval
Document No.

Financial Supervisory Commission
Approval Document, Reference No.: FSC
Zheng-Sheng-Zi NO. 1000011652
Financial Supervisory Commission
Approval Document, Reference No.: FSC
Zheng-Sheng-Zi NO. 1100333824

March 7, 2024

Shihlin Development Company Limited and Its Subsidiaries

Consolidated Balance Sheets

For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand

		2023.12.31		2022.12.31				2023.12.31		2022.12.31	
Assets		Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(1))	\$ 865,395	9	853,603	10	2100	Short-term borrowings (Note 6(11))	\$ 2,976,200	31	1,867,223	22
1170	Notes and accounts receivable, net (Notes 6(3) and (20))	20,684	-	16,994	-	2110	Short-term notes and bills payable (Note 6(12))	239,546	2	-	-
1200	Other receivables (Note 6(4))	58,581	1	43,054	1	2130	Contract liabilities - current (Note 6(20))	739,217	8	607,969	7
130X	Inventories (Notes 6(5) and 8)	6,205,515	63	4,631,819	54	2150	Notes payable	2,621	-	370	-
1410	Prepayment	175,244	2	153,461	2	2170	Accounts payable (Note 7)	365,451	4	464,070	6
1476	Other financial assets - current (Notes 6(10) and 8)	388,065	4	634,987	7	2200	Other payables (Note 7)	114,028	1	103,444	1
1479	Other current assets - others	7,390	-	7,647	-	2230	Income tax liabilities for the period (Note 6(17))	766	-	2,883	-
1480	Incremental cost of obtaining contracts - current	226,203	2	228,806	3	2250	Provision for liabilities - current (Note 6(16))	2,564	-	4,020	-
		7,947,077	81	6,570,371	77	2280	Lease liabilities - current (Notes 6(15) and 7)	110,315	1	109,606	1
						2310	Advance receipts	646	-	991	-
						2320	Long-term liabilities due within one year or one operating cycle (Notes 6(13) and (14))	605,723	6	-	-
						2399	Other current liabilities - others	5,294	-	6,610	-
								5,162,371	53	3,167,186	37
Non-current assets:						Non-current liabilities:					
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6(2))	93,681	1	72,438	1	2530	Corporate bonds payable (Note 6(14))	2,196,102	22	2,794,291	33
1550	Investments using the equity method (Note 6(6))	22,173	-	26,519	-	2541	Long-term bank borrowings (Note 6 (13))	29,217	-	-	-
1600	Property, plant and equipment (Notes 6(7) and (26))	358,676	4	401,858	5	2550	Provisions - non-current	9,964	-	-	-
1755	Right-of-use assets (Note 6(8))	926,059	10	1,036,231	12	2580	Lease liabilities - non-current (Notes 6(15) and 7)	929,497	10	1,046,718	12
1760	Net investment property (Notes 6(9))	6,809	-	6,809	-	2650	Investment credit balance using the equity method (Note 6(6))	1,047	-	1,047	-
1780	Intangible assets	811	-	500	-	2670	Other non-current liabilities - others	882	-	769	-
1840	Deferred tax assets (Note 6(17))	7,758	-	8,590	-			3,166,709	32	3,842,825	45
1980	Other financial assets - non-current (Notes 6(10) and 8)	413,594	4	427,805	5			8,329,080	85	7,010,011	82
1990	Other non-current assets - others	-	-	185	-						
1975	Net defined benefit assets - non-current (Note 6(16))	5,983	-	4,821	-						
		1,835,544	19	1,985,756	23						
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(Please refer to the Notes to the Consolidated Financial Statements)

Chairman: Hsu, Yu-Shan

Managerial officer: Lin, Hsin-Cheng

Chief accounting officer: Kuo, Ying-Yen

Shihlin Development Company Limited and Its Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand

		2023		2022	
		Amount	%	Amount	%
4000	Operating income (Notes 6(20) and 7)	\$ 609,213	100	452,193	100
5000	Operating costs (Note 6(5))	305,387	50	311,247	69
	Gross profit	303,826	50	140,946	31
	Operating expenses: (Notes 6(15), (16) and 7):				
6100	Marketing expenses	99,236	16	82,150	18
6200	Management expenses	259,887	43	242,465	54
		359,123	59	324,615	72
	Net operating loss	(55,297)	(9)	(183,669)	(41)
	Non-operating income and expenses:				
7100	Interest income (Note 6(22))	21,711	3	8,674	2
7010	Other income (Note 6(22))	9,811	2	39,354	9
7020	Other gains and losses (Note 6 (22))	(5,486)	(1)	(225)	-
7050	Finance costs (Notes 6(22) and 7)	(79,304)	(13)	(77,879)	(17)
7060	Share of profits or losses on associates recognized using the equity method (Note 6(6))	(4,346)	(1)	(11,613)	(3)
	Total non-operating income and expenses	(57,614)	(10)	(41,689)	(9)
7900	Net loss before tax	(112,911)	(19)	(225,358)	(50)
7950	Less: Income tax expenses (Note 6(17))	1,986	-	2,821	1
	Net loss for the period	(114,897)	(19)	(228,179)	(51)
8300	Other comprehensive income:				
8310	Items not reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	1,079	-	7,133	2
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	21,243	-	(7,755)	(2)
8349	Less: Income tax related to items not reclassified	-	-	-	-
	Other comprehensive income (net after tax) for the period	22,322	4	(622)	-
8500	Total comprehensive income for the period	\$ (92,575)	(15)	(228,801)	(51)
	Net loss for the period attributable to:				
8610	Owners of the parent company	\$ (119,308)	(20)	(208,091)	(47)
8620	Non-controlling interests	4,411	1	(20,088)	(4)
	Total comprehensive income attributable to:	\$ (114,897)	(19)	(228,179)	(51)
8710	Owners of the parent company	\$ (97,980)	(16)	(212,687)	(47)
8720	Non-controlling interests	5,405	1	(16,114)	(4)
		\$ (92,575)	(15)	(228,801)	(51)
	Loss per share (Unit: NTD) (Note 6(19))				
9750	Basic loss per share	\$ (0.53)		(0.92)	
9850	Diluted loss per share	\$ (0.53)		(0.92)	

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

Chairman: Hsu, Yu-Shan

Managerial officer: Lin,
Hsin-Cheng

Chief accounting officer:
Kuo, Ying-Yen

Shihlin Development Company Limited and Its Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand

	Equity attributable to owners of the parent company						Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Share capital	Retained earnings				Other equity items			
						Unrealized gain or loss on financial assets at fair value through other comprehensive income			
Common stock	Capital surplus	Legal reserve	Deficit to be compensated	Total					
Balance as at January 1, 2022	\$ 2,263,791	17,484	50,262	(437,063)	(386,801)	(217,455)	1,677,019	97,898	1,774,917
Net loss for the period	-	-	-	(208,091)	(208,091)	-	(208,091)	(20,088)	(228,179)
Comprehensive income for the period	-	-	-	3,088	3,088	(7,684)	(4,596)	3,974	(622)
Total comprehensive income for the period	-	-	-	(205,003)	(205,003)	(7,684)	(212,687)	(16,114)	(228,801)
Balance as at December 31, 2022	2,263,791	17,484	50,262	(642,066)	(591,804)	(225,139)	1,464,332	81,784	1,546,116
Net loss for the period	-	-	-	(119,308)	(119,308)	-	(119,308)	4,411	(114,897)
Comprehensive income for the period	-	-	-	467	467	20,861	21,328	994	22,322
Total comprehensive income for the period	-	-	-	(118,841)	(118,841)	20,861	(97,980)	5,405	(92,575)
Balance as at December 31, 2023	\$ 2,263,791	17,484	50,262	(760,907)	(710,645)	(204,278)	1,366,352	87,189	1,453,541

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

Chairman: Hsu, Yu-Shan

Managerial officer: Lin, Hsin-Cheng

Chief accounting officer: Kuo, Ying-Yen

Shihlin Development Company Limited and Its Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

	Unit: NTD thousand	
	2023	2022
Cash flow from operating activities		
Net loss before tax for the period	\$ (112,911)	(225,358)
Adjustments:		
Income and expenses:		
Depreciation expense	168,672	181,346
Amortization expense	466	429
Interest expense	79,304	77,879
Interest income	(21,711)	(8,674)
Dividend income	(1,124)	(4,157)
Share of profit or loss of associates recognized using the equity method	4,346	11,613
Loss (gain) on disposal and scrapping of property, plant and equipment	(157)	528
Reclassification of property, plant and equipment	129	819
Gain on disposal of investments using the equity method	-	(12,445)
Rent concessions	-	(9,322)
Others	16,451	(13,974)
Total income and expenses	246,376	224,042
Changes in assets and liabilities related to operating activities:		
Net change in assets related to operating activities:		
Net increase in notes and accounts receivable	(3,690)	(8,002)
Decrease in other receivables	1,604	1,161
Increase in inventory	(1,549,161)	(1,197,846)
Increase in prepayment	(40,855)	(73,494)
Decrease (increase) in other current assets	1,837	(6,922)
Increase in net defined benefit assets	(83)	(4,821)
Decrease in incremental cost of obtaining contracts	-	2,291
Decrease in other financial assets	73,153	231,934
Total net change in assets related to operating activities	(1,517,195)	(1,055,699)
Net change in liabilities related to operating activities:		
Increase in contract liabilities	131,248	129,063
Increase (decrease) in notes payable	2,251	(10,454)
Increase (decrease) in accounts payable	(94,974)	262,697
Increase (decrease) in other payables	16,205	(15,578)
Increase (decrease) in provision	(1,456)	990
Increase (decrease) in advance receipts	(345)	414
Increase (decrease) in other current liabilities	(1,316)	1,213
Increase in net defined benefit liability	-	4,689
Total net change in liabilities related to operating activities	51,613	373,034
Total net changes in assets and liabilities related to operating activities	(1,465,582)	(682,665)
Total adjustments	(1,219,206)	(458,623)
Cash outflow from operations	(1,332,117)	(683,981)
Interest received	22,315	7,635
Dividends received	1,124	12,796
Interest paid	(89,115)	(86,056)
Income tax paid	(4,851)	(2,539)
Net cash outflow from operating activities	(1,402,644)	(752,145)

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

Chairman: Hsu, Yu-Shan

**Managerial officer: Lin,
Hsin-Cheng**

**Chief accounting officer:
Kuo, Ying-Yen**

Shihlin Development Company Limited and Its Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand

	<u>2023</u>	<u>2022</u>
Cash flow from investing activities:		
Investments using the equity method disposed of	-	38,710
Acquisition of property, plant and equipment	(17,317)	(6,190)
Disposal of property, plant and equipment	446	11
Acquisition of intangible assets	(777)	(557)
Increase in other financial assets	(58,254)	(372,698)
Decrease in other financial assets	235,165	66,160
Decrease in other non-current assets	185	-
Net cash inflow (outflow) from investing activities	<u>159,448</u>	<u>(274,564)</u>
Cash flow from financing activities:		
Increase in short-term borrowings	1,793,000	833,000
Decrease in short-term borrowings	(684,023)	(1,552,500)
Increase in short-term notes and bills payable	240,000	-
Decrease in short-term notes and bills payable	-	(299,616)
Issuance of corporate bonds	-	1,200,000
Long-term borrowings	35,000	-
Increase in guarantee deposits received	248	-
Decrease in guarantee deposits received	(135)	(3)
Lease principal repayment	<u>(129,102)</u>	<u>(123,092)</u>
Net cash inflow from financing activities	<u>1,254,988</u>	<u>57,789</u>
Increase (decrease) in cash and cash equivalents for the period	11,792	(968,920)
Opening balance of cash and cash equivalents	<u>853,603</u>	<u>1,822,523</u>
Ending balance of cash and cash equivalents	<u><u>\$ 865,395</u></u>	<u><u>853,603</u></u>

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

Chairman: Hsu, Yu-Shan

**Managerial officer: Lin,
Hsin-Cheng**

**Chief accounting officer:
Kuo, Ying-Yen**

[Annex V]

Shihlin Development Company Limited
Table for surplus earnings distribution or loss make-up
2023

Unit: NT\$

Item	Amount
Losses to be made up at opening	(642,066,308)
Less: Net loss after tax in the year.	(119,308,110)
Add: Other comprehensive income – change in remeasurement of defined benefit plans for the period	466,722
Losses to be made up at closing	(760,907,696)

Chairman: Hsu, Yu-Shan	Managerial officer: Lin, Hsin-Cheng	Chief accounting officer: Kuo, Ying-Yen
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[Appendix I]

Articles of Incorporation of Shihlin Development Company Limited

2021.08.27

Chapter I General Provisions

Article 1

The Company is established under the provisions of the Company Act, named 士林開發股份有限公司.

(The Company's English name is Shihlin Development Company Limited.)

Article 2

The Company's businesses are as follows:

1. E801010 Indoor Decoration.
2. F113020 Wholesale of Household Appliance.
3. F113110 Wholesale of Batteries.
4. F119010 Wholesale of Electronic Materials.
5. F211010 Retail Sale of Building Materials.
6. F213010 Retail Sale of Electrical Appliances.
7. F213110 Retail Sale of Batteries.
8. F219010 Retail Sale of Electronic Materials.
9. H701010 Housing and Building Development and Rental.
10. H701020 Industrial Factory Development and Rental.
11. H701040 Specific Area Development.
12. H701060 New Towns, New Community Development.
13. H701080 Urban Renewal Reconstruction.
14. H703090 Real Estate Commerce.
15. H703100 Real Estate Leasing.
16. I102010 Investment Consulting
17. I103060 Management Consulting
18. JZ99050 Agency Services
19. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1

The Company may make external guarantees for business needs.

Article 2-2

The Company's total investment in other businesses may exceed 40% of the Company's paid-in capital.

Article 3

The Company is headquartered in Taipei city and a branch may be established in another country, when necessary, by resolution of the Board of Directors.

Article 4: Deleted.

Chapter II Shares

Article 5

The Company's total authorized capital is NT\$3 billion, divided into 300 million shares with

a par value of NT\$10 per share. The unissued shares among these shares are authorized to the Board of Directors to be issued in installments in common shares or preferred shares.

Article 5-1
Deleted.

Article 6
The Company's shares certificates are in registered form and shall be signed or sealed by three directors. The Company's share certificates are prepared under the provisions of the law and are issued after being certified. The Company may issue shares without printing share certificates and shall register with Taiwan Depository & Clearing Corporation.

Article 7
Shareholders shall fill out a signature card and submit it to the Company for safekeeping. The original seal will be used upon receiving dividends, bonuses, or transferring of shares.

Article 8
Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of regular meeting of shareholders, and thirty (30) days immediately before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

Article 8-1
Taiwan Depository & Clearing Corporation shall, upon request, consolidate and replace by high-denomination securities.

Article 8-2
All matters related to the Company's shares shall be handled in accordance with the relevant regulations of the competent authority.

Chapter III Shareholders' Meeting

Article 9
The shareholders' meeting is divided into general meeting and special meeting. The general meeting shall be held once a year within 6 months after the end of fiscal year. The special meeting shall be held in accordance with the relevant laws when necessary.

Article 10
When a shareholder is unable to attend a shareholders' meeting for any reason, he/she may appoint a proxy by executing a power of attorney to attend the meeting with his/her signature or seal, clearly stating the scope of authorization. For the method for the shareholders to delegate their attendance, except for complying with Article 177 of the Company Act, it shall be subject to the "Regulations Governing the Use of Proxies for Attendance at the Shareholders' Meetings of Public Companies" promulgated by the competent authority.

Article 11
Where a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave, the chairman shall appoint one of the directors to act as chair. Where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair. If a shareholders' meeting is convened by a party with power to convene but 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.

Article 12

Each shareholder of the Company shall have one vote for each share held, except for any of the matters set for in Article 179 of the Company Act.

Article 13

Unless relevant laws or the Articles of Incorporation provide otherwise, resolutions of the shareholders' meeting shall be made by a session with the presence of shareholders representing more than half of the outstanding shares and a simple majority of the votes of consent cast by the shareholders in session.

The shareholders' meeting adopts electronic voting as one of the ways to exercise voting rights of the Company's shareholders. The related matters are handled in accordance with the law.

Article 13-1

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chair of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting. The preparation and distribution of the minutes of shareholders' meeting as required in the preceding Paragraph may be effected by means of electronic transmission.

Chapter IV Board of Directors and Audit Committee

Article 14

The Company has seven to nine directors. The number of directors is authorized by the Board of Directors meeting. A candidate's nomination system is adopted by the Company for election of the directors of the company, and the shareholders' meeting shall elect the directors from a list of candidates. The term of office of a director shall not exceed three years, but he/she may be eligible for re-election. In case no election of new directors is effective after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office. The Board of Directors shall have a chairman who is elected by the directors.

Among the number of directors as mentioned in the preceding paragraph, the number of independent directors shall be at least three and shall not be less than one-fifth of the number of directors.

Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the competent securities authorities.

The Company based on "Securities and Exchange Act" has established an audit committee to replace the duties of supervisors.

The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be committee convener, and at least one of whom shall have accounting or financial expertise.

Article 14-1

When the number of vacancies in the board of directors of a company equals one-third of the total number of directors, or if all independent directors are dismissed, the board of directors shall call, within 60 days, a special meeting of shareholders to elect succeeding directors to fill the vacancies. The term of office shall be limited to the full term of the original appointment.

Article 15

The Company's important matters shall be resolved by the Board of Directors, except for those that shall be resolved by the shareholders' meeting as required by the law, and shall be carried out by the chairman by resolution of the Board of Directors. Important matters requiring to be resolved by the Board of Directors, as described above, shall be resolved by the Board of Directors unless otherwise provided by law.

Article 16

A Board of Directors meeting shall be conducted at least once a quarter. The specific meeting time shall be determined by the Board of Directors. In the event of an emergency or requested by a majority of the directors, an extraordinary meeting may be called. A Board of Directors meeting is convened by the chairman. If the chairman is unable to convene a meeting for any reason, the appointed proxy by resolution of the Board of Directors shall act as the proxy and the convener shall act as the chair.

The convening referred to in the preceding paragraph may be notified in writing, by fax or by e-mail.

Article 17

Except as otherwise stated in the Company Act, a resolution on a matter at a Board of Directors meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors. If a director is unable to attend the meeting for any reason, director appointing another director to attend a board meeting in his or her place shall in each case give to that director a written proxy stating the scope of authorization with respect to the reasons for meeting. Only a proxy from one person is accepted. The minutes of a board meeting shall be signed by the chair, with the original kept in the Company and a copy is used to notify each director.

Article 18

The remuneration to the directors (including independent directors) is authorized to the Remuneration Committee to recommend and submit to the Board of Directors for approval based on each Director's involvement in and contribution to the Company's operation and also taking into consideration the usual standards in the industry.

The Company may take out liability insurance for directors with the coverage scope authorized to the Board of Directors for resolution.

Chapter V Managerial Officers

Article 19

The Company has several managerial officers whose appointment, dismissal and remuneration are handled in accordance with the provisions set forth in Article 29 of the Company Act.

Chapter VI Accounting

Article 20

The Company's fiscal year begins on January 1 and ends on December 31. The final accounts

are settled after the end of a fiscal year.

Article 21

After the end of a fiscal year, the Board of Directors shall prepare the following statements and submit them to the Audit Committee for audit. A report shall be issued to the shareholders for acknowledgement.

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

Financial statements and earnings distribution or loss appropriation resolution as mentioned in the preceding paragraph may be made by way of announcement.

Article 22:

If there is a profit for the current year, the Company shall set aside:

1. 5% as the maximum remuneration to directors.
2. 8% as remuneration to employees.

However, profits must first be reserved to offset against cumulative losses.

Article 22-1:

If there are earnings at the end of the fiscal year, the Company shall first pay tax and make up for past losses. The Company shall then set aside 10% for statutory surplus reserve (except when the statutory surplus reserve has reached the Company's paid-in capital) and set aside a special reserve or reversal of the special reserve for the current year's recorded reduction in shareholders' equity that occurred during the year. The accumulated undistributed earnings from the previous periods are then added as shareholders' dividends. Aside from retaining some earnings for future distribution by resolution, the total proportion is distributed in accordance with the Company's dividend policy.

As the Company within the construction industry, we must consider a balanced and stable dividend policy. Depending on the demand for investment capital and the dilution of earnings per share, the Company shall distribute stock dividends or cash dividends in an appropriate manner, of which cash dividends shall not be less than 10% of the total dividends to shareholders. Nevertheless, if the cash dividends are less than NT\$0.1 per share or if the Board of Directors considers that the debt ratio in the Company's financial statements for the year is more than 50%, or if there are significant capital expenditure plans for the year, the Board of Directors may reduce the percentage of cash dividends or distribute stock dividends.

Chapter VII Supplementary Articles

Article 23

Any matters not covered by these Articles are handled in accordance with the Company Act and other relevant laws.

Article 24

The Articles of Incorporation were formulated on December 27, 1983

1st amendment on March 23, 1984

2nd amendment on June 19, 1984

3rd amendment on May 7, 1985

4th amendment on September 12, 1986

5th amendment on October 4, 1986
6th amendment on May 25, 1990
7th amendment on June 24, 1991
8th amendment on March 20, 1992
9th amendment on December 3, 1992
10th amendment on November 25, 1994
11th amendment on January 10, 1997
12th amendment on May 26, 2000
13th amendment on May 28, 2001
14th amendment on June 14, 2002
15th amendment on June 14, 2005
16th amendment on June 14, 2006
17th amendment on October 29, 2007
18th amendment on June 13, 2008
19th amendment on June 16, 2009
20th amendment on June 9, 2010
21st amendment on June 9, 2011
22nd amendment on June 5, 2012
23rd amendment on June 9, 2015
24th amendment on June 15, 2016
25th amendment on June 8, 2018
26th amendment on June 18, 2019
27th amendment on August 27, 2021

[Appendix II]

Rules of Procedure for Shareholders' Meetings of Shihlin Development Company Limited

2013.06.13

1. The Company's shareholders' meeting shall be carried out in accordance with these Rules.
2. Shareholders referred to in these Rules mean the shareholders themselves and proxies appointed by the shareholders to attending the meeting.
3. The Company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in.
4. Attendance at shareholders' meetings shall be calculated based on numbers of shares.
5. 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.
6. Where a shareholders' meeting is convened by the Board of Directors; the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave, the chairman shall appoint one of the directors to act as chair. Where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

If a shareholders' meeting is convened by a party with power to convene but 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.
7. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting.

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.
8. The Company shall make an audio and video recording of the entire meeting of shareholder and the recorded materials shall be retained for at least one year.
9. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements 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 Article 175, paragraph 1 of the Company Act.

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

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

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including 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. 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 of the meeting 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.

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

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. 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.

12. 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.

13. When a legal entity is appointed to attend as proxy, it may designate only one person to represent him/her in the meeting.

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

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

15. 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.

16. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

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

considerations

18. 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 all shareholders present following an inquiry by the chair, the proposal shall be deemed passed with the same effect as a poll.
19. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
20. The chair may direct the 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."
21. All matters not provided in these Rules are handled in accordance with the Company Act and the Company's Articles of Incorporation.
22. These Rules shall take effect after approval by a shareholders' meeting. Subsequent amendments thereto shall be effective in the same manner.

[Appendix III]

Number of shares held by directors and minimum number of shares required to be held

1. The number of shares issued by the Company is 226,379,090 shares. According to Article 2 set forth in the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies,” the minimum number of shares required to be held by all directors shall not be less than 12,000,000 shares.
2. The number of shares held by all directors registered on the final date of transfer on April 1, 2024 for the 2024 annual general meeting (see table).

Table:

Shihlin Development Company Limited Individual shareholdings by directors and total shareholdings

Title	Name	Date of transfer Numbers of shareholdings registered	Shareholding ratio %
Chairman	Shunlin Investment Co., Ltd. Representative: Hsu, Yu-Shan	1,946,184 shares	0.86%
Director	Li, Chang-Lin	260,250 shares	0.11%
Director	Xiemei Industrial Co., Ltd. Representative: Yeh, Chi-Chao	9,977,374 shares	4.41%
Director	Ambassador Investment Corp. Ltd. Representative: Li, Ying-Chu	5,781,850 shares	2.55%
Director	Lin, Hsin-Cheng	2,533,880 shares	1.12%
Independent Director	Wang, Chia-Kun	0 share	0
Independent Director	Kuo, Chia-Wen	0 share	0
Independent Director	Chen, Chia-Hsiu	0 share	0
Total by directors		20,449,538 shares	9.05%