



SHIHLIN DEVELOPMENT COMPANY LIMITED.

2025 Annual General Meeting Meeting Handbook

Date of meeting: May 27, 2025

Venue: 17F., No. 8, Sec. 7, Civic Blvd., Taipei City
(amba Hotels & Resorts)

Shihlin Development Company Limited

Meeting Handbook for 2025 Annual General Meeting

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Shihlin Development Company Limited
Procedure of 2025 Annual General Meeting

1. Call Meeting to Order
2. Chair Remarks
3. Management Presentation (Company Reports)
4. Proposals
5. Discussion
6. Elections
7. Other motions
8. Extraordinary Motion
9. Meeting adjourned

Shihlin Development Company Limited 2025 Annual General Meeting Agenda

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

Time: 9:00 a.m. on May 27 (Tuesday), 2025

Venue: 17F., No. 8, Sec. 7, Civic Blvd., Taipei City
(amba Hotels & Resorts)

1. Call Meeting to Order
2. Chair Remarks
3. Management Presentation (Company Reports):
 - Motion 1: 2024 Business Report.
 - Motion 2: Report on the 2024 financial statements reviewed by the Audit Committee.
 - Motion 3: Report on the state of secured corporate bonds issued by the Company in 2024.
4. Proposals:
 - Motion 1: Motion for the 2024 business report and financial statements.
 - Motion 2: 2024 earnings and loss appropriation.
5. Discussion:
 - Amendment to the “Articles of Incorporation”
6. Elections:
 - Motion for overall reelection of all directors of the Company.
7. Other motion(s)
 - Motion on lifting the newly elected directors and the representatives thereof from prohibition of business strife.
8. Extraordinary Motion
9. Meeting adjourned

Management Presentation (Company Reports)

Motion 1

Reason: 2024 business report. Please review.

Description: The Company's 2024 business report and 2025 business outlook. Please refer to pp.7–10 (Annex 1) of this Handbook. Please review.

Motion 2

Reason: Report on the 2024 financial statements reviewed by the Audit Committee. Please review.

Description: A review report has been submitted with respect to the Company's 2024 financial statements reviewed by the Audit Committee. Please refer to page 11 of this Handbook (Annex 2). Please review.

Motion 3:

Reason: Report on the state of secured corporate bonds issued by the Company in 2024. Please review.

Description:

1. To repay loans, the Board of Directors meeting held on May 9, 2024 approved to issues the 2024 first domestic secured corporate bonds for NT\$600 million.
2. The terms and matters in relation to the issuance of the corporate bonds have been announced on the MOPS.
3. The issuance of the corporate bonds was applied to the Taipei Exchange (TPEX) and deemed effective by Order Letter Zheng-Gui-Zhai-Zi No. 11300071291 dated August 7, 2024. Trading of securities on the TPEX was approved starting August 14, 2024 by Order Letter Zheng-Gui-Zhai-Zi No. 11300072622 dated August 15, 2024. Please review.

Proposals

Motion 1

Proposed by the Board of Directors

Reason: Revenues & expenditures for the 2024 business report and financial statements.

Description:

1. The Company's 2024 standalone financial statements and consolidated financial statements have been prepared by the Company and have been audited by CPAs Pan, Chun-Ming and Chen, Tsung-Che 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 2024 business report, please refer to pp.7–10 (Annex 1) of this Handbook; for standalone financial statements, consolidated financial statements and CPAs' review report, please refer to pp.12–30 (Annex 3) of this Handbook. Please acknowledge.

Resolution:

Motion 2

Proposed by the Board of Directors

Reason: Motion for 2024 earnings and loss appropriation.

Description:

1. The Company's beginning loss to be made up for was NT\$760,907,696; add: current income after tax of NT\$157,377,492; less: other comprehensive income - change in the re-measurement of defined-benefit plans for the current period of NT\$30,246; the accumulated losses to be made up for the period is NT\$603,560,450.
2. As the Company had accumulated losses as of 2024, no dividends are intended to be distributed.
3. For the profit and loss table, please refer to p.31 (Annex 4) of this Handbook. Please acknowledge.

Resolution:

Discussion

Proposed by the Board of Directors

Reason: Amendment to the “Articles of Incorporation”

Description: 1. Pursuant to the Jin-Guan-Zheng-Fa-Zi No. 1130385442 of the Financial Supervisory Commission, dated November 8, 2024, and in accordance with Article 172-2 of the Company Act and the Corporate Governance Blueprint 3.0, it is proposed to amend Articles 8-3, 14, 22, and 24 of the Company’s Articles of Incorporation.

2. For Comparative Table of Contents of the Pre-Amendment and Post-Amendment to the “Articles of Incorporation”, please refer to pp. 32–42 of the present Handbook (Annex 5). The motion is duly proposed for discussion.

Resolution:

Elections

Proposed by the Board of Directors

Subject: Motion on overall reelection of the Company’s directors in full.

Descriptions: 1. The tenure of office of the Company’s incumbent directors is going to expire by June 9, 2025. As required by law, an overall reelection shall be conducted in the annual general meeting of Year 2025.

2. Eight seats of directors were elected for the current term (including three independent directors) into eight directorship seats (including three independent directors). The newly elected directors shall take office forthwith upon being elected with a three-year tenure of office starting from May 27, 2025 until May 26, 2028.

3. The Company’s directors shall be elected under the candidate nomination system. Shareholders shall elect out of the list of the director candidates. For the list of the director candidates, please refer to Page 43 (Annex 6) of the present Handbook. The motion is duly proposed into election process.

Outcome of the election process:

Other motions

Proposed by the Board of Directors

Subject: A motion to lift the newly elected directors and representatives thereof from prohibition of business strife.

Descriptions: 1. As expressly provided for in Article 209 of the Company Act, a newly elected director of the Company who does anything in investment or engaging in an act similar to the scope of the Company's business lines for himself or herself or on behalf of another person shall explain to the meeting of shareholders the essential contents of such an act and obtain the approval in the very premise without being harmful to the Company's interests:

2. For the contents to lift the Company's candidates of directors (including independent directors) of Year 2025 from prohibition of business strife, please refer to Page 44 (Annex 7) of the present Handbook. According to law, the motion is herewith proposed to the shareholders' regular meeting for an approval to lift the newly elected directors and the representatives thereof from prohibition of business strife.

Resolution:

Extraordinary Motion

Meeting adjourned

[Annex 1]

Shihlin Development Company Limited 2024 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 2024 operating results and 2025 business outlook are as follows:

I. 2024 Operating Results

(I) Business plan implementation results

The operating revenue recognized for 2024 totaled NTD 2,591,833 thousand.

(II) Budget implementation:

Unit: NTD thousand

Item	2024 actual number	2024 forecasted number	Achievement rate %
Operating revenue	2,591,833	Financial forecasts not published	Not applicable
Operating costs	(1,864,832)		
Gross profit	727,001		
Operating expenses	(502,902)		
Non-business income (expenditures)	(54,746)		
Net income before tax	169,353		

(III) Analyses into financial revenues and expenditures and profitability

Unit: NTD thousand

	Year	2024	2023
Financial income and expenditures	Net operating income	2,591,833	609,213
	Gross profit	727,001	303,826
	Net income (loss) after tax	167,267	(114,897)

	Year	2024	2023
Profitability	Return on assets (%)	2.34	(0.56)
	Return on shareholders' equity (%)	10.87	(7.66)
	As a percentage of paid-in capital ratio (%)	Operating profit	(2.44)
		Income before tax	(4.99)
	Profit margin (%)	6.45	(18.86)
	Earnings per share (NTD)	0.70	(0.53)

(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 2025 business plan

(I) Business policy:

1. The real estate market in 2024 was a rollercoaster. Although the variables included known gray rhinos, such as changes in the overall economy and the continuation of the policy of suppressing speculation in the real estate market, as well as expected black swans like the Taiwan presidential election and changes in the situation across the Taiwan Strait, including the US presidential election (Trump’s election), the results were not as apparent as the capital frenzy brought about by the new youth family-planning policy launched in September 2023. This policy directly fueled the last wave of prosperity in the real estate market across Taiwan, until the seventh wave of selective credit control in September 2024 triggered a financial tsunami, after which the real estate market reversed downward.

In a time when the housing market is filled with uncertainties and experiencing a shrinking volume for consolidation, small and medium-sized construction companies are facing financial and operational difficulties. However, in the external environment, fierce competition among peers can eliminate those that are unfit for the market. In terms of internal execution, strengthening urban renewal projects in the best locations in the city center will lead to adequate business growth even during a downturn.

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, influenced by the long processing and production cycles, the sharp rise in construction costs, and the lack of labor and materials in recent years, we will first acquire land or obtain the permit for urban renewal projects. We will then secure the demolition and construction permits and find contractors to start the work as soon as possible, before carrying out our sales operations in a timely manner. Our “Cheng-Xin-Yao-Yao” and “Living Above the Skyline” projects have adopted this approach for the start of construction and sales operations.
5. Despite the significant increase in construction costs, the Company continues to strictly control quality and costs. 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. We implement the standardization of operating projects, ensure project quality, strictly control their progress, and comprehensively enhance quality and technology. Our “Living Above the Skyline” project has successfully awarded contracts to contractors to commence construction in 2024.
6. Meet customer needs and strengthen after-sales service by reinforcing the service skills of customer service and sales personnel, establishing a customer service system, and providing comprehensive after-sales service and regular maintenance to increase customer satisfaction and trust. We have carried out the procedures and conducted verification, review, and revision in the delivery of completed projects during Q3 and Q4 of 2024.
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) Expected sales volume, case submission for review and construction progress:

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

Project name	Location/base area	Description
Cheng-Xin-Yao-Yao	Datong District, approximately 1,009 ping (3335.5 square meters)	75% of the project has been sold, with a total sales amount of NT\$6 billion. The sales are ongoing and it is expected that the project will be completed and delivered by mid-2027.
Living Above the Skyline	Neihu District, approximately 928 ping (3067.8 square meters)	Early-bird promotions were conducted after construction officially started in Q3 2024, with total sales amounting to NT\$5.5 billion. It is expected that the project will be completed and delivered in 2029.
Xinyi Anhe	Daan District, approximately 680 ping (2248 square meters)	The total sales amount was about NTD 5 billion. The urban renewal project was submitted for approval in September 2023 and is currently under review.
Ruian Street project	Daan District, approximately 529 ping (1748.8 square meters)	The total sales amount was about NTD 3 billion. The urban renewal project was submitted for approval in April 2024 and is currently under review (This case is the Urban Renewal Project 168).
Section 6, Zhongshan North Road project	Shilin District, approximately 388 ping (1,282.7 square meters)	The total sales amount was about NTD 1 billion. The urban renewal project was submitted for approval in May 2024 and is currently under review (This case is the Urban Renewal Project 168).
Songde Road project	Xinyi District, approximately 1,127 ping (2248 square meters)	The total sales is approximately NT\$6 billion, and the urban renewal project is estimated to be submitted for approval in Q2 2025.
Mei-Hao-Ri-An	Tianmu, approximately 173 ping (571.9 square meters)	Total sales amounted to NTD 300 million. Note*

Note*: After the original building is demolished by the landowner, it will be handed over to us for construction.

Looking ahead to 2025, in addition to continuing the construction, sales, and urban renewal procedures of the aforementioned project, we will actively promote the Fujin Street projects in Songshan District, the Dongfeng Street case and An-He Road project in Da'an District, the Xiangshan project in Xinyi District, and other urban renewal projects, as well as the development of prime locations in Taipei City.

(III) Production and sales policies:

1. Production strategy-

- (1) Look for areas and products with good development potential, convenient transportation, strong appreciation potential, and that meet consumer needs, and gradually expand land development outside of New Taipei and Taipei City. However, the company's main customer base is property buyers and self-occupied customers. With a philosophy centered on building quality homes with craftsmanship, the company prioritizes land development in prime areas of 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 as soon as possible 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) Aim at high price local regions; however, actual sales will be carried out at an appropriate price in accordance with current conditions to emphasize profitability and capital turnover while reducing inventory.
- (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 at the housing market of 2024, its performance has shifted from hot to cold. Overall, although inflation (Consumer Price Index, CPI) has gradually declined, the interest

rate has been raised six times since 2022, and the cumulative monetary tightening policy of 0.875 percentage points has kept the short-term interest rate trend high. In addition, the factors related to the presidential election, both domestically and internationally (in the USA), are still not conducive to housing sales, resulting in a withdrawal and a wait-and-see attitude from the demand side. In terms of supply, the domestic policies – such as the House and Land Transactions Income Tax, the Actual Price Registration of Real Estate Transaction 2.0, the amendment and implementation of the Equalization of Land Rights Act, the House Hoarding Tax 2.0, and selective credit control – adopted financial controls and applied pressure on construction firms to curb speculation, resulting in rising capital costs. Although the price hikes of raw materials are expected to slow down, the shortage of foreign and domestic construction workers, rising wages, anticipated future increases in water and electricity costs, and additional expenses in response to ESG trends and carbon taxes will keep construction costs high. In addition, the seventh wave of selective credit controls will tighten the ratio of real estate loans to total loans, directly reducing the proportion of funds flowing into the real estate market. This is the last straw that breaks the camel's back on both the supply and demand sides, making the overall environment quite unfriendly for construction firms and the real estate market.

Looking forward to the new year, in addition to the aforementioned unfavorable factors for construction companies, there are also foreseeable black swans that cannot be ignored. The first is the new policy of President Trump. The second is that the tension in relations across the Taiwan Strait remains high. The third is whether the central bank will once again impose selective credit controls. Fourth, it is estimated that up to 400,000 new homes will be completed and delivered from 2025 to 2027, and the supply will increase significantly; in 2024 alone, about 138,180 households obtained a use permit. The situation is grim, and there is no room for optimism.

Although the population has gradually decreased due to social changes over the past 10 years (with the number of births equaling the number of deaths since 2019) and the country is projected to become a super-aged society in 2026, changes in the population structure (the national average family size has reduced to about 2.5 people, the phenomenon of children leaving their original family homes for separate housing is apparent, and the number of single individuals has increased) have stimulated a rising demand for housing. According to data from the Ministry of the Interior regarding changes in housing supply and demand in Taiwan over the past 10 years, the housing market in Taiwan is, on average, in oversupply. Further inspection shows that only the four major metropolitan areas of Taipei City, New Taipei City, Taoyuan City, and Taichung City have a housing supply shortage, especially in Taipei City, where market demand far exceeds new supply.

Therefore, the Company will continue to focus on its existing production strategies and actively and carefully select prime areas in Taipei City as the first choice for land acquisition, urban renewal, and project launches. Because acquiring land in Taipei City and New Taipei

City is challenging, we will also consider other quality redevelopment zones that are equipped with convenient transportation links and development projects in the distribution areas of major related 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 Board of Directors has prepared and submitted the Company's 2024 business report, financial statements and profit and loss appropriation table. Among these, the financial statements have been audited by KPMG Taiwan, and an audit report has been issued accordingly. 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 2025 Annual General Meeting

Shihlin Development Company Limited

Convener of the Audit Committee: Wang,
Chia-Kun

March 6, 2025

[Annex 3]

Independent Auditors' Report

To Shihlin Development Company Limited,

Audit opinion

We have audited the accompanying balance sheets of Shihlin Development Company Limited (the “Company”) for the years ended December 31, 2024 and 2023 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, 2024 and 2023 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, 2024, 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 of the standalone financial statements of the Company are stated as follows:

I. Real estate revenue recognition

Please refer to Note 4(17) to the standalone financial statements for the accounting policy on income recognition; please refer to Note 6(19) to the standalone financial statements for the revenue from customer contracts.

Description of key audit matters:

One of the main sources of revenue for the Company is real estate. The risk of material misstatement lies in the authenticity of revenue recognition. Since operating revenue involves management's performance, management may not recognize revenue in advance or defer the recognition of revenue in accordance with regulations in order to achieve the expected net profit, which may, in turn, materially misstate profit or loss. Therefore, the testing of the income recognized is one of the important matters to be audited during our audit of the Company's standalone financial statements.

Audit procedures:

Conducted control testing on the sales and collection cycle to evaluate how the controls prevent and detect errors and fraud in income recognition; performed verification testing by sampling and reviewing sales contracts and real estate transfer registration documents with customers, and checked sales data against general ledger details to assess whether the Company's revenue recognition policy complies with relevant regulations; conducted cutoff testing on operating revenue to confirm that revenue is recognized in the appropriate period.

II. 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 75% 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: understanding the Company's internal operating procedures and accounting for subsequent inventory measurement; obtaining the assessment data of the net realizable value of the Company's inventories; randomly examining the market prices of the aforementioned items, the most recent nearby real estate transactions, the prices of the Group's recent sales contracts, the real estate prices registered with the Ministry of the Interior, and the publicly announced land value; and obtaining a case-by-case return on investment analysis table to check and verify whether the net realizable values of the inventories are appropriate. We also assessed whether the Company's disclosure of inventory-related information was appropriate.

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, 2024 and 2023 accounted for 0.81% and 0.87% of the total assets, respectively. The share of profit or loss of some subsidiaries and associates, i.e. investees using the equity

method, recognized for the years ended December 31, 2024 and 2023 accounted for (2.31)% and 3.58% of the net profit(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, 2024. 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	Financial Supervisory Commission Approval
Approval Document No.	: Document, Reference No.: FSC Zheng-Sheng-Zi NO. 1110333933
	Financial Supervisory Commission Approval
	Document, Reference No.: FSC Zheng-Sheng-Zi NO. 1000011652

March 6, 2025

Shihlin Development Company Limited

Balance Sheets

For the Years Ended December 31, 2024 and 2023

Unit: NTD thousand

Assets		2024.12.31		2023.12.31		Liabilities and equity		2024.12.31		2023.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(1))	\$ 493,565	6	622,225	7	2100	Short-term borrowings (Note 6(11))	\$ 2,738,845	32	2,776,200	34
1150	Notes and accounts receivable, net (Notes 6(3) and (19))	82	-	7	-	2110	Short-term notes and bills payable (Note 6(12))	-	-	199,546	2
1200	Other receivables (Note 6(4))	94,646	1	57,391	1	2130	Contract liabilities - current (Note 6(19))	831,374	10	724,258	9
130X	Inventories (Notes 6(5) and 8)	6,352,797	75	6,123,488	74	2150	Notes payable	134	-	2,550	-
1410	Prepayments	121,764	1	167,130	2	2170	Accounts payable	465,232	5	341,754	4
1476	Other financial assets - current (Notes 6(10) and 8)	312,202	4	368,065	4	2200	Other payables	75,555	1	57,204	1
1479	Other current assets - others	20,137	-	7,179	-	2250	Provision for liabilities - current (Note 6(15))	378	-	151	-
1480	Incremental cost of obtaining contracts - current	233,059	3	226,203	3	2280	Lease liabilities - current (Notes 6(14) and 7)	8,443	-	7,304	-
		7,628,252	90	7,571,688	91	2310	Advance receipts	240	-	300	-
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))	69,766	1	66,813	1	2399	Other current liabilities - others	12,137	-	1,392	-
1550	Investments using the equity method (Note 6(6))	299,804	4	278,011	4	Non-current liabilities:		4,132,338	48	4,710,599	57
1600	Property, plant and equipment (Note 6(7))	831	-	711	-	2530	Corporate bonds payable (Note 6(13))	2,795,533	33	2,196,102	26
1755	Right-of-use assets (Note 6(8))	13,770	-	13,774	-	2580	Lease liabilities - non-current (Notes 6(14) and 7)	5,404	-	6,533	-
1760	Net investment property (Notes 6(9))	6,809	-	6,809	-	2670	Other non-current liabilities - others	1,636	-	449	-
1780	Intangible assets	612	-	811	-	Total liabilities		2,802,573	33	2,203,084	26
1980	Other financial assets - non-current (Notes 6(10) and 8)	440,956	5	341,418	4	Equity: (Note 6(17)):		6,934,911	81	6,913,683	83
1990	Other non-current assets - others	509	-	-	-	3100	Share capital	2,263,791	27	2,263,791	27
		833,057	10	708,347	9	3200	Capital surplus	17,484	-	17,484	-
						3300	Retained earnings	(553,298)	(6)	(710,645)	(8)
						3400	Other equity	(201,579)	(2)	(204,278)	(2)
						Total equity		1,526,398	19	1,366,352	17
Total assets		\$ 8,461,309	100	8,280,035	100	Total liabilities and equity		\$ 8,461,309	100	8,280,035	100

(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, 2024 and 2023

Unit: NTD thousand

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenues (Note 6(19) and 7)	\$ 1,921,139	100	3,387	100
5000	Operating costs (Note 6(5))	1,536,573	80	332	10
	Gross profit from operations	384,566	20	3,055	90
	Operating expenses (Notes 6(14)(15) and 12):				
6100	Selling expenses	78,068	4	-	-
6200	General and administrative expenses	132,564	7	97,523	2,879
		210,632	11	97,523	2,879
	Net operating profit (loss)	173,934	9	(94,468)	(2,789)
	Non-operating income and expenses:				
7100	Interest income (Note 6(21))	7,557	-	16,926	500
7010	Other income (Notes 6(2) and (21))	12,600	1	4,296	127
7020	Other gains and losses (Note 6 (21))	(8,523)	-	(10,469)	(309)
7050	Finance costs (Notes 6(21) and 7)	(54,879)	(3)	(54,345)	(1,605)
7070	Share of profits or losses on subsidiaries and associates recognized using the equity method (Note 6(6))	27,896	1	18,752	553
	Total non-operating income and expenses	(15,349)	(1)	(24,840)	(734)
7900	Net income (loss) before tax	158,585	8	(119,308)	(3,523)
7950	Income tax expenses (Note 6(16))	1,208	-	-	-
8200	Net income (loss) for the period	157,377	8	(119,308)	(3,523)
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	2,953	-	20,569	607
8330	Share of other comprehensive income of subsidiaries, associates, and joint ventures recognized using the equity method - items not reclassified to profit or loss	(284)	-	292	9
8349	Income tax related to items not reclassified	-	-	-	-
	Comprehensive income for the period	2,669	-	21,328	630
8500	Total comprehensive income for the period	<u>\$ 160,046</u>	<u>8</u>	<u>(97,980)</u>	<u>(2,893)</u>
	Earnings per share (Unit: NTD) (Note 6(18))				
9750	Basic earnings (loss) per share	<u>\$ 0.70</u>		<u>(0.53)</u>	
9850	Diluted earnings (loss) per share	<u>\$ 0.70</u>		<u>(0.53)</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 Changes in Equity
For the Years Ended December 31, 2024 and 2023

Unit: NTD thousand

				Retained earnings		Other equity items Unrealized valuation gain or loss on financial assets at fair value through other comprehensive income	
	Common stock	Capital surplus	Legal reserve	Deficit to be compensated	Total		Total equity
Balance as at January 1, 2023	\$ 2,263,791	17,484	50,262	(642,066)	(591,804)	(225,139)	1,464,332
Net loss for the period	-	-	-	(119,308)	(119,308)	-	(119,308)
Comprehensive income for the period	-	-	-	467	467	20,861	21,328
Total comprehensive income for the period	-	-	-	(118,841)	(118,841)	20,861	(97,980)
Balance as at December 31, 2023	2,263,791	17,484	50,262	(760,907)	(710,645)	(204,278)	1,366,352
Net profit for the period	-	-	-	157,377	157,377	-	157,377
Comprehensive income for the period	-	-	-	(30)	(30)	2,699	2,669
Total comprehensive income for the period	-	-	-	157,347	157,347	2,699	160,046
Balance as at December 31, 2024	<u>\$ 2,263,791</u>	<u>17,484</u>	<u>50,262</u>	<u>(603,560)</u>	<u>(553,298)</u>	<u>(201,579)</u>	<u>1,526,398</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 Cash Flows
For the Years Ended December 31, 2024 and 2023

Unit: NTD thousand

	<u>2024</u>	<u>2023</u>
Cash flow from operating activities:		
Net income (loss) before tax for the period	\$ 158,585	(119,308)
Adjustments:		
Income and expenses		
Depreciation expense	9,015	8,206
Amortization expense	490	466
Interest expense	54,879	54,345
Interest income	(7,557)	(16,926)
Dividend income	(25)	(24)
Share of profits on subsidiaries and associates recognized using the equity method	(27,896)	(18,752)
Others	(4,667)	16,635
Total income and expenses	<u>24,239</u>	<u>43,950</u>
Changes in assets/liabilities related to operating activities:		
Net change in assets related to operating activities:		
Decrease (increase) in notes and accounts receivable	(75)	497
Decrease (increase) in other receivables	(36,317)	2,276
Increase in inventory	(157,397)	(1,496,813)
Decrease (increase) in prepayments	42,185	(38,603)
Decrease (increase) in other current assets	(12,821)	868
Increase in incremental cost of obtaining contracts	(6,856)	-
Decrease (increase) in other financial assets	(32,362)	73,154
Total of net change in assets related to operating activities	<u>(203,643)</u>	<u>(1,458,621)</u>
Net change in liabilities related to operating activities:		
Increase in contract liabilities	107,116	132,640
Increase (decrease) in notes payable	(2,416)	2,550
Increase (decrease) in accounts payable	128,180	(100,483)
Decrease (increase) in other payables	14,740	(6,578)
Increase in provision	227	50
Decrease in advance receipts	(60)	(322)
Decrease (increase) in other current liabilities	10,745	(1,844)
Total of net change in liabilities related to operating activities	<u>258,532</u>	<u>26,013</u>
Total net changes in assets and liabilities related to operating activities	<u>54,889</u>	<u>(1,432,608)</u>
Total adjustments	<u>79,128</u>	<u>(1,388,658)</u>
Cash inflows (outflows) from operations	237,713	(1,507,966)
Interest received	6,619	17,002
Dividends received	5,844	6,940
Interest paid	(120,053)	(83,725)
Income tax paid	(1,346)	(1,618)
Net cash inflows (outflows) from operating activities	<u>128,777</u>	<u>(1,569,367)</u>

Cash flow from investing activities:

Capital contributions returned due to liquidation of subsidiary	-	5,888
Acquisition of property, plant and equipment	(821)	(115)
Acquisition of intangible assets	(291)	(777)
Increase in other financial assets	(141,666)	(14,022)
Decrease in other financial assets	130,353	123,995
Increase in other non-current assets	(509)	-
Net cash inflow (outflow) from investing activities	(12,934)	114,969

Cash flow from financing activities:

Increase in short-term borrowings	1,278,245	1,593,000
Decrease in short-term borrowings	(1,315,600)	(404,023)
Increase (decrease) in short-term notes and bills payable	(200,000)	200,000
Issuance of corporate bonds	600,000	-
Repayment of corporate bonds	(600,000)	-
Increase in guarantee deposits received	1,194	-
Decrease in guarantee deposits received	(7)	(135)
Lease principal repayment	(8,335)	(9,348)
Net cash inflow (outflow) from financing activities	(244,503)	1,379,494
Decrease in cash and cash equivalents for the period	(128,660)	(74,904)
Opening balance of cash and cash equivalents	622,225	697,129
Ending balance of cash and cash equivalents	\$ 493,565	622,225

Independent Auditors' Report

To Shihlin Development Company Limited,

Audit opinion

We have audited 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, 2024 and 2023 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, 2024 and 2023 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, 2024, 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. Real estate revenue recognition

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.

Description of key audit matters:

One of the main sources of revenue for the Group is real estate. The risk of material misstatement lies in the authenticity of revenue recognition. Since operating revenue involves management's performance, management may not recognize revenue in advance or defer revenue recognition in accordance with regulations in order to achieve the expected net profit, which may, in turn, materially misstate profit or loss. Therefore, the testing of the income recognized is one of the important matters to be audited during our audit of the Company's consolidated financial statements.

Audit procedures:

Conducted control testing on the sales and collection cycle to evaluate how the controls prevent and detect errors and fraud in income recognition; performed verification testing by sampling and reviewing the sales contracts and real estate transfer registration documents with customers, and checked sales data against general ledger details to assess whether the Group's revenue recognition policy complies with relevant regulations; conducted cutoff testing on operating revenue to confirm that revenue is recognized in the appropriate period.

II. 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.

III. Inventory valuation

Please refer to Note 4 (8) "Inventories" to consolidated financial statements for the accounting policy; please refer to Note 5 to the consolidated financial statements for the uncertainty of estimates and assumptions for the inventory valuation; please refer to Note 6(5) 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 66% 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: understanding the Group's internal operating procedures and accounting for subsequent inventory measurement; obtaining the assessment data for the net realizable value of the Group's inventories; randomly examining the market prices of the above items, the most recent nearby real estate transactions, the prices of the Group's recent sales contracts, the real estate prices registered with the Ministry of the Interior, and publicly announced land values; as well as obtaining a case-by-case return on investment analysis table to check and verify whether the net realizable values of the inventories are appropriate. We also assessed whether the Group's disclosure of inventory-related information 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, 2024 and 2023 accounted for 1.48% and 1.58% of the total consolidated assets, respectively. Its net operating revenues for the years ended December 31, 2024 and 2023 accounted for 3.28% and 13.13% of the consolidated net operating revenues, 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, 2024 and 2023 accounted for 0.18% and 0.23% 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, 2024 and 2023 accounted for (2.88)% and 3.85% of the consolidated net profit(loss) before tax, respectively.

The Group has prepared the standalone financial statements for the years ended December 31, 2024 and 2023, 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, 2024. 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	:	Financial Supervisory Commission Approval
Approval Document No.		Document, Reference No.: FSC Zheng-Sheng-Zi NO. 1110333933
		Financial Supervisory Commission Approval
		Document, Reference No.: FSC Zheng-Sheng-Zi NO. 1000011652

March 6, 2025

Shihlin Development Company Limited and Its Subsidiaries

Consolidated Balance Sheets

For the Years Ended December 31, 2024 and 2023

Unit: NTD thousand

Assets		2024.12.31		2023.12.31		Liabilities and equity		2024.12.31		2023.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(1))	\$ 679,664	7	865,395	9	2100	Short-term borrowings (Note 6(11))	\$ 2,828,845	29	2,976,200	31
1170	Notes and accounts receivable, net (Notes 6(3) and (20))	18,142	-	20,684	-	2110	Short-term notes and bills payable (Note 6(12))	-	-	239,546	2
1200	Other receivables (Note 6(4))	95,323	1	58,581	1	2130	Contract liabilities - current (Note 6(20))	852,872	9	739,217	8
130X	Inventories (Notes 6(5) and 8)	6,436,004	66	6,205,515	63	2150	Notes payable	134	-	2,621	-
1410	Prepayments	133,360	1	175,244	2	2170	Accounts payable (Note 7)	491,143	5	365,451	4
1476	Other financial assets - current (Notes 6(10) and 8)	346,402	4	388,065	4	2200	Other payables (Note 7)	132,618	1	114,028	1
1479	Other current assets - others	20,749	-	7,390	-	2230	Income tax liabilities for the period	-	-	766	-
1480	Incremental cost of obtaining contracts - current	233,059	3	226,203	2	2250	Provision for liabilities - current (Note 6(16))	4,497	-	2,564	-
		7,962,703	82	7,947,077	81	2280	Lease liabilities - current (Notes 6(15) and 7)	111,391	1	110,315	1
Non-current assets:						2310	Advance receipts	250	-	646	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6(2))	75,797	1	93,681	1	2320	Long-term liabilities due within one year or one operating cycle (Notes 6 (13) and (14))	-	-	605,723	6
1550	Investments using the equity method (Note 6(6))	17,301	-	22,173	-	2399	Other current liabilities - others	16,185	-	5,294	-
1600	Property, plant and equipment (Notes 6(7) and (26))	317,856	3	358,676	4	Non-current liabilities:		4,437,935	45	5,162,371	53
1755	Right-of-use assets (Note 6(8))	853,299	9	926,059	10	2530	Corporate bonds payable (Note 6(14))	2,795,533	29	2,196,102	22
1760	Net investment property (Notes 6(9))	6,809	-	6,809	-	2541	Long-term bank borrowings (Note 6 (13))	-	-	29,217	-
1780	Intangible assets	612	-	811	-	2550	Provisions - non-current	10,154	-	9,964	-
1840	Deferred tax assets (Note 6(17))	6,926	-	7,758	-	2580	Lease liabilities - non-current (Notes 6(15) and 7)	856,896	9	929,497	10
1975	Net defined benefit assets - non-current (Note 6(16))	5,981	-	5,983	-	2650	Investment credit balance using the equity method (Note 6(6))	1,047	-	1,047	-
1980	Other financial assets - non-current (Notes 6(10), 7 and 8)	478,944	5	413,594	4	2670	Other non-current liabilities - others	2,069	-	882	-
1990	Other non-current assets - others	510	-	-	-	Total liabilities		3,665,699	38	3,166,709	32
		1,764,035	18	1,835,544	19	Equity attributable to owners of the parent company (Note 6(18)):		8,103,634	83	8,329,080	85
						3100	Share capital	2,263,791	23	2,263,791	23
						3200	Capital surplus	17,484	(5)	17,484	-
						3300	Retained earnings	(553,298)	-	(710,645)	(7)
						3400	Other equity	(201,579)	(2)	(204,278)	(2)
								1,526,398	16	1,366,352	14
								96,706	1	87,189	1
						36XX	Non-controlling interests (Note 6(18))	1,623,104	17	1,453,541	15
						Total equity		\$ 9,726,738	100	9,782,621	100
Total assets		\$ 9,726,738	100	9,782,621	100	Total liabilities and equity		\$ 9,726,738	100	9,782,621	100

(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, 2024 and 2023

Unit: NTD thousand

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenues (Notes 6(20) and 7)	\$ 2,591,833	100	609,213	100
5000	Operating costs (Note 6(5))	1,864,832	72	305,387	50
	Gross profit from operations	727,001	28	303,826	50
	Operating expenses: (Notes 6(15), (16) and 7):				
6100	Selling expenses	192,085	7	99,236	16
6200	General and administrative expenses	310,817	12	259,887	43
		502,902	19	359,123	59
	Net operating profit (loss)	224,099	9	(55,297)	(9)
	Non-operating income and expenses:				
7100	Interest income (Note 6(22))	10,162	-	21,711	3
7010	Other income (Notes 6(2) and (22))	24,821	1	9,811	2
7020	Other gains and losses (Note 6 (22))	(8,394)	-	(5,486)	(1)
7050	Finance costs (Notes 6 (15), (22) and 7)	(76,463)	(3)	(79,304)	(13)
7060	Share of profits or losses on associates recognized using the equity method (Note 6(6))	(4,872)	-	(4,346)	(1)
	Total non-operating income and expenses	(54,746)	(2)	(57,614)	(10)
7900	Net income (loss) before tax	169,353	7	(112,911)	(19)
7950	Less: Income tax expenses (Note 6(17))	2,086	-	1,986	-
	Net income (loss) for the period	167,267	7	(114,897)	(19)
8300	Other comprehensive income (Note 6(18)):				
8310	Items not reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	(70)	-	1,079	-
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	2,366	-	21,243	4
8349	Less: Income tax related to items not reclassified	-	-	-	-
	Other comprehensive income (net after tax) for the period	2,296	-	22,322	4
8500	Total comprehensive income for the period	\$ 169,563	7	(92,575)	(15)
	Net income (loss) for the period attributable to:				
8610	Owners of the parent company	\$ 157,377	7	(119,308)	(20)
8620	Non-controlling interests	9,890	-	4,411	1
		\$ 167,267	7	(114,897)	(19)
	Total comprehensive income attributable to:				
8710	Owners of the parent company	\$ 160,046	7	(97,980)	(16)
8720	Non-controlling interests	9,517	-	5,405	1
		\$ 169,563	7	(92,575)	(15)
	Earnings per share (Unit: NTD) (Note 6(19))				
9750	Basic earnings (loss) per share	\$ 0.70		(0.53)	
9850	Diluted earnings (losses) per share	\$ 0.70		(0.53)	

(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, 2024 and 2023

Unit: NTD thousand

	Equity attributable to owners of the parent company								
						Other equity items	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
						Unrealized gain or loss on			
	Share capital	Retained earnings				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, 2023	\$ 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
Net profit for the period	-	-	-	157,377	157,377	-	157,377	9,890	167,267
Comprehensive income for the period	-	-	-	(30)	(30)	2,699	2,669	(373)	2,296
Total comprehensive income for the period	-	-	-	157,347	157,347	2,699	160,046	9,517	169,563
Balance as at December 31, 2024	\$ 2,263,791	17,484	50,262	(603,560)	(553,298)	(201,579)	1,526,398	96,706	1,623,104

(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, 2024 and 2023

Unit: NTD thousand

	2024	2023
Cash flow from operating activities:		
Net income (loss) before tax for the period	\$ 169,353	(112,911)
Adjustments:		
Income and expenses:		
Depreciation expense	166,453	168,672
Amortization expense	490	466
Interest expense	76,463	79,304
Interest income	(10,162)	(21,711)
Dividend income	(1,439)	(1,124)
Share of profit or loss of associates recognized using the equity method	4,872	4,346
Loss (gain) on disposal and scrapping of property, plant and equipment	44	(157)
Reclassification of property, plant and equipment	(564)	129
Others	(4,667)	16,451
Total income and expenses	231,490	246,376
Changes in assets and liabilities related to operating activities:		
Net change in assets related to operating activities:		
Net decrease (increase) in notes and accounts receivable	2,542	(3,690)
Decrease (increase) in other receivables	(35,791)	1,604
Increase in inventory	(158,577)	(1,549,161)
Decrease (increase) in prepayments	38,698	(40,855)
Decrease (increase) in other current assets	(12,256)	1,837
Increase in net defined benefit assets	(68)	(83)
Increase in incremental cost of obtaining contracts	(6,856)	-
Decrease (increase) in other financial assets	(32,362)	73,153
Total net change in assets related to operating activities	(204,670)	(1,517,195)
Net change in liabilities related to operating activities:		
Increase in contract liabilities	113,655	131,248
Increase (decrease) in notes payable	(2,487)	2,251
Increase (decrease) in accounts payable	130,394	(94,974)
Increase in other payables	15,482	16,205
Increase (decrease) in provision	1,932	(1,456)
Decrease in advance receipts	(395)	(345)
Decrease (increase) in other current liabilities	10,891	(1,316)
Total net change in liabilities related to operating activities	269,472	51,613
Total net changes in assets and liabilities related to operating activities	64,802	(1,465,582)
Total adjustments	296,292	(1,219,206)
Cash inflows (outflows) from operations	465,645	(1,332,117)
Interest received	9,211	22,315
Dividends received	1,439	1,124
Interest paid	(141,557)	(89,115)
Income tax paid	(2,587)	(4,851)
Net cash inflows (outflows) from operating activities	332,151	(1,402,644)

**Notes to the Consolidated Financial Statements of Shihlin Development Company Limited and
Its Subsidiaries (Continued)**

Cash flow from investing activities:

Disposal of financial assets at fair value through other comprehensive income	20,250	-
Acquisition of property, plant and equipment	(13,598)	(17,317)
Disposal of property, plant and equipment	-	446
Acquisition of intangible assets	(291)	(777)
Increase in other financial assets	(255,217)	(58,254)
Decrease in other financial assets	263,890	235,165
Decrease (increase) in other non-current assets	(510)	185
Net cash inflow from investing activities	<u>14,524</u>	<u>159,448</u>

Cash flow from financing activities:

Increase in short-term borrowings	1,368,245	1,793,000
Decrease in short-term borrowings	(1,515,600)	(684,023)
Increase (decrease) in short-term notes and bills payable	(240,000)	240,000
Issuance of corporate bonds	600,000	-
Repayment of corporate bonds	(600,000)	-
Long-term borrowings	-	35,000
Repayment of long-term borrowings	(35,000)	-
Increase in guarantee deposits received	1,194	248
Decrease in guarantee deposits received	(7)	(135)
Lease principal repayment	(111,238)	(129,102)
Net cash inflow (outflow) from financing activities	<u>(532,406)</u>	<u>1,254,988</u>

Increase (decrease) in cash and cash equivalents for the period	(185,731)	11,792
Opening balance of cash and cash equivalents	865,395	853,603
Ending balance of cash and cash equivalents	<u><u>\$ 679,664</u></u>	<u><u>865,395</u></u>

[Annex 4]

Shihlin Development Company Limited

Profit and loss appropriation table

2024

Unit: NT\$

Item	Amount
Losses to be made up at opening	(760,907,696)
Add: Net profit after tax for the year	157,377,492
Less: Other comprehensive income – change in remeasurement of defined benefit plans for the period	(30,246)
Losses to be made up at closing	(603,560,450)

Chairman: Hsu, Yu-Shan Managerial officer:
Lin, Hsin-Cheng

Chief accounting officer:
Kuo, Ying-Yen

[Annex 5]

**Comparison table before and after amendments of the Articles of Incorporation of
Shihlin Development Company Ltd.**

Amended article	Current article	Descriptions
<p><u>Article 8-3</u></p> <p><u>The shareholder meetings may be held by teleconferencing or other means announced by the central authority.</u></p> <p><u>If video conferencing is used in a shareholder meeting, shareholders who participate in the meeting via video conferencing are considered to be in attendance in person.</u></p>	-	Added to meet the requirements of Article 172-2 of the Company Act.
<p>Article 14</p> <p>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.</p> <p>Among the number of directors as mentioned in the preceding paragraph, the number of independent directors shall be at</p>	<p>Article 14</p> <p>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.</p> <p>Among the number of directors as mentioned in the preceding paragraph, the number of independent directors shall be at</p>	Subject to the Key Points for Compliance in the Establishment and Exercise of Powers of the Board of Directors in OTC Companies and the introduction of the "Corporate Governance Blueprint 3.0".

Amended article	Current article	Descriptions
<p>least three and shall not be less than <u>one-third</u> of the number of directors.</p> <p>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.</p> <p>The Company based on “Securities and Exchange Act” has established an audit committee to replace the duties of supervisors.</p> <p>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.</p>	<p>least three and shall not be less than <u>one-fifth</u> of the number of directors.</p> <p>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.</p> <p>The Company based on “Securities and Exchange Act” has established an audit committee to replace the duties of supervisors.</p> <p>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.</p>	
<p>Article 22:</p> <p>If there is a profit for the current year, the Company shall set aside:</p> <ol style="list-style-type: none"> 1. 5% as the maximum remuneration to directors. 2. 8% as remuneration to employees. <p>However, profits must first be reserved to offset against cumulative losses.</p>	<p>Article 22:</p> <p>If there is a profit for the current year, the Company shall set aside:</p> <ol style="list-style-type: none"> 1. 5% as the maximum remuneration to directors. 2. 8% as remuneration to employees. <p>However, profits must first be reserved to offset against cumulative losses.</p>	<p>Amended in accordance with Jin-Guan-Zheng-Fa-Zi Document #1130385442.</p>

Amended article	Current article	Descriptions
<u>The employee remuneration referred to in the preceding paragraph shall have no less than 15% of the amount allocated as remuneration for entry-level employees.</u> <u>The remuneration to employees may be paid in cash, and the terms and payment method shall be determined by the Board of Directors.</u>		
Article 24 The Articles of Incorporation were formulated on December 27, 1983 1st amendment on March 23, 1984.....(Omitted) <u>28th amendment on May 27, 2025</u>	Article 24 The Articles of Incorporation were formulated on December 27, 1983 1st amendment on March 23, 1984.....(Omitted) 27th amendment on May 27, 2021	Dates of amendments added.

[Annex 6]

List of candidates for directors and independent directors

Category of candidates	Names of candidates	Academic degree credentials	Major hands-on experiences	Number of shares held
Director	Shunlin Investment Co., Ltd. Representative: Hsu, Yu-Shan	Graduated from Department of Cooperative Economics, National Chung Hsing University	Chairman, Shihlin Development Director, Qun Xin Properties Co., Ltd.	2,361,184
Director	Representative of Chuang Sheng Investment Co., Ltd.: Li, Chang-Lin	Graduated from Department of Economics, Boston University	Director, Shihlin Development Chairman, Qun Xin Properties Co., Ltd.	20,374,118
Director	Xiemei Industrial Co., Ltd. Representative: Yeh, Chi-Chao	Graduated from Department of Economics, San Francisco State University, USA	Director, Shihlin Development Chairman of Hong Chien Construction Co., Ltd.	9,977,374
Director	Lin, Hsin-Cheng	Graduated from Urban Planning Group, Graduate Institute of Industrial Planning, Chinese Culture University	Director and President, Shihlin Development Independent Director, Da-Cin Construction Co., Ltd.	2,188,880
Director	Chen, Hui-Yu	Department of Animal Science, National Taiwan University	Chairman of Choice Development, Inc. Chairman Independent Director, Senao Networks, Inc. Independent Director, Teco Electric & Machinery Co., Ltd. Independent Director, Maywufa Company Ltd. Independent Director, Tcm Biotech International Corp.	6,381,120
Independent Director	Wang, Chia-Kun	Master of Business Administration, National University, San Diego, USA	Independent Director, Shihlin Development Chairman of Chin Shen Health management consultant Co.,	0
Independent Director	Chen, Chia-Hsiu	Graduated from Department of Accounting, Soochow University	Independent Director, Shihlin Development Partner Certified Public Accountant, KPMG Certified Public Accountants Independent Director, Lucky Royal Co., Ltd. Director, Omni Media International Incorporation Independent director of Chungshan Huali Group Independent Director, ZA Insure	0
Independent Director	Chiu, Hsiao-Han	PhD, Graduate Institute of Technology Management and Intellectual Property, National Chengchi University Master of Innovative Technology and Intellectual Property Law, University of Edinburgh	Taiwan High Court Criminal Court Judge Mediation judge of the Criminal Division of the Judicial Yuan Taiwan Taipei District Court - Chief Judge Criminal Court Judge, Taiwan Taipei District Court Judge of the Civil Summary Division of Taipei District Court, Taiwan	0

[Annex 7]

Contents of prohibition of business strife upon the directors and independent directors are as enumerated below:

Name of director	Contents of prohibition of business strife
Director, Hsu, Yu-Shan	Director, Qun Xin Properties Co., Ltd. Director, Shunlin Investment Co., Director, Prospect Hospitality Co., Ltd.
Director, Li, Chang-Lin	Chairman, Qun Xin Properties Co., Ltd. Chairman, Prospect Hospitality Co., Ltd. Director, Ambassador Hotel Co., Ltd.
Director, Yeh, Chi-Chao	Chairman of Hong Chien Construction Co., Ltd. Chairman, Taiwan Malt Ind. Co., Ltd. Chairman & President of Chung He Construction Co., Ltd. Director, Prospect Hospitality Co., Ltd. Director, Ve Wong Corporation
Director, Lin, Hsin-Cheng	Independent Director, Da-Cin Construction Co., Ltd.
Director, Chen, Hui-Yu	Chairman of Choice Development, Inc. Chairman Independent Director, Teco Electric & Machinery Co., Ltd. Director, Prospect Hospitality Co., Ltd.
Independent Director, Chen, Chia-Hsiu	Independent Director, Lucky Royal Co., Ltd. Director, Omni Media International Incorporation

[Appendix 1]

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 Electrical Appliances.
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 Business.
15. H703100 Real Estate Leasing.
16. I102010 General Investment Consulting.
17. I103060 Management Consulting.
18. JZ99050 Agency Services.
19. ZZ99999 All business activities 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 NTD 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.

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 2]

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 3]

SHIHLIN DEVELOPMENT COMPANY LIMITED – Regulations Governing the Election of Directors

2019.06.18

- Article 1: Unless otherwise provided by the Company Act and related law and regulation and by the Company's Articles of Incorporation, the elections of directors shall be conducted in accordance with the "Regulations Governing the Election of Directors."
- Article 2: The election of the Company directors shall be conducted at the shareholders' meeting. Shareholders have the right to be a voter and a candidate by law.
- Article 3: The election of the Company directors is by the candidate nomination system adopted. The board directors shall be elected from the candidate list in accordance with the quorum defined in the Company's Articles of Incorporation.
- Article 4: The election of the Company directors is by the single name and cumulative voting system adopted in practice. The voter's name may be replaced by the attendance certificate number printed on the ballot.
- In the process of electing the Company directors, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected. The Company shall prepare the ballots equivalent to the number of directors to be elected or a single ballot to calculate the total number of voting rights and then have it distributed to all shareholders. The total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates.
- The aforementioned ballots prepared by the Company shall be affixed with the shareholder attendance certificate number and voting rights.
- In the process of electing the Company's directors, shareholders may exercise their voting right in writing or by way of electronic transmission, which will be detailed in the shareholders' meeting notice.
- Article 5: If the candidate is a shareholder, the voter must fill in the candidate's account name and shareholder account number in the "Candidate" column of the ballot. If the candidate is not a shareholder, the name or title and the ID card number of the candidate or corporate tax ID No. should be filled in the said column of the ballot. However, when the government or corporate shareholder is a candidate, the title of the government or corporate should be filled in the "Candidate" column of the ballot with the name of its representative stated. The names of each representative, if there is more than one representative appointed, should be filled in respectively.
- Article 6: Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the quorum, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance. The Company's independent directors and non-independent directors shall be elected together and the number of elected seats should be counted separately. The elections of independent directors shall be conducted in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and the related law and regulations.
- The number of voting rights shall be calculated according to the shares indicated by the ballots casted by the shareholders plus the number of shares whose voting rights are exercised by correspondence or electronically.
- Article 7: The chair before the election started shall appoint a number of monitoring personnel who are with a shareholder status and counting personnel to perform the respective duties of

vote.

Article 8: The Company shall have the ballot boxes prepared for elections and have them opened by the monitoring personnel in public before voting.

Article 9: A ballot is invalid in any of the following circumstances:

1. The ballot is not prepared in accordance with the Regulations.
2. A ballot is not placed in the ballot box.
3. A blank ballot is placed in the ballot box.
4. The writing is unclear and indecipherable or has been altered.
5. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder roster. The candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name or title and identity card or corporate tax ID No. do not match.
6. The information provided in the preceding paragraph (Article 5) is incomplete.
7. Other words or marks are entered in addition to the information stated in Article 5.
8. The total number of voting rights casted by electors exceeds the total number of voting rights they hold.
9. The number of candidates elected exceeds the quorum.

Article 10: The voting rights shall be calculated on site immediately after the end of the poll and the results of the vote calculation shall be announced by the chairman.

Article 10-1: The elected candidate who does not comply with the provisions of Article 26-3, Paragraph 3 of the Securities and Exchange Act shall be disqualified.

Article 11: The "Regulations Governing the Election of Directors" and any amendments hereto shall be implemented after being approved in the shareholders' meeting.

[Appendix 4]

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 March 28, 2025 for the 2025 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	2,361,184 shares	1.04%
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	Lin, Hsin-Cheng	2,188,880 shares	0.97%
Independent Director	Wang, Chia-Kun	0	0
Independent Director	Kuo, Chia-Wen	0	0
Independent Director	Chen, Chia-Hsiu	0	0
Total by directors		14,787,688 shares	6.53%