

**Stock Code: 5324**



**SHIHLIN DEVELOPMENT COMPANY LIMITED.**

# **2024 Annual Report**

**Printed on March 31, 2025**

**The content of the Annual Report and information related to the Company can be  
found on**

**MOPS – <http://mops.twse.com.tw>**

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Spokesperson

Name: Ying-Yen Kuo

Title: Assistant Manager of Finance and Accounting Department

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Title: Manager of Finance Department

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Website: [http:// www.yuanta.com.tw](http://www.yuanta.com.tw)

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**4. Name, firm name, address, website and contact number of the CPAs certifying the most recent annual financial report:**

CPAs: Pan, Chun-Ming and Chen, Tsung-Che

Firm name: KPMG Taiwan

Address: 68F., No.7, Sec.5, Xinyi Rd., Xinyi Dist., Taipei City

Website: <http://www.kpmg.com.tw>

Contact number: (02) 8101-6666

**5. The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None.**

**6. Company website: <http://www.sldc.com.tw>**

# Shihlin Development Company Limited

## 2024 Annual Report

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# One. A Report to the Shareholders

## 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

Item	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)

Item	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	9.90	(2.44)
		Income before tax	7.48	(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.

Yours Sincerely, Chairman Hsu Yu-Shan

## Two. Corporate Governance Report

### I. Information on the company's directors, president, vice president, assistant managers, and managers of all departments and branch units:

#### (I) Information on Directors:

March 31, 2025

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Date on which current position was assumed	Term of contract	Commencement date of the first term (Note 3)	Shares held at the time of election		Current number of shares held		Current shares held by spouse, minor children		Shares held in the name of others		Principal work experience and academic qualifications (Note 4)	Position(s) held concurrently in the company and/or in any other company	Other managers, directors or supervisors who are spouses or second-degree relatives			Remarks (Note 5)
							Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relationship	
Chairman	Taiwan	Shunlin Investment Co., Ltd.	Male 61-70	2022/6/10	3 years	96/10/29	1,946,184	0.86%	2,361,184	1.04%	0	0	0	0	Graduated from Department of Cooperative Economics, National Chung Hsing University Chairman, Shihlin Development	Chairman of Yao ze Limited, Huide Development Company Limited; director of Shunlin Investment Co., Ltd., Prospect Hospitality Co., Ltd., Qun Xin Properties Co., Ltd., Deyu Co., Ltd.	None	None	None	None
		Representative: Hsu, Yu-Shan					0	0	0	0	4,927,182	2.18%	0	0						
Director	Taiwan	Li, Chang-Lin	Male 51-60	2022/6/10	3 years	97/06/18	260,250	0.11%	260,250	0.11%	0	0	0	0	Graduated from Department of Economics, Boston University Director, Shihlin Development	Chairman of Qun Xin Properties Co., Ltd., Prospect Hospitality Co., Ltd., Chuan Sheng Investment Co., Ltd., Chih-Chieh Co., Ltd., Deyu Co., Ltd.; director of the Ambassador Hotel Co., Ltd., HCT Logistics Co., Ltd.	None	None	None	None
Director	Taiwan	Xiemei Industrial Co., Ltd.	Male 61-70	2022/6/10	3 years	102/06/13	9,977,374	4.14%	9,977,374	4.41%	0	0	0	0	Graduated from Department of Economics, San	Chairman and president of Zhonghe	None	None	None	None

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Date on which current position was assumed	Term of contract	Commencement date of the first term (Note 3)	Shares held at the time of election		Current number of shares held		Current shares held by spouse, minor children		Shares held in the name of others		Principal work experience and academic qualifications (Note 4)	Position(s) held concurrently in the company and/or in any other company	Other managers, directors or supervisors who are spouses or second-degree relatives			Remarks (Note 5)
							Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relationship	
		Representative: Yeh, Chi-Chao					0	0	0	0	0	0	0	0	Francisco State University, USA Director, Shihlin Development	Construction Co., Ltd, Chung Ho Spinning Co., Ltd; chairman of Changxie Investment Co., Ltd., Changxin Investment Co., Ltd., Xiemei Industrial Co., Ltd., Taiwan Malt Ind. Co., Ltd.; chairman of Hongqian Construction Co., Ltd.; director of Prospect Hospitality Co., Ltd., Deyu Co., Ltd., Ve Wong Corporation, Taian Insurance Co., Ltd.				
Director	Taiwan	Ambassador Investment Corp. Ltd. (Note 6)	Male 51-60	2022/6/10	3 years	108/06/18	5,781,850	2.55%	-	-	-	-	-	-	Graduated from Graduate Institute of Finance, Fu Jen Catholic University Director, Shihlin Development	Deputy Chief of Staff of Shihlin Electric Co., Ltd. Senior Assistant Manager of HCT Logistics Co., Ltd., Director of HCT Logistics Co., Ltd., Charter Leisure Co., Ltd., Qun Xin Properties Co., Ltd.	None	None	None	None
		Representative: Li, Ying-Chu					0	0	-	-	-	-	-	-						
Director	Taiwan	Lin, Hsin-	Male	2022/6/10	3 years	111/06/10	3,055,880	1.35%	2,188,880	0.97%	0	0	0	0	Graduated	President,	None	None	None	None

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Date on which current position was assumed	Term of contract	Commencement date of the first term (Note 3)	Shares held at the time of election		Current number of shares held		Current shares held by spouse, minor children		Shares held in the name of others		Principal work experience and academic qualifications (Note 4)	Position(s) held concurrently in the company and/or in any other company	Other managers, directors or supervisors who are spouses or second-degree relatives			Remarks (Note 5)
							Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relationship	
		Cheng	61-70												from Urban Planning Group, Graduate Institute of Industrial Planning, Chinese Culture University Director, Shihlin Development	Shihlin Development Independent Director, Da-Cin Construction Co., Ltd. Director, Huide Development Company Limited				
Independent Director	Taiwan	Wang, Chia-Kun	Male 61-70	2022/6/10	3 years	105/06/15	0	0	0	0	0	0	0	0	Master of Business Administration, National University, San Diego, USA Director, Shihlin Development	Member of the Audit Committee, Shihlin Development Chairman of Chin Shen Health management consultant Co.,	None	None	None	None
Independent Director	Taiwan	Kuo, Chia-Wen	Female 61-70	2022/6/10	3 years	105/06/15	0	0	0	0	0	0	0	0	Graduate Institute of Law, National Taiwan University Director, Shihlin Development	Member of the Audit Committee, Shihlin Development Legal Affairs Manager, Six Similes Attorney-at-Law	None	None	None	None
Independent Director	Taiwan	Chen, Chia-Hsiu	Male 61-70	2022/6/10	3 years	111/06/10	0	0	0	0	0	0	0	0	Certified Public Accountant, Soochow University; Passed the China CPA Examination; Director, Department of Accounting Education Foundation, Soochow University; Director, Taiwan Certified Public	Member of the Audit Committee, Shihlin Development Independent Director, Lucky Royal Co., Ltd. Director, Omni Media International Incorporation Independent director of Chungshan Huali Group	None	None	None	None

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Date on which current position was assumed	Term of contract	Commencement date of the first term (Note 3)	Shares held at the time of election		Current number of shares held		Current shares held by spouse, minor children		Shares held in the name of others		Principal work experience and academic qualifications (Note 4)	Position(s) held concurrently in the company and/or in any other company	Other managers, directors or supervisors who are spouses or second-degree relatives			Remarks (Note 5)
							Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relationship	
															Accountants Association Member, Audit Committee, Taipei CPA Association; Member, Tax Committee, Taiwan CPA Association; Senior Partner, KPMG Taiwan; Lecturer, Accounting Research and Development Foundation; Lecturer, Taipei Foundation Of Finance; Lecturer, Taiwan Cooperative Bank and Mega International Commercial Bank	Independent Director, ZA Insure				

Note: The number of shares held above is based on the number of shares registered on the final date of transfer on March 28, 2025.

Note 1: An institutional shareholder should list their name and the representative's name (for an institutional shareholder's representative, the name of the institutional shareholder should be stated) and fill in Table 1 below:

Note 2: Please provide the actual age, or it may be repressed as a range of age, such as aged 41~50, or aged 51~60.

Note 3: Please fill in the time of assuming the role of Company director or supervisor. If there is any interruption of service, please indicate.

Note 4: Experience related to the current position. If the person has worked for the Company's CPA firm or affiliates in the aforementioned period, please specify the tile of the position and the duties performed.

Note 5: Relevant information on the matter where the chairperson of the board of directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, shall be provided. This should include an explanation of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto. These measures may include additional seats of Independent Directors, and ensuring that no more than half of the seats of directors are serving concurrently as an employee or a manager, or other ways.

**Note 6: The Company's corporate director, Ambassador Investment Corp. Ltd., resigned from its seat as director on January 8, 2025. The representative of the juridical person director, Li, Ying-Chu, also resigned.**

**(II) Major shareholders of institutional shareholders:**

March 31, 2025

Name of institutional shareholder (Note 1)	Major shareholders of institutional shareholders (Note 2)
Shunlin Investment Co., Ltd.	Hsu, Yu-Shan (39.16%), Hsu, Mei-Kuei (0.35%), Hsu, Shen-Wei (0.14%), Hsu, Chien-Chen (30.18%), Hsu, Chiang (15.05%), Hsu, Wen-Wei (15.05%), Lin, Jin-Wei (0.07%)
Xiemei Industrial Co., Ltd.	Yeh, Ying-Mei (16.28%), Yeh, Chi-Chao (15.47%), Yeh, Ying-Hsia (12.42%), Chen, Tsang-Ku (10.88%), Yeh, Yuan-Chu (9.1%), Tseng, Shu-Yun (6.35%), Changxin Investment (6.25%), Yeh, Ying-Chiu (5.8%), Lai, Jung-Nien (3.25%), Yeh, Chien-Fang (2.55%)

Note 1: For directors and supervisors acting as the representatives of institutional shareholders, the names of the institutional shareholders shall be filled in.

Note 2: Please fill in the names of the major shareholders of institutional shareholders (top 10 in shareholding percentage) and the holding percentage of each. If any of the major shareholders is a legal entity, the following Table 2 shall be filled in.

Note 3: If an institutional shareholder is not a corporate organization, the name of the shareholder and shareholding percentage disclosed in the preceding paragraph shall be the name of the contributor or donor (referring to the announcements by the Judicial Yuan) and their contribution or donation ratio; if the donor passed away, a note indicating "deceased" shall be added.

**(III) Major shareholders of the institutional shareholders whose major shareholders are legal entities:**

March 31, 2025

Name of legal entity (Note 1)	Major shareholders of legal entity (Note 2)
Changxin Investment Co., Ltd.	Yeh, Hsun-Wan (30.4%), Yeh, Hsun-Yang (16%), Tseng, Shu-Yun (10%), Yeh, Yuan-Chu (10.56%), Yeh, Chi-Chao (8.64%), Xiemei Industrial Co., Ltd. (8%), Yeh, Ying-Hsia (6%), Wang Yeh, Ying-Chin (5.6%), Yeh, Ying-Chiu (0.56%), Yeh Chien-Fang (2%)

Note 1: If the principal shareholders in Table 1 above is a legal entity, the name of the legal entity shall be filled in.

Note 2: Please fill in the names of the principal shareholders of the legal entity (top 10 in shareholding) and the shareholding ratio.

Note 3: If an institutional shareholder is not a corporate organization, the name of the shareholder and shareholding percentage disclosed in the preceding paragraph shall be the name of the contributor or donor (referring to the announcements by the Judicial Yuan) and their contribution or donation ratio; if the donor passed away, a note indicating "deceased" shall be added.

**(IV) 1. Disclosure of information on the professional qualifications of directors and the independence of independent directors:**

<div>Criteria</div> <div>Name</div>	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Number of other public companies' independent directors concurrently serve as an independent director
Chairman Shunlin Investment Co., Ltd. Representative: Hsu, Yu-Shan	Director Hsu graduated from the Department of Cooperative Economics of National Chung Hsing University, with more than five years of work experience required for business, finance, and corporate business. He has devoted himself to construction industry related fields for many years, and has professional leadership, operations management, and strategic planning capabilities. In recent years, Director Hsu has led the company to acquire multiple urban renewal projects, setting a new milestone for sustainable development.	Not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	None
Director Li, Chang-Lin	Director Li graduated from the Department of Economics of Boston University, USA., with more than five years of work experience required for business, finance, and corporate business, and has an international perspective, global and professional market competition judgment and innovation leadership capabilities.	Not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	None
Director Xiemei Industrial Co., Ltd. Representative: Yeh, Chi-Chao	Director Yeh graduated from the Department of Economics, San Francisco State University, USA, with more than five years of work experience required for business, finance, and corporate business. He has devoted himself to construction industry related fields for many years and has extensive experience and expertise.	Not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	None
Director (Note 1) Ambassador Investment Corp. Ltd. Representative: Li, Ying-Chu	Director Li graduated from Institute of Finance of Fu Jen Catholic University, with more than five years of work experience required for business, finance, and corporate business. He works as a senior director of Shihlin Electric and a senior assistant managers of HCT Logistics, and specializes in corporate finance and accounting affairs, with extensive experience and expertise.	Not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	None
Director Lin, Hsin-Cheng	Director Lin graduated from the Graduate School of Industrial Planning, Chinese Culture University, with more than five years of work experience required for business, finance, and corporate business. He has devoted himself to construction industry related fields for many	Not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the	1

	years and has extensive experience and expertise.	Company Act.	
Independent Director Wang, Chia-Kun	Director Wang graduated with a MBA degree from San Diego State University, USA and is a convener of the Company's Audit Committee and a member of the Remuneration Committee, with more than five years of work experience required for business, finance, and corporate business. He has served as chairman of the construction industry, managerial officer at bank, and chief financial officer of a semiconductor company and specializes in business operations, financial planning, providing professional and comprehensive advice to the company.	All independent directors meet the following conditions: 1. Meeting the relevant requirements set forth under Article 14-2 of the Company Act and the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" (Note 2). 2. That the person (or the person under others' names), the person's spouse and minor children do not hold any shares of the company. 3. No amount of compensation has been received for providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the past 2 years.	None
Independent Director Kuo, Chia-Wen	Director Kuo graduated with a master's degree from Graduate Institute of Law of National Taiwan University, and is a member of the Company's Audit Committee and Remuneration Committee, with more than five years of work experience required for business, finance, and corporate business. He specializes in financial and legal fields, providing the company with legal professional consultation, and has extensive experience and expertise.		None
Independent Director Chen, Chia-Hsiu	Director Chen graduated from the Department of Accounting at Soochow University and is a member of the Company's Audit Committee. He has more than five years of work experience required for commerce, finance, and corporate business operations. He previously served as a senior partner certified public accountant at Ernst & Young Taiwan, specializing in corporate operations and financial statement analysis. He provides the Company with professional and extensive advice.		1

Note 1: The Company's corporate director, Ambassador Investment Corp. Ltd. resigned from its seat as director on January 8, 2025. The corporate director representative, Li, Ying-Hsiu also resigned at the same time.



2. Diversity and independence of the board of directors:

(1) Diversity of the board of directors:

According to the Company's "Corporate Governance Best-Practice Principles", the composition of the board members shall take into account diversity. The Company shall formulate an appropriate diversity policy based on its operation, operational type, and development needs. All members of the board shall have the knowledge, skills, and qualities necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

- (1) Operational judgment (2) Accounting and financial analysis ability (3) Business management ability (4) Crisis management ability (5) Industry knowledge (6) International market outlook (7) Leadership ability (8) Decision-making ability

The Company's Board of Directors currently has 7 directors (1 director resigned on January 1, 2025), composed of 3 independent directors and 4 non-independent directors. All directors are experts in the industry. The Company emphasizes gender equality in the composition of the Board of Directors and aims to increase the proportion of female directors to one-third (i.e. 37.5%) or above. Currently, 85.71% (6 members) of the Board members are male, and 14.29% (1 member) are female.

If the number of female directors in the Board of Directors of the Company is less than one-third of the total number of directors, specify the reason and the measures to be taken to enhance the diversity of the Board of Directors:

- ① Description: The Company has established 8 seats for directors (1 director resigned on January 1, 2025, so there are currently 7 seats occupied). The directors were elected during the 2022.6.10 shareholders' meeting. There is only one female director. Although the Company has met the requirements of the laws and regulations, it is still less than one-third. The characteristics of the industry make it difficult to recruit talent in a short time.
- ② Implementation: The Company adopts a multitude of channels to promote talent recommendation, thereby enhancing corporate governance and diversifying the Board of Directors.

The specific goals and achievements of the board of directors of the Company are as follows:

Management objective	Status of achievement
The number of independent directors is not less than three and not less than 1/5 of the total number of directors as the objective.	Currently, there are three independent directors out of the seven directors, and the management objective has been achieved.
Gender equality in appointments of board members	Currently, out of the seven director seats, there is one female director, achieving the current management goal.
Professional knowledge and skills	The board of directors of the Company is composed of 7 directors, including 3 independent directors, with professional knowledge in legal, financial, accounting, business and other fields, which has achieved the management objective.

The status of implementation of the diversity of board members is as follows

Title	Name	Gender	Age			Years of service of independent directors			Diversified core abilities						
			Aged 51-60	Aged 61-70	Aged 71-80	Under 3 years	3-9 years	Over 9 years	Operations management	Leadership and decision-making	Industry knowledge	Commerce	Finance & accounting	Legal expertise	Risk management
Chairman	Shunlin Investment Co., Ltd. Representative: Hsu Yu-Shan	Male		V					V	V	V	V	V		V
Director	Li, Chang-Lin	Male	V						V	V	V	V	V		V
Director	Xiemei Industrial Co., Ltd. Representative: Yeh, Chi-Chao	Male		V					V	V	V	V	V		V
Director	Lin, Hsin-Cheng	Male		V					V	V	V	V	V		V
Director	Li, Ying-Chu (resigned on January 8, 2025)	Male	V						V	V	V	V	V		V
Independent Director	Wang, Chia-Kun	Male		V			V		V	V	V	V	V		V
Independent Director	Kuo, Chia-Wen	Female		V			V		V	V	V	V	V	V	V
Independent Director	Chen, Chia-Hsiu	Male		V		V			V	V	V	V	V		V

## (2) Independence of the board of directors

There are currently 7 members of the Board of Directors of the Company, including 3 independent directors (accounting for 42.85%) and 4 non-independent directors (accounting for 57.15%). During the terms of office, the Company's current independent directors have been assessed by the corporate governance officer and have reported qualification checklist to the Board of Directors on November 7, 2024. They all have complied with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission with respect to independent directors, and none of the circumstances referred to in Article 26-3, Paragraph 3 and 4 of the Securities and Exchange Act have occurred among directors and independent directors. The Company's Board of Directors functions independently (please refer to page 11-12 of the Annual Report – Disclosure of information on the professional qualifications of directors and the independence of independent directors). For information on educational background, gender, and work experience of each director, please refer to pages 6-9 of the Annual Report –

#### Information on directors.

The Company's board of directors provides guidance for company strategies, supervises the management, and shall be responsible to the company and shareholders. For the various procedures and arrangements of its corporate governance system, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings in exercising its authority. The Company's board of directors places emphasis on the functions of independent operation and transparency. Directors and independent directors are independent individuals who exercise their duties independently. The three independent directors also comply with the relevant laws and regulations, coupled with the audit committee's duties, review the management and control of the company's existing or potential risks, and based on which, they ensure the supervision on the effective implementation of the internal control system of the Company, the hiring (and dismissal) and independence of certificated public accountants, and fair preparation of the financial reports. In addition, according to the Company's "Regulations Governing Elections of Directors", the cumulative voting method and the candidate nomination system shall be used for election of the directors at this Corporation. Shareholders are encouraged to participate, and shareholders holding more than a specific number of shares may submit a candidate list. The qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act shall be reviewed. The relevant acceptance procedures are carried out and announced in accordance with the law to protect shareholders' rights and interests and to avoid monopoly or excessive nomination rights being monopolized or abused, thereby remaining independence.

The company has established the system for board of directors performance assessments. It conducts a board internal self-assessment and performance assessments of board members through self-assessments once a year. A performance assessment of the board of directors shall include the following five aspects: (1) the degree of participation in the company's operations; (2) the quality of decision making by the board of directors; (3) the composition and structure of the board of directors; (4) the election of the directors and their continuing professional education; and (5) internal controls. The performance assessments of board members through self-assessments shall include the following six aspects: (1) their grasp of the company's goals and missions; (2) their recognition of director's duties; (3) their degree of participation in the company's operations; (4) their management of internal relationships and communication; (5) their professionalism and continuing professional education; and (6) internal controls. The results of the above-mentioned relevant self-assessments are all disclosed in the Company's annual report after submitting them to the board of directors.

**(V) Information on the company's president, vice president, assistant managers, and the supervisors of all the company's departments and branch units**

March 31, 2025

Title	Nationality	Name	Gender	Date on which current position was assumed	Shares held		Shares held by spouse, minor children		Shares held in the name of others		Principal work experience and academic qualifications	Position(s) held concurrently in any other company	Spouse or second-degree relatives serving as managerial officers			Remarks
					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relationship	
President	Taiwan	Lin, Hsin-Cheng	Male	2019/03/27	2,188,880	0.97%	0	0	0	0	Graduated from Urban Planning Group, Graduate Institute of Industrial Planning, Chinese Culture University	Please refer to Information on Directors	None	None	None	None
Vice president (Note 1)	Taiwan	Yuan, Cho-Tao	Male	2020/04/16	-	-	-	-	-	-	Graduated from Department of Civil Engineering, National Taiwan University	None	None	None	None	None
Assistant Manager of Finance and Accounting Department	Taiwan	Kuo, Ying-Yen	Male	2021/09/01	0	0	0	0	0	0	Graduated from International Trade of EMGA Program, National Chengchi University	Supervisor, Huide Development Company Limited Supervisor, Qun Xin Properties Co., Ltd. Director, Charter Leisure Co., Ltd.	None	None	None	None

Note 1: Vice President Yuan, Cho-Tao retired on April 30, 2024.

## II. Remuneration paid to general directors, independent directors, supervisors, presidents and vice presidents in the most recent year

### (I) Remuneration for general directors and independent directors:

December 31, 2024 Unit: NTD thousand

Title	Name	Remuneration to directors								The sum of A, B, C and D as a percentage of net income (Note 10)		Remuneration received as an employee								The sum of A, B, C, D, E, F, and G as a percentage of net income (Note 10)		Remuneration received from investees other than subsidiaries or the parent company (Note 11)
		Remuneration (A) (Note 2)		Pension (B)		Remuneration to directors I (Note 3)		Fees for services rendered (D)(Note 4)				Salaries, bonuses, special allowances, etc. I (Note 5)		Pension (F)		Remuneration to employees (G)(Note 6)						
		The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company		All companies included in the financial report (Note 7)		The Company	All companies included in the financial report (Note 7)			
Chairman	Shunlin Investment Co., Ltd.	3,000	3,600	0	0	0	0	15	15	3,015 (1.92)	3,615 (2.30)	1,187	1,187	0	0	0	0	0	0	4,202 (2.67)	4,802 (3.05)	None
	Representative: Hsu, Yu-Shan																					
Director	Li, Chang-Lin	0	1,800	0	0	0	0	12	12	12 (0.01)	1,812 (1.15)	0	0	0	0	0	0	0	0	12 (0.01)	1,812 (1.15)	None
Director	Xiemei Industrial Co., Ltd.	0	0	0	0	0	0	12	12	12 (0.01)	12 (0.01)	0	0	0	0	0	0	0	0	12 (0.01)	12 (0.01)	None
	Representative: Yeh, Chi-Chao																					
Director	Ambassador Investment Corp. Ltd.	0	0	0	0	0	0	12	12	12 (0.01)	12 (0.01)	0	0	0	0	0	0	0	0	12 (0.01)	12 (0.01)	None
	Representative: Li, Ying-Chu																					
Director	Lin, Hsin-Cheng	0	0	0	0	0	0	15	15	15 (0.01)	15 (0.01)	6,651	6,651	108	108	0	0	0	0	6,774 (4.30)	6,774 (4.30)	None
Independent Director	Wang, Chia-Kun	720	720	0	0	0	0	378	378	1,098 (0.70)	1,098 (0.70)	0	0	0	0	0	0	0	0	1,098 (0.70)	1,098 (0.70)	None
Independent Director	Kuo, Chia-Wen	360	360	0	0	0	0	378	378	738 (0.47)	738 (0.47)	0	0	0	0	0	0	0	0	738 (0.47)	738 (0.47)	None
Independent Director	Chen, Chia-Hsiu	600	600	0	0	0	0	15	15	615 (0.39)	615 (0.39)	0	0	0	0	0	0	0	0	615 (0.39)	615 (0.39)	None

- Please provide in detail the policy, system, standards and structure of remuneration to independent directors, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors:  
As the Company still had accumulated losses in 2024, remuneration was not distributed to directors or supervisors in accordance with the Articles of Incorporation. In addition, remuneration to the Company's directors (including independent directors) is determined by the Remuneration Committee authorized by the Board of Directors in accordance with the Articles of Incorporation based on the degree of the director's involvement in the Company's operations as well their contribution and value, with reference to standard remuneration paid by peers. The Company's remuneration and travel expenses are paid in accordance with the "Payment Standards of Remuneration to Directors and Functional Committee Members" established by the Remuneration Committee.
- Remuneration received by directors for providing service to any company included in the financial statements (e.g. serving as a consultant for non-employees) in the past year, except those disclosed in the above table: None.

### Range of Remuneration

Range of remuneration paid to the Company's each director	Name of director			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies included in the financial report (Note 9) H	The Company (Note 8)	All companies included in the financial report (Note 9) I
Below NTD 1,000,000	Yeh Chi-Chao – Representative of Xiemei Industrial Co., Ltd.; Li, Ying-Chu, Li, Chang-Lin, Lin, Hsin-Cheng, Kuo, Chia-Wen, Chen, Chia-Hsiu – Representatives of Ambassador Investment Corp. Ltd.	Yeh Chi-Chao – Representative of Xiemei Industrial Co., Ltd.; Li, Ying-Chu, Lin, Hsin-Chen, Chen, Chia-Hsiu, Kuo, Chia-Wen – Representatives of Ambassador Investment Corp. Ltd.	Yeh Chi-Chao – Representative of Xiemei Industrial Co., Ltd.; Li, Ying-Chu, Li, Chang-Lin, Kuo, Chia-Wen, Chen, Chia-Hsiu – Representatives of Ambassador Investment Corp. Ltd.	Yeh Chi-Chao – Representative of Xiemei Industrial Co., Ltd.; Li, Ying-Chu, Chen, Chia-Hsiu, Kuo, Chia-Wen – Representatives of Ambassador Investment Corp. Ltd.
NTD 1,000,000 (inclusive) – NTD 2,000,000 (exclusive)	Wang, Chia-Kun	Li, Chang-Lin, Wang, Chia-Kun.	Wang, Chia-Kun	Li, Chang-Lin, Wang, Chia-Kun.
NTD 2,000,000 (inclusive) – NTD 3,500,000 (exclusive)	Hsu, Yu-Shan, – Representatives of Shunlin Investment Co., Ltd.	-	-	-
NTD 3,500,000 (inclusive) – NTD 5,000,000 (exclusive)	-	Hsu, Yu-Shan, – Representatives of Shunlin Investment Co., Ltd.	Hsu, Yu-Shan, – Representatives of Shunlin Investment Co., Ltd.	Hsu, Yu-Shan, – Representatives of Shunlin Investment Co., Ltd.
NTD 5,000,000 (inclusive) – NTD 10,000,000 (exclusive)	-	-	Lin, Hsin-Cheng	Lin, Hsin-Cheng
NTD 10,000,000 (inclusive) – NTD 15,000,000 (exclusive)	-	-	-	-
NTD 15,000,000 (inclusive) – NTD 30,000,000 (exclusive)	-	-	-	-
NTD 30,000,000 (inclusive) – NTD 50,000,000 (exclusive)	-	-	-	-
NTD 50,000,000 (inclusive) – NTD 100,000,000 (exclusive)	-	-	-	-
Above NTD 100,000,000	-	-	-	-
Total	8	8	8	8

- Note 1: The names of the presidents and vice presidents are required to be presented separately (names of institutional shareholders and their representatives should be presented separately), and the amount of payments made may be presented in aggregate sums. If a director is also a president or vice president, this table or the following table (3-1) or the following tables (3-2-1) and (3-2-2).
- Note 2: Refers to remuneration to directors in the past year (including salaries, allowances, severance pay, various bonuses and incentives).
- Note 3: The amount of remuneration to directors approved by the most recent Board of Directors' meeting.
- Note 4: Refers to remuneration to directors for services rendered (including travel, special allowances, all types of allowances, accommodation, company vehicle and other in-kind benefits). Where housing, cars, other transportation or personal expenses were provided, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of fuel and other payments are also disclosed. Where a personal driver was allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration.
- Note 5: Refers to any salaries, allowances, severance pay, bonuses, incentives, travel, special allowances, all types of allowances, accommodation, company vehicles and in-kind benefits that the director received in the past year for assuming the role of a company employee (such as a president, vice president, other managerial officer or employee). Where housing, cars, other transportation or personal expenses were provided, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of fuel and other payments are also disclosed. Where a personal driver was allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration. Salary expense recognized in accordance with IFRS 2 – "Share-based Payment," including the acquisition of employee stock options, restricted employee shares and participation in cash capital increase to subscribe for shares are treated as remuneration.
- Note 6: Refers to any remuneration that the director has received (in cash or in shares) in the past year for assuming the role of an employee (such as president, vice president, managerial officer or other employees). The amount of employee remuneration proposed by the Board of Directors in the past year has been disclosed. If it is impossible to make an estimate, the proposed distribution for the year will be calculated in proportion to the actual distribution amount past year, and Table 1-3 shall be filled in.
- Note 7: The disclosure includes all companies in the consolidated financial statements (including the Company), and represents total amount of remuneration to the Company's directors.
- Note 8: The total amount of remuneration to each director paid by the Company and the name of the director are disclosed in the range of remuneration.
- Note 9: The details represent the range of remuneration paid by all companies in the consolidated report (including the Company) to each director. The name of the director must also be disclosed.
- Note 10: Net income after tax refers to the net income after tax of the most recent year for standalone or separate financial reports.
- Note 11: a. This field represents all forms of remuneration that the Company's directors received from the Company's invested businesses other than subsidiaries or the parent company (if none, please fill in "none").
- b. For directors who received remuneration from invested businesses other than subsidiaries or the parent company, amounts received from these invested businesses or the parent company have been added to column I of the Range of Remuneration table. In which case, column I will be renamed "all invested businesses."
- c. Remuneration refers to any returns, remuneration (including remuneration received as an employee, director and supervisor) and fees for services rendered serving as directors, supervisors or managerial officers in invested businesses or the parent company other than subsidiaries.

## (II) Remuneration to president and vice president:

December 31, 2024 Unit: NTD thousand

December 31, 2024 Unit: NTD thousand

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses, special allowances, etc. (C) (Note 3)		Remuneration to employees (D) (Note 4)				The sum of A, B, C and D as a percentage of net income (%) (Note 8)		Remuneration received from investees other than subsidiaries or the parent company (Note 9)
		The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company		All companies included in the financial report (Note 5)		The Company	All companies included in the financial report (Note 6)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Lin, Hsin-Cheng	5,593	5,593	108	108	1,058	1,058	0	0	0	0	6,759 (4.29)	6,759 (4.29)	None
Vice president (Note 1)	Yuan, Cho-Tao	1,595	1,595	437	437	0	0	0	0	0	0	2,032 (1.29)	2,032 (1.29)	None

Note 1: Vice President Yuan, Cho-Tao retired on April 30, 2024.

### Range of Remuneration

Range of remuneration to the president and vice president	Name of president and vice president	
	The Company (Note 2)	All companies included in the financial report (E) (Note 7)
Below NTD 1,000,000	-	-
NTD 1,000,000 (inclusive) – NTD 2,000,000 (exclusive)	-	-
NTD 2,000,000 (inclusive) – NTD 3,500,000 (exclusive)	Yuan, Cho-Tao	Yuan, Cho-Tao
NTD 3,500,000 (inclusive) – NTD 5,000,000 (exclusive)	-	-
NTD 5,000,000 (inclusive) – NTD 10,000,000 (exclusive)	Lin, Hsin-Cheng	Lin, Hsin-Cheng
NTD 10,000,000 (inclusive) – NTD 15,000,000 (exclusive)	-	-
NTD 15,000,000 (inclusive) – NTD 30,000,000 (exclusive)	-	-
NTD 30,000,000 (inclusive) – NTD 50,000,000 (exclusive)	-	-
NTD 50,000,000 (inclusive) – NTD 100,000,000 (exclusive)	-	-
Above NTD 100,000,000	-	-
Total	2	2

Note 1: The names of the president and vice president are required to be presented separately; the amount of payments made may be presented in aggregate sums. If a director is also a president or vice president, this table or the following table (1-1) or the following tables (1-2-1) and (1-2-2).



- Note 2: Refers to salaries, allowances, and severance pay made to the president and vice president in the past year.
- Note 3: Refers to other remuneration such as bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, corporate vehicle or other in-kind benefits made to the president and vice president. Where housing, cars, other transportation or personal expenses were provided, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of fuel and other payments are also disclosed. Where a personal driver was allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration. Salary expense recognized in accordance with IFRS 2 – “Share-based Payment,” including the acquisition of employee stock options, restricted employee shares and participation in cash capital increase to subscribe for shares are treated as remuneration.
- Note 4: Refers to the amount of employee remuneration provided for the president and vice president (in cash or in shares), which the Board of Directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year’s payout ratio), and Table 1-3 shall be filled in.
- Note 5: The disclosure includes all companies in the consolidated financial statements (including the Company), and represents total amount of remuneration to the Company’s president and vice president.
- Note 6: The total amount of remuneration to each president and vice president paid by the Company and the name of the director are disclosed in the Range of Remuneration.
- Note 7: The details represent remuneration paid by all companies in the consolidated report (including the Company) to each president and vice president. The name of the president and vice president must also be disclosed.
- Note 8: Net income after tax refers to the net income after tax of the most recent year for standalone or separate financial reports.
- Note 9: a. This field represents all forms of remuneration that the Company’s president and vice president received from the Company’s invested businesses other than subsidiaries or the parent company (if none, please fill in “none”).
- b. For presidents and vice presidents who received remuneration from invested businesses other than subsidiaries or the parent company, amounts received from these invested businesses or the parent company have been added to column E of the Range of Remuneration table. In which case, column E will be renamed “all invested businesses.”
- c. Remuneration refers to any returns, remuneration (including remuneration received as an employee, director and supervisor) and professional service fees which the president and vice president received for serving as directors, supervisors or managerial officers in invested businesses or the parent company other than subsidiaries.
- \* The basis of remuneration disclosed in this Table is different from the basis of the Income Tax Act; hence the above table has been prepared solely for information disclosure, and not for tax purpose.

**(III) Remuneration paid to the top five highest paid executives of TWSE/TPEX listed companies:**

December 31, 2024 Unit: NTD thousand

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses and special allowances (C) (Note 3)		Remuneration to employees (D) (Note 4)				The sum of A, B, C <u>and</u> D as a percentage of net income (%) (Note 6)		Remuneration received from investees other than subsidiaries or the parent company (Note 7)
		The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company		All companies included in the financial report (Note 5)		The Company	All companies included in the financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Lin, Hsin- Cheng	5,593	5,593	108	108	1,058	1,058	0	0	0	0	6,759 (4.29)	6,759 (4.29)	None
Vice president (Note 8)	Yuan, Cho- Tao	1,595	1,595	437	437	0	0	0	0	0	0	2,032 (1.29)	2,032 (1.29)	None
Assistant Manager of Finance and Accounting Department	Kuo, Ying- Yen	2,182	2,182	91	91	0	0	0	0	0	0	2,273 (1.44)	2,273 (1.44)	None

Note 1: The term of “Top Five Management Personnel” refers to managerial officers of the Company. The criteria for the determination of managerial officers are based on the scope of “managerial officers” in the Letter Tai-Cai-Zheng-San-Zi (3) No. 0920001301 dated March 27, 2003 issued by the former Securities and Futures Commission of the Ministry of Finance. The determination for the calculation of the “Top Five Executives with the Highest Remuneration” is based on the total amount of salaries, pensions, bonuses and special allowances received by the managerial officers from all companies included in the consolidated financial statements, as well as the amount of remuneration to employees (the total of A+B+C+D), and then ranked by the highest paid executives. If a director is also a supervisor listed above, this table and the table (1-1) above shall be filled in.

Note 2: Refers to salaries, allowances, and severance pay made to the top five executives with the highest remuneration in the last year.

Note 3: Refers to other remuneration such as bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, corporate vehicle or other in-kind benefits paid to the top five executives. Where housing, cars, other transportation or personal expenses were provided, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of fuel and other payments are also disclosed. Where a personal driver was allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration. Salary expense recognized in accordance with IFRS 2 – “Share-based Payment,” including the acquisition of employee stock options, restricted employee shares and participation in cash capital increase to subscribe for shares are treated as remuneration.

Note 4: Refers to the amount of employee remuneration provided for the top five executives (in cash or in shares), which the Board of Directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year’s payout ratio), and Table 1-3 shall be filled in.

Note 5: The disclosure includes all companies in the consolidated financial statements (including the Company), and represents total amount of remuneration to the Company’s top five executives.

Note 6: Net income after tax refers to the net income after tax of the most recent year for standalone or separate financial reports.

Note 7: a. This field represents all forms of remuneration that the Company’s top five executives received from the Company’s invested businesses other than subsidiaries or the parent company (if none, please fill in “none”).  
b. Remuneration refers to any returns, remuneration (including remuneration received as an employee, director and supervisor) and professional service fees which the top five executives received for serving as directors, supervisors or managerial officers in invested businesses or the parent company other than subsidiaries.

Note 8: Vice President Yuan, Cho-Tao retired on April 30, 2024.

\* The basis of remuneration disclosed in this Table is different from the basis of the Income Tax Act; hence the above table has been prepared solely for information disclosure, and not for tax purpose.

**(IV) Names of the managerial officers receiving employee remuneration and the distribution thereof:**

December 31, 2024 Unit: NTD thousand

Title (Note 1)		Name (Note 1)	Stock Amount	Cash Amount	Total	Ratio of total amount to profit after tax (%)
Managerial officer	President	Lin, Hsin-Cheng	0	0	0	0
	Vice president (Note 5)	Yuan, Cho-Tao				
	Assistant Manager of Finance and Accounting Department	Kuo, Ying-Yen				

Note 1: Names and titles have been disclosed separately, whereas the amount of profit distribution has been disclosed in aggregate amount.

Note 2: Refers to the amount of employee remuneration provided for the managerial officers (in cash or in shares), which the Board of Directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year's payout ratio). The net income after tax refers to the net income after tax of the most recent fiscal year; if IFRSs have been adopted, the net income after tax refers to the net income after tax of the most recent year for standalone or separate financial reports.

Note 3: Pursuant to FSC Letter No. Tai-Cai-Zheng-San-Zi-No. 0920001301 dated March 27, 2003; the role of managerial officer covers the following positions:

- (1) President or their equivalents
- (2) Vice president or their equivalents
- (3) Assistant managers or their equivalents
- (4) Chief financial officer
- (5) Chief accounting officers
- (6) Other persons authorized to manage affairs and sign documents on behalf of the Company

Note 4: If a director, president or vice president has received employee remuneration (including stock and cash), other than filling in Table 1-2, this Table must also be filled in.

Note 5: Vice President Yuan, Cho-Tao retired on April 30, 2024.

**(V) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or consolidated statements, as paid by this company and by each other company included in the consolidated financial statements in the most recent two fiscal years to directors, supervisors, the president, and vice president, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance:**

1. Analysis of the total remuneration, as a percentage of net income, as paid by the Company during the past two fiscal years to directors, supervisors, the president, and vice president

Unit: NTD thousand

Title	2023				2024			
	Total remuneration		As a percentage of net income (%)		Total remuneration		As a percentage of net income (%)	
	The Company	All companies included in the consolidated report	The Company	All companies included in the consolidated report	The Company	All companies included in the consolidated report	The Company	All companies included in the consolidated report
Director (Note 1)	12,170	13,970	(10.20)	(11.71)	13,463	15,863	8.55	10.08
Supervisor (Note 2)	0	0	0	0	0	0	0	0
President and vice president (Note 3)	11,743	11,743	(9.84)	(9.84)	8,791	8,791	5.59	5.59

Note 1: Total remuneration includes returns, remuneration to directors, fees for services rendered, part-time employees' salaries, pensions, bonuses, special expenses and remuneration to employees.

Note 2: Total remuneration includes returns, remuneration to supervisors, fees for services rendered.

Note 3: Total remuneration includes salaries, bonuses and special allowances, and employee remuneration.

2. The Company's remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

- (1) The Company's remuneration policies, standards, and packages

In accordance with the Company's remuneration policy, the compensation of directors, the President, and Executive Vice Presidents is determined by the Remuneration Committee based on a comprehensive assessment of the Company's operating performance, individual performance, and respective responsibilities. The assessment also incorporates contributions to and performance in the areas of economic, environmental, and social sustainability—key indicators of corporate governance—as well as the relevance and reasonableness of industry trends and future business risks. External compensation benchmarks and market standards for equivalent positions in the industry are also taken into consideration. Final decisions regarding remuneration amounts and payment methods are made by the Board of Directors after thorough deliberation.

- (2) The Relationship Between Remuneration Determination Procedures, Business Performance, and Future Risk

To regularly evaluate the compensation of directors and managerial personnel, the Company relies on the results of evaluations conducted under the "Regulations for Performance Evaluation of the Board of Directors and Functional Committees," and for managers and employees, under the "Performance Appraisal and Compensation/Bonus Distribution Policy." The remuneration for managers and

employees consists of fixed monthly salaries (including base salary and meal allowances) and bonuses for the three major holidays. Compensation for managerial personnel is further determined with reference to performance indicators linked to corporate performance, including financial indicators such as annual revenue and earnings per share (EPS), as well as non-financial ESG (Environmental, Social, and Governance) sustainability outcomes. According to Article 22 of the Company's Articles of Incorporation, if the Company generates a profit in a given fiscal year, it may allocate up to 8% of the pre-tax earnings (before deducting employee and director remuneration) as employee remuneration, and up to 5% as director remuneration. However, if there are accumulated losses, such amounts must first be retained to offset the deficit.

In the event of annual profit, remuneration for directors and employees will be allocated based on actual earnings and in accordance with the ratios specified in the Articles of Incorporation. The Remuneration Committee will propose distribution plans after considering the industry environment, the Company's operating performance, the responsibilities and contributions of the directors and the President, and the achievement of performance targets. These proposals are then submitted to the Board of Directors for resolution and are distributed following the report to the shareholders' meeting.

The reasonableness of remuneration is subject to review by the Remuneration Committee and the Board of Directors in accordance with applicable regulations. The remuneration system is reviewed regularly and may be adjusted in response to actual business operations and relevant legal requirements to ensure a proper balance between the Company's sustainable development and risk management.

### III. The state of the company's implementation of corporate governance:

#### (I) The state of operations of the board of directors:

In 2024, a total of 4(A) Board of Directors' meetings were held; below is the attendance of directors:

The 18th Board					
Title	Name (Note 1)	Actual Attendance (B)	Attendance by Proxy	Percentage of actual attendance (%) [B/A] (Note 2)	Remarks
Chairman	Shunlin Investment Co., Ltd. Representative: Hsu, Yu-Shan	4	0	100%	None
Director	Li, Chang-Lin	3	1	75%	None
Director	Yeh, Chi-Chao — Representative of Xiemei Industrial Co., Ltd.	4	0	100%	None
Director	Representative of Ambassador Investment Corp. Ltd.: Li, Ying-Chu	1	3	25%	Resigned on January 8, 2025
Director	Lin, Hsin-Cheng	4	0	100%	None
Independent Director	Wang, Chia-Kun	4	0	100%	None
Independent Director	Kuo, Chia-Wen	4	0	100%	None
Independent Director	Chen, Chia-Hsiu	4	0	100%	None
Any other matters that require reporting:					
I. For board meetings that meet any of the following descriptions, state the date, session of the meeting, the discussed agenda, independent directors' comments and how the company has responded to such comments.					
(I) Matters referred to in Article 14-3 of the Securities and Exchange Act: There were 4 sessions in total being held in 2024. Please refer to page 27 of the annual report for the details of the resolutions. The matters referred to in Article 14-3 of the Securities and Exchange Act as proposed were unanimously approved by all independent directors.					
(II) Except for the preceding matters, any matter resolved by the Board of Directors with an independent director expressing an objection or reservation that has been included in records or stated in writing: None.					
II. For the implementation and state of directors' recusal for conflicts of interests, the directors' name, topic discussed, reasons for the required recusal, and the participation in voting should be stated:					

Name of director	Date of meeting and content of motions	Reasons for recusal	Participation in voting
Chairman, Hsu, Yu-Shan	2024.03.07 The 8th Meeting of the 18th Term board of directors Motion: Proposal for the salary structure of the Company's directors and managers in 2024	The discussion concerned the interests of Chairman, Hsu, Yu-Shan.	Chairman, Hsu was a party of interest in this case. After Chairman Hsu explained the conflict of interest and recused himself, Director Wang, Chia-Kun, acting as the chairman, consulted other directors present and approved the proposal unanimously.
Director, Lin, Hsin-Cheng	2024.08.08 The 10th Meeting of the 18th Term Board of Directors Motion: Proposal for the Company's sale of the buildings and parking spaces of the construction project to the related party.	The discussion concerned the interests of Director Lin, Hsin-Cheng.	Director Lin is a stakeholder of this case. Director Lin describes the conflict of interest and recused himself. The proposal is approved by other present directors upon the chairman's inquiry.

### **III. Information on the evaluation cycle and period, evaluation scope, method and evaluation content of the Board's self- (or peer) evaluation:**

#### Implementation of board evaluation

- (I) Implementation cycle of the evaluation of the Board of Directors: Once a year.
- (II) Coverage period of the evaluation of the Board of Directors: Performance of the Board was evaluated from January 1 to December 31, 2024.
- (III) Evaluation scope: Performance evaluation of the Board of Directors, individual board members and functional committees.
- (IV) Evaluation method: Performance evaluation includes internal self-evaluation of the Board of Directors, self-evaluation of Board members, peer evaluation, appointment of external professional organizations, experts or other suitable methods.
- (V) Evaluation content:
  1. Performance evaluation of the Board of Directors: Including the degree of participation in the Company's operations, improvement of the Board's decision-making quality, composition and structure of the Board of Directors, election and continuing education of directors, internal control, etc.
  2. Performance evaluation of each Board member: Including mastery of the Company's goals and tasks, awareness of directors' duties, the degree of participation in the Company's operations, internal relationship management and communication, professional and continuing education of directors, internal control, etc.
  3. Performance evaluation of functional committees: Including the degree of participation in the Company's operations, awareness of functional committees' duties, improvement of the functional committees' decision-making quality, functional committee composition and member election, internal control, etc.

### **IV. Evaluation of targets for strengthening of the functions of the board (e.g. establishing an audit committee, enhancing information transparency, etc.) during the current and immediately preceding fiscal years, and measures taken toward achievement thereof:**

- (I) In 2024, the Company had four board meetings, in compliance with the requirement that the Board of Directors should have at least one meeting once a quarter as required by the Rules of Procedure for Board of Directors Meetings. All-important motions are disclosed on the Market Observation Post System (MOPS) in accordance with the law for public announcement to enhance information transparency.

- (II) On May 11, 2018, the Company completed the formulation of the Evaluation Rules of the Performance of the Board of Directors to implement corporate governance and improve the functions of the Board of Directors, establish performance objectives, and strengthen the efficiency of the Board of Directors. On November 12, 2019, the above Rules were amended in line with the new corporate governance roadmap initiated by the competent authority. According to the regulations, evaluation of the performance of the Board of Directors must be carried out every 6 months at the beginning of each year. After the evaluation, the overall average score for 2024 reached over 90, indicating that the Company's overall operations are intact, in compliance with corporate governance.
- (III) On June 18, 2019, an election was held at the annual general meeting to establish an Audit Committee to replace duties of supervisors and enhance the functions of the Board of Directors.

Note 1: If a director or supervisor is a legal entity, the name of the institutional shareholder and their representative should be disclosed.

Note 2: (1) If a director/supervisor resigns prior to the end of the year, the date of their resignation should be noted in the Remarks column. The actual attendance rate (%) should be calculated based on the number of board meetings and the actual number of attendances during their employment.

Note 2: (2) Prior to the end of the year, if there is an election for directors/supervisors, the new and former directors/supervisors must be listed. The date of election of the directors/supervisors, whether they are new, former or re-elected must also be stated in the Remarks column. The actual attendance rate (%) should be calculated based on the number of board meetings and the actual number of attendances during their employment.

## (II) The state of operations of the Audit Committee:

In 2024, a total of 4(A) Audit Committee meetings were held; below is the attendance of Audit Committee members:

2nd Audit Committee					
Title	Name (Note 1)	Actual Attendance (B)	Attendance by Proxy	Percentage of actual attendance (%) [B/A] (Note 2)	Remarks
Audit Committee member	Wang, Chia-Kun	4	0	100%	None
Audit Committee member	Kuo, Chia-Wen	4	0	100%	None
Audit Committee member	Chen, Chia-Hsiu	4	0	100%	None

Any other matters that require reporting:

### I. Annual priority tasks and duties of the audit committee

#### (I) The main function of the Audit Committee is to supervise the following matters:

1. Fair presentation of the financial reports of the Company.
2. The hiring (and dismissal), independence, and performance of certificated public accountants of the Company.
3. The effective implementation of the internal control system of the Company.
4. Compliance with relevant laws and regulations by the Company.
5. Management of the existing or potential risks of the Company.

#### (II) The powers of the Committee are as follows:

1. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others,



- and endorsements or guarantees for others.
4. Matters in which a director is an interested party.
5. Asset transactions or derivatives trading of a material nature.
6. Loans of funds, endorsements, or provision of guarantees of a material nature.
7. The offering, issuance, or private placement of equity-type securities.
8. The hiring or dismissal of a certified public accountant, or their compensation.
9. The appointment or discharge of a financial, accounting, or internal audit officer.
10. Annual financial reports signed or sealed by the chairman, managerial officers, and accounting supervisor and the second quarter financial reports audited and attested by a CPA.
11. Other material matters as may be required by this Corporation or by the competent authority.

II. For Audit Committee meetings that meet any of the following descriptions, state the date of the meeting, session, the discussed agenda, Audit Committee members' comments and how the company has responded to such comments.

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date of Meeting	Term	Content of Agenda	Opinions of All Members of the Audit Committee	The Company's Reaction to the Audit Committee's Opinions
2024.03.07	The 7th Meeting of the 2nd Term Audit Committee	<ol style="list-style-type: none"> <li>1. Passed the motion for the 2023 financial statements.</li> <li>2. Passed the motion for the 2023 business report and the summary of the 2024 operational plans.</li> <li>3. Passed the motion for 2023 appropriation to cover losses.</li> <li>4. Passed the motion for the 2024 salary structure of the Company's director and managerial officers.</li> <li>5. Passed the motion for the Company's "2023 Declaration of Internal Control System"</li> <li>6. Approved the motion to amend the Company's "Management of Related Party Transactions" internal control.</li> <li>7. Approved the motion to amend the Company's operating procedures.</li> </ol>	Unanimously approved by all Audit Committee members	Approved with the consent of all the directors attending the meeting
2024.05.09	The 8th Meeting of the 2nd Term Audit Committee	<ol style="list-style-type: none"> <li>1. Passed the motion for the Company's consolidated quarterly financial report for the first quarter of 2024.</li> <li>2. Passed the motion for the Company to sign a joint construction agreement with a non-related party for the "9 lots of land at Land No. 571, Subsection 1, Lanya Section, Shilin District, Taipei City".</li> <li>3. Passed the motion for the Company to issue the first secured corporate bonds in 2024.</li> </ol>	Unanimously approved by all Audit Committee members	Approved with the consent of all the directors attending the meeting
2024.08.08	The 9th Meeting of the 2nd Term Audit Committee	<ol style="list-style-type: none"> <li>1. Passed the motion for the Company's consolidated quarterly financial report for the second quarter of 2024.</li> <li>2. Approved the appointment of the Company's CPAs for 2024 and the evaluation of their independence, suitability and professional fees.</li> </ol>	Unanimously approved by all Audit Committee members	Approved with the consent of all the directors attending the meeting

		3. Approved the motion for amendments to the Company's "Sustainable Reporting and Assurance Procedures". 4. Passed the motion for 2023 sustainability report. 5. Approved the motion for the Company to act as the implementer of the "Urban Renewal Project for 29 pieces of land at Land No. 35, Xinyi Section, Xinyi District, Taipei City". 6. Approved the motion for the Company to sell the buildings and parking spaces of the construction projects to the related parties.		
2024.11.07	The 10th Meeting of the 2nd Term Audit Committee	1. Passed the motion for the Company's consolidated quarterly financial report for the third quarter of 2024. 2. Approved the establishment of the Company's "Internal Control System for Sustainable Information". 3. Passed the motion for the Company's "annual audit plan for 2025 internal audit."	Unanimously approved by all Audit Committee members	Approved with the consent of all the directors attending the meeting

(II) Any matter that has not been passed by the Audit Committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee: None.

III. For the implementation and state of independent directors' recusal for conflicts of interests, the independent directors' name, topic discussed, reasons for the required recusal, and the participation in voting should be stated: None.

IV. State of communication between independent directors, chief internal auditor and CPA (such as significant items, methods and results of communications on the Company's finances and business status):

(I) The internal audit officer of the Company convenes the audit committee meeting quarterly to explain the audit business, audit results, and follow-up status to the independent directors.

(II) The CPAs attended the Audit Committee meetings, reviewed the quarterly and annual financial reports, explained the process, scope, and updates related to the auditing of the Company's financial statements, and had full discussions with the independent directors.

(III) The audit officer, the CPA and independent directors may communicate with each other directly at any time as needed, and the communication channels are smooth.

A total of 4 meetings were held this year. The outcomes of the meetings are summarized as follows:

Meeting date	Attendees	Communication focus	Process execution result
2024.03.07	Independent Director, Wang, Chia-Kun Independent Director, Kuo, Chia-Wen Independent Director, Chen, Chia-Hsiu Chief Auditor, Chen, Li-Chiung	1. Report on the execution of internal audit operations. 2. Review of the 2023 audit of the internal control system efficiency and the "Internal Control Statement."	1. The independent directors had no objection to the contents of the report. 2. Unanimously approved by the independent directors, and submitted to the Board of Directors for approval.
2024.05.09	Independent Director, Wang,	1. Report on the execution of internal	The independent directors had no

	Chia-Kun Independent Director, Kuo, Chia- Wen Independent Director, Chen, Chia-Hsiu Chief Auditor, Chen, Li-Chiung	audit operations.	objection to the contents of the report.
2024.08.08	Independent Director, Wang, Chia-Kun Independent Director, Kuo, Chia- Wen Independent Director, Chen, Chia-Hsiu Chief Auditor, Chen, Li-Chiung	1. Report on the execution of internal audit operations.	The independent directors had no objection to the contents of the report.
2024.11.07	Independent Director, Wang, Chia-Kun Independent Director, Kuo, Chia- Wen Independent Director, Chen, Chia-Hsiu Chief Auditor, Chen, Li-Chiung	1. Report on the execution of internal audit operations. 2. Review of the annual audit plan for 2025 internal audit.	1. The independent directors had no objection to the contents of the report. 2. Unanimously approved by the independent directors, and submitted to the Board of Directors for approval.

(IV) Depending on the contents of the motion, the Company's CPAs may attend the Audit Committee meeting to communicate with the Audit Committee members.

Two communications were engaged in 2024 and the following is a summary of past communications:

Meeting date	Attendees	Communication focus
2024.03.07	Independent Director, Wang, Chia-Kun Independent Director, Kuo, Chia-Wen Independent Director, Chen, Chia-Hsiu Chief Auditor, Chen, Li-Chiung CPA, Huang, Hsin-Ting	1. Report on the audit results of the 2023 financial statements. 2. A report was carried out in accordance with the "communication of critical audit matters in an audit report" of the Auditing Standards No. 58.
2024.11.07	Independent Director, Wang, Chia-Kun Independent Director, Kuo, Chia-Wen Independent Director, Chen, Chia-Hsiu Chief Auditor, Chen, Li-Chiung CPA, Huang, Hsin-Ting	1. Report on the review results of the financial statements for the first 3 quarters of 2024. 2. A report was carried out in accordance with the "communication of critical audit matters in an audit report" of the Auditing Standards No. 58.

**(III) The state of the company's implementation of corporate governance, any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance:**

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
I. Has the Company formulated Corporate Governance Best-Practice Principles in accordance with the "Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies"?	V		The Company has formulated the "Corporate Governance Best-Practice Principles" and disclosed the Principles on the designated section for "Corporate Governance" of MOPS.	No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies.
II. Company's equity structure and shareholders' equity (I) Has the company established internal operating procedures for suggestions,	V		(I) The Company has established internal operating procedures as well as appointing a spokesperson in accordance with the regulations on handling related matters. There are also dedicated personnel in place for shareholders' comments or issues such as disputes.	No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies.

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
<p>questions, disputes and litigation from shareholders, and handle them in accordance with these procedures??</p> <p>(II) Does the company have the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders who have actual control over the company?</p> <p>(III) Has the company established and</p>	V		<p>(II) The Company's stock agent is responsible for the list of major shareholders and the list of ultimate controllers of major shareholders, providing the register of shareholders and grasping the latest developments of the major shareholders who have actual control over the Company.</p> <p>(III) Not only are the affiliates of the Company independently run, business relationships between the Company and the affiliates are maintained based on a fair and reasonable principle.</p>	

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
<p>implemented a risk control and firewall mechanisms with affiliates?</p> <p>(IV) Has the company set up internal norms to prohibit insiders from utilizing undisclosed information to trade securities?</p>	V		(IV) The Company has formulated “Internal important information processing and management operations to prevent insider trading” to build sound material inside information handling and disclosure mechanisms. In doing this, we will avoid improper information leakage while ensuring information consistency and accuracy when publishing information externally.	
<p>III. Composition and duties of the Board of Directors</p> <p>(I) Has the board of directors formulated any policy on diversity and specific management</p>	V	V	(I) The diversity policy for the composition of the Company’s board members is stipulated in the Company’s Corporate Governance Best-Practice Principles. Our Board members have expertise in various fields, highly valuable for the development and operations of the Company. The Company’s current Board of Directors consists of 7 directors, including 3 independent directors and 4 non-independent directors. All directors are distinguished individuals from various industries. The Company emphasizes gender equality in the composition of the Board of Directors and aims to increase the proportion of female directors to one-third (i.e. 37.5%) or above. Currently, 85.71% (6 members) of the Board members are male, and 14.29% (1 member) are female. In the future, efforts will be made to increase the	No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies.

Evaluation item	The state of operations (Note 1)									Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies, and the reason for any such variance																																					
	Yes	No	Description																																												
objectives, and ensured implementation? (II) Apart from establishing the Remuneration Committee and Audit Committee in accordance with the law, has the company established other functional committees voluntarily? (III) Does the company formulate the Evaluation Rules of the Performance of the Board of Directors and	V		<div>number of female directors to achieve this goal. To achieve the ideal objectives of corporate governance, the Board of Directors as a whole should have the following competencies: 1. Judgement ability in operations. 2. Accounting and financial analysis abilities. 3. Operations management ability. 4. Crisis handling ability. 5. Industry knowledge 6. International market view. 7. Leadership. 8. Decision-making ability. The Company’s Board members have the following competencies:</div> <table><tr><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">Gender</th><th colspan="7">Core Items of Diversification</th></tr><tr><th>Operations management</th><th>Leadership and decision-making</th><th>Industry knowledge</th><th>Commerce</th><th>Finance &amp; accounting</th><th>Legal expertise</th><th>Risk management</th></tr><tr><td>Chairman</td><td>Hsu, Yu-Shan</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td></tr><tr><td>Director</td><td>Li, Chang-Lin</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td></tr></table>							Title	Name	Gender	Core Items of Diversification							Operations management	Leadership and decision-making	Industry knowledge	Commerce	Finance & accounting	Legal expertise	Risk management	Chairman	Hsu, Yu-Shan	Male	V	V	V	V	V		V	Director	Li, Chang-Lin	Male	V	V	V	V	V		V	
Title	Name	Gender	Core Items of Diversification																																												
			Operations management	Leadership and decision-making	Industry knowledge	Commerce	Finance & accounting	Legal expertise	Risk management																																						
Chairman	Hsu, Yu-Shan	Male	V	V	V	V	V		V																																						
Director	Li, Chang-Lin	Male	V	V	V	V	V		V																																						

Evaluation item	The state of operations (Note 1)										Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies, and the reason for any such variance	
	Yes	No	Description									
evaluation methods thereof, periodically conduct the performance evaluation every year, and report the evaluation results to the board of directors, and use them as a reference for compensation of individual director and nomination for re-election?  (IV) Does the company regularly assess the independence of the CPAs?			Director	Yeh, Chi-Chao	Male	V	V	V	V	V		V
			Director (resigned on January 8, 2025)	Li, Ying-Chu	Male	V	V	V	V	V		V
			Director	Lin, Hsin-Cheng	Male	V	V	V	V	V		V
			Independent Director	Wang, Chia-Kun	Male	V	V	V	V	V		V
			Independent Director	Kuo, Chia-Wen	Female	V	V	V	V	V	V	V
			Independent Director	Chen, Chia-Hsiu	Male	V	V	V	V	V		V
			(II) The Company has established a Remuneration Committee and Audit Committee in accordance with the law and has not yet established other functional committees. (III) The report on the results of the Company’s 2024 Board of Directors’ and functional committees performance evaluation is described as follows: In order to comply with the new Corporate Governance Blueprint requirements from the competent authority, the Company revised the Evaluation Rules of the Performance of the Board of Directors on 2021.03.29 and conducted a performance evaluation. The results of the									



Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
			<p>2024 Board of Directors and functional committees performance evaluation results were reported to the Board of Directors on 2025.03.06. The evaluation is explained as follows.</p> <p><u>1. Evaluation aspects:</u> including company goal grasping, degree of involvement in the Company's operations, directors' duties and continuing education, internal communication, internal control, etc.</p> <p>(1) The Company's Board of Directors' performance evaluation covers the following five major aspects:</p> <p>①Participation in the operation of the Company.</p> <p>②Improve the quality of the Board's decision-making.</p> <p>③Composition and structure of the Board of Directors.</p> <p>④Election and continuing education of directors.</p> <p>⑤Internal control.</p> <p>(2) Board members' performance evaluation covers the following six major aspects:</p> <p>①Alignment of the Company's goals and missions.</p> <p>②Awareness of the duties of a director</p> <p>③Participation in the operation of the Company.</p> <p>④Internal relationship management and communication.</p> <p>⑤Directors' professionalism and continuing education.</p> <p>⑥Internal control.</p> <p>(3) Functional committees' performance evaluation covers the following five major aspects:</p>	

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
			<p>①Participation in the operation of the Company.  ②Awareness of the duties of the functional committee.  ③Improve the quality of decision making by functional committees.  ④Composition of the functional committee and election of its members.  ⑤Internal control.</p> <p>2. <u>Evaluation period</u>: From January to December 2024.</p> <p>3. <u>Evaluation results</u>:</p> <p>(1) The overall average score of the Board of Directors' self-evaluation was 95 (out of 100).  (2) The overall average score of the Board members (self or peer)' self-evaluation was 98.6 (out of 100).  (3) The overall average score of the Audit Committee' self-evaluation was 100 (out of 100).  (4) The overall average score of the Remuneration Committees' self-evaluation was 100 (out of 100).  The results show that the state of the Company's Board of Directors is good, in compliance with corporate governance.</p> <p>(IV) The Audit Committee of the Company regularly evaluates the independence of CPAs based on the AQI information provided by the CPA firm and submits the evaluation results to the Board of Directors. The latest evaluation was approved by the Audit Committee on March 6, 2025, and then passed by the Board of Directors on March 6, 2025.</p>	

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies, and the reason for any such variance												
	Yes	No	Description													
			<div>1. Contents of the assessment: Established in accordance with Article 47 of the Certified Public Accountant Act and No. 10 Norm of Professional Ethics for Certified Public Accountant.</div> <div>2. Work performance and plans:<div>(1) Completion of the Company’s financial statements for each period as scheduled.</div><div>(2) To provide the Company with financial and taxation consulting services from time to time.</div><div>(3) Evaluation results:<div>After the assessment, the appointed CPAs did not have the following independence assessment items, and met the assessment standards of suitability, which can confirm the reliability of the financial reports issued by CPAs.</div><div>The evaluation on the independence of CPAs is as follows:</div><table><tr><th>Evaluation item</th><th>Yes</th><th>No</th></tr><tr><td>1. Not employed by the Company or any of its affiliates.</td><td>V</td><td></td></tr><tr><td>2. Directors who are not from the company or its affiliated enterprises (however, this does not apply if the person is an independent director of the company or its parent company, or a subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares).</td><td>V</td><td></td></tr><tr><td>3. Not a natural-person shareholder who holds shares, together with those held by the person and his/her spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</td><td>V</td><td></td></tr></table></div></div>	Evaluation item	Yes	No	1. Not employed by the Company or any of its affiliates.	V		2. Directors who are not from the company or its affiliated enterprises (however, this does not apply if the person is an independent director of the company or its parent company, or a subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares).	V		3. Not a natural-person shareholder who holds shares, together with those held by the person and his/her spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.	V		
Evaluation item	Yes	No														
1. Not employed by the Company or any of its affiliates.	V															
2. Directors who are not from the company or its affiliated enterprises (however, this does not apply if the person is an independent director of the company or its parent company, or a subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares).	V															
3. Not a natural-person shareholder who holds shares, together with those held by the person and his/her spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.	V															

Evaluation item	The state of operations (Note 1)						Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies, and the reason for any such variance
	Yes	No	Description				
			4.	Spouses, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship of the persons specified in the preceding three subparagraphs.	V		
			5.	Directors, supervisors, or employees of a corporate shareholder that directly holds more than 5% of the total issued shares of the Company, or directors, supervisors, or employees of a top-five corporate shareholder.	V		
			6.	Directors (managing directors), supervisors (superintendents), managers, or shareholders holding 5% or more of the shares of a specific company or institution that does not have financial or business dealings with the Company.	V		
			7.	Not a spouse or relative within the second degree of kinship of another director.	V		
			8.	Not a person of the conditions specified in any of the subparagraphs of Article 30 of the Company Act.	V		
			9.	Has not been elected within a government unit, institution, or their representative as prescribed in Article 27 of the Company Act.	V		
			10.	Within the last two years, they must not have served as directors, managers, or positions with significant influence over the auditing cases of the Company.	V		
			11.	No decision-making management function related to the Company.	V		
			12.	The certified public accountants shall issue the “Statement of Hyper-independence.”	V		
IV. Has the company	V		The Company has designated a chief corporate governance officer to be in charge of corporate				No significant

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
designated an appropriate number of personnel and a chief corporate governance officer that specializes in corporate governance affairs (including but not limited to providing directors/supervisors with the information needed and assist directors and supervisors in complying with the laws and regulations to perform their duties, convention of board meetings and shareholders' meetings,			governance affairs. including: handle matters in relation to board meetings and shareholders' meetings, company registration and change of registration, preparing minutes of board meetings and shareholders' meeting, and provide information required for directors to carry out duties.	variance from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies.

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
preparation of board meeting and shareholders' meeting minutes)?				
V. Has the company established channels for communication with the stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a section for stakeholders on the official website of the Company with a proper response to the concerns of the stakeholders on	V		<p>After the Company's stakeholders refer to the possible stakeholders listed in the GRI Standards, including shareholders and other investors, financial institutions, governments, employees and other workers, customers, consumers, business partners, suppliers, local communities, non-governmental organizations, social welfare organizations, public associations, and other stakeholders of the same industry, and the 2023 Sustainability Report, the Company's stakeholders refer to the AA1000 SES international stakeholder standards to assess the stakeholders' dependence on the Company, responsibility, concern, influence, and diverse perspectives, and through external experts and high-level management, employees, and other discussions, to select the key stakeholders for the Company in 2024.</p> <p>The Company prioritizes 8 categories of stakeholders as follows: shareholders and other investors, customers (or owners)/consumers, suppliers (or contractors/outsourcers), employees, financial institutions, business partners (sales agents), competent authorities/government departments, and local communities in 2024.</p>	No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies.

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies, and the reason for any such variance					
	Yes	No	Description						
issues related to corporate social responsibility?									
			<table><tr><th>Stakeholders</th><th>Priority issues</th><th>Communication channels, response methods and communication frequency</th><th>Communication Effectiveness</th></tr><tr><td>Shareholders and investors</td><td>1. Corporate governance 2. Shareholder Engagement 3. Business performance</td><td>1. Material Information: Important information such as corporate governance, monthly revenue, significant business developments, operational performance, and other relevant information of concern to shareholders and investors is immediately announced through the Market Observation Post System. 2. Annual General Meeting of Shareholders 3. Annual investor conference 4. Establish a contact window for stock affairs and investor relations for two-way communication  Contact window: Assistant Vice President Kuo, Finance Department, Email: jack@sd.com.tw</td><td><ul style="list-style-type: none"><li>Announce consolidated operating revenue on a monthly basis as required.</li><li>Hold the institutional investor conference every year to enable investors to understand the Company’s operation overview. A total of 2 conferences were held in 2024.</li><li>Annual general meetings are held each year, and shareholders may attend the meetings to speak.</li><li>Announcement of the Shareholders’ Meeting Handbook, the Annual Report of the Shareholders’ Meeting, and the minutes of meeting in Chinese and English for the reference of investors as required.</li><li>In 2024, a total of 50 pieces of</li></ul></td></tr></table>	Stakeholders	Priority issues	Communication channels, response methods and communication frequency	Communication Effectiveness	Shareholders and investors	1. Corporate governance 2. Shareholder Engagement 3. Business performance
Stakeholders	Priority issues	Communication channels, response methods and communication frequency	Communication Effectiveness						
Shareholders and investors	1. Corporate governance 2. Shareholder Engagement 3. Business performance	1. Material Information: Important information such as corporate governance, monthly revenue, significant business developments, operational performance, and other relevant information of concern to shareholders and investors is immediately announced through the Market Observation Post System. 2. Annual General Meeting of Shareholders 3. Annual investor conference 4. Establish a contact window for stock affairs and investor relations for two-way communication  Contact window: Assistant Vice President Kuo, Finance Department, Email: jack@sd.com.tw	<ul style="list-style-type: none"><li>Announce consolidated operating revenue on a monthly basis as required.</li><li>Hold the institutional investor conference every year to enable investors to understand the Company’s operation overview. A total of 2 conferences were held in 2024.</li><li>Annual general meetings are held each year, and shareholders may attend the meetings to speak.</li><li>Announcement of the Shareholders’ Meeting Handbook, the Annual Report of the Shareholders’ Meeting, and the minutes of meeting in Chinese and English for the reference of investors as required.</li><li>In 2024, a total of 50 pieces of</li></ul>						

Evaluation item	The state of operations (Note 1)						Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description				
						material information were released in both Chinese and English.	
			Customer (or landlord)/consumer	1. Customer protection and communication 2. Information transparency 3. Service quality	1. To ensure the security of customer information, we strictly adhere to the policies of the “Personal Data Protection Act.” We treat customers’ relevant information as confidential documents, and in the pre-sale contract, we include a consent form for the collection, processing, and utilization of personal data, as well as a confidentiality clause. If other departments of the Company need customers’ telephone numbers, we first obtain the customers’ consent before providing them. If anyone other than the customers themselves (such as designers) requests information about purchased properties, we first obtain the customers’ consent before providing it. In 2024, Shihlin Development did not have any information leakage, theft, or infringement/loss of customer information. Shihlin Development did not violate any	<ul style="list-style-type: none"><li>The Company has a dedicated department to provide customer service.</li><li>From time to time, the Customer Care and Community Management Committee submits suggestions to customers to the Company for discussion and improvement.</li><li>Shihlin development integrates consumers’ expectations to provide proposals for a better life. When customers love the products and services planned by the Company, and their expectations are met, it allows the company to plan and execute with a clear goal, which is also the key to the Company’s business development.</li></ul> <p>Communication and coordination between the</p>	



Evaluation item	The state of operations (Note 1)					Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies, and the reason for any such variance	
	Yes	No	Description				
					laws or regulations related to product and service information labeling, nor were there any violation incidents. The company's products (or services) also did not violate any laws or regulations related to marketing and promotion (including advertising, publicity, and sponsorships), and there were no violation incidents. During the reporting period, Shihlin Development was not fined for any incidents of violating laws or regulations related to product and service safety information labeling or marketing. 2. Throughout the home-buying process, professional customer service staff accompany customers during contract signing and explain the contract terms to ensure customers clearly understand the contract terms, thereby protecting customers' rights and interests. • Upon signing the housing contract, customers are asked to join Shihlin Development's LINE account, where dedicated	Company and customers are smooth.	

Evaluation item	The state of operations (Note 1)					Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies, and the reason for any such variance
	Yes	No	Description			
					customer service staff provide online answers and regularly release information, bridging the distance with customers, resolving customers' unease about purchasing pre-sale housing, and increasing trust. 3. For pre-sale construction projects, a performance account inquiry system is provided, allowing customers to check the payment amount at any time, giving them peace of mind. • During the construction period of pre-sale projects, customers are provided with photographs showing the current status of each construction stage. Customers can also check the construction progress on the official website, strictly monitoring the quality of construction. • For pre-sale construction projects, Shihlin Development provides customers with indoor construction alteration services and offers consultations from professional customer service and construction teams. They actively care about the progress and	

Evaluation item	The state of operations (Note 1)					Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies, and the reason for any such variance	
	Yes	No	Description				
					<p>recommend quality design companies based on customers' needs, ensuring the products better meet customers' usage requirements.</p> <ul style="list-style-type: none"><li>• Upon completion of pre-sale construction projects, Shihlin Development's professional team conducts a rigorous pre-delivery inspection for customers to ensure the quality of construction before inviting customers for the final inspection, reducing the need for repairs.</li><li>• The delivery and handover process is standardized, with professional customer service and construction teams accompanying customers throughout, proactively reminding customers of important inspection details to ensure no aspect is overlooked.</li></ul> <p>4. During delivery, residents are provided with a "Building User Manual" and testing reports such as "Reinforcing Bar Radiation Contamination Certificate" and "Concrete Chloride Content Inspection Certificate." This helps establish the correct</p>		

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	Yes	No	Description				
					<p>concept of home maintenance, sustaining housing quality and giving customers peace of mind.</p> <ul style="list-style-type: none"><li>After delivery, sustainable after-sales service is provided, with proactive care for residents and the community, emphasis on timely repairs to enhance resident satisfaction.</li></ul> <p>Contact window: Ms. Huang, Customer Service Department (Email: lisa@sdc.com.tw)</p>		
			<p>Supplier (or contractors/outsourcers) Construction site of Yaoyao in the heart of the city (Daxin Construction) Jing'an Shuyu Construction Site (Sidley Construction) Yang Ming Zhiyuan Construction Site (Anju Construction)</p>	<p>1. Construction capacity 2. Professional knowledge and experience 3. Resources and equipment 4. Progress and cost control 5. Compliance and Security</p>	<p>1. The construction company has professional construction capacity and technology and can take charge of the actual construction work.</p> <p>Construction companies are typically responsible for aspects such as project planning, design, and management, while construction contractors are responsible for the actual construction work, including civil engineering, structural engineering, interior decoration, and more. The ability of a construction company is critical to the success of a construction company's project.</p>	<p>The significance of a construction plant to a construction company lies in providing construction capacity, professional knowledge and experience, resources and equipment, as well as support in terms of progress control, cost, compliance and safety. They are the key partners for the successful implementation of construction projects. Over 90% of all communications between the Company and its suppliers are achieved.</p>	

Evaluation item	The state of operations (Note 1)					Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies, and the reason for any such variance	
	Yes	No	Description				
					<div>2. Construction companies have abundant professional knowledge and experience, especially the technical difficulties and challenges encountered during the construction process. They understand building codes, safety requirements and best practices, and can provide solutions to ensure the quality and compliance of projects.</div> <div>3. Construction plants usually have the necessary resources and equipment, including construction machinery, tools, and material supply chains, which are necessary for the smooth progress of projects. Construction companies can rely on the resources and equipment of the construction plant to reduce the time and cost of finding suppliers and leasing equipment.</div> <div>4. The constructor was able to effectively control the progress and cost during the construction process. They have a team of skilled workers who can carry out construction work efficiently and</div>		

Evaluation item	The state of operations (Note 1)					Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies, and the reason for any such variance	
	Yes	No	Description				
					<p>complete projects within budget. This helps the construction company to ensure that the project is completed on time and control the cost of the project.</p> <p>5. The construction plant understands the laws and regulations and safety requirements of construction projects, and abides by the relevant standards and specifications.</p> <p>They attach great importance to site safety during the construction process and take necessary measures to protect the safety of workers and the public. This is very important for construction companies to avoid legal risks and potential damage compensation.</p> <p>Contact window: Mr. Hong of Engineering Materials (Email:leo@sdc.com.tw)</p>		
			Employees	<p>1. Employee benefits</p> <p>2. Employee evaluation mechanism</p> <p>3. Business performance</p> <p>4. Labor/management relations</p>	<p>Announcement on internal website or internal e-mail: Information about various employee benefits (health examinations, group insurance, etc.), employee welfare committee information, important</p>	<p>1. Labor-management communication meetings are held quarterly to enhance employees' participation in and identification with</p>	

Evaluation item	The state of operations (Note 1)					Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies, and the reason for any such variance	
	Yes	No	Description				
				5. Corporate image	operational news of the Company, educational training course information, annual performance management operations, and other information is announced irregularly. Contact window: Ms. Hsu, Management Department (Email: stephanie@sdcc.com.tw)	company policies, fostering positive communication. 2. Each year, the Company makes personal development plans based on employees' individual work requirements, performance evaluation and career development. 3. Awarded the 2019 "1111 Happy Enterprise" Great reward.	
			Financial institution	1. Corporate governance 2. Legal compliance 3. Operational sustainability	Obtain financial services (deposit, financing, investment, etc.) and work with the government to promote industry development. Contact window: Ms. Du, Finance Department (Email: eva@sdcc.com.tw)	Communicate with the bank on a regular basis to help the bank understand the Company's operating overview, and the bank provides appropriate financial services to help the Company obtain greater opportunities for operational growth, and has smooth communication with the bank's undertaking staff.	
			Business partners (Consigned sales)	1. Corporate governance 2. Corporate image 2. Operational sustainability	Shihlin Development hopes to grow together with good partners to provide higher quality products and optimize services to satisfy customers.	In order to continuously enhance the brand value, the Company's construction projects are all ordered by customers, and the sales of	

Evaluation item	The state of operations (Note 1)						Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description				
					Contact window: Ms. Huang, Customer Service Department (Email: lisa@sdcc.com.tw)	construction projects are outstanding.	
			Competent authority (Government department) (National Taxation Bureau/TPEX)	1. Corporate governance 2. Legal compliance 3. Operational sustainability	Comply with the law and work with the government to promote industry development. Contact window: Ms. Lin, Finance Department (Email: sammi@sdcc.com.tw)	1. Comply with the relevant laws and regulations of the competent authorities and government departments to avoid the risk of violation. 2. Filing and paying various taxes within the time limit in accordance with the laws and regulations. 3. Obtain the latest laws and regulations amendment information, and remind or urge the Company to comply with laws and regulations when conducting business. 4. Communication with all districts is smooth.	
			Local community	1. Construction safety impacts and concerns 2. Safety and risk management 3. Social image and public relations 4. Legal and regulatory compliance	1. The neighboring houses around the construction site are the residents directly affected by the construction activities. They are very concerned about the progress of the construction site, noise, dust and traffic. The Company needs to understand	At least 90% effective communication and coordination.	



Evaluation item	The state of operations (Note 1)					Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies, and the reason for any such variance	
	Yes	No	Description				
				5. Potential cooperation and conflicts of interest	and meet the reasonable needs of neighbors and maintain good communication and relations with them. 2. The construction on site may bring some potential risks and safety issues, such as noise, dust, vibration, and traffic blockade. The safety and quality of life of the neighbors may be affected. The construction company needs to take appropriate measures to ensure the safety management of the site and reduce the potential risk to the neighboring buildings. 3. The image and reputation of the construction company are greatly affected by the surrounding neighbors and the public. Evaluation and perception impact. If the construction company can ensure the respect and care for the neighbors during the construction process and establish a good relationship with them, then it will help to create a good social image and positive public relations. 4. In some regions, construction		

Evaluation item	The state of operations (Note 1)					Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies, and the reason for any such variance	
	Yes	No	Description				
					<p>companies may need to comply with specific laws and regulations to ensure that the impact of the construction site on the neighboring buildings meets the relevant requirements. This includes obtaining necessary permits before commencement of work, taking control measures to reduce noise and dust disturbance, and handling any complaints or disputes that may arise.</p> <p>5. In some cases, the neighboring property may have interests related to the construction project, such as land development, and purchase of building materials. The construction company can discuss cooperation opportunities with neighboring houses, such as reaching a consensus on land use and material supply, in order to achieve a win-win cooperation. Contact window: Mr. Chen of Engineering Department (Email: <a href="mailto:chihkang.chen@sdc.com.tw">chihkang.chen@sdc.com.tw</a>)</p>		

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
VI. Has the company appointed a professional stock transfer agency to handle stock affairs related to shareholders' meetings?	V		The Company entrusts a professional stock agency – Stock Agency Department of Yuanta Securities to handle stock-related matters. The “Regulations Governing Stocks” has also been formulated to regulate related matters.	No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies.
VII. Information Disclosure				
(I) Does the company have a website set up and the financial business and corporate governance information disclosed?	V		(I) In addition to regularly disclosing various business, financial information and important messages on the MOPS, the Company also fully discloses relevant financial and business information and corporate governance information on the Company's website.	No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies.
(II) Has the company adopted other information disclosure	V		(II) The Company has designated dedicated personnel to be responsible for the collection and disclosure of company information. We also implement the spokesperson system to fully understand the Company's finances and business conditions. Moreover, we disclose information to the public in accordance with company policies and needs.	

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
<p>methods (such as establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesperson system, and upload the procedure of institutional investor conference on its website)?</p> <p>(III) Does the company publish and report its annual financial report</p>		V	(III) The Company currently reports financial reports and monthly operations on the dates required by the “List of Required Tasks” The Company did not report annual financial reports within two months after the end of the fiscal year or make public announcement before the prescribed deadline.	

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies, and the reason for any such variance
	Yes	No	Description	
within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?				
VIII. Is there any important information (including but not limited to employee rights and benefits, employee care, investor relations,	V		(I) Employee benefits: The Company's welfare policy has been formulated as required by law, and the content specifies the rights and obligations of employees as well as welfare items to better protect their rights. (II) Employee Care: The Company handles various social insurance measures as required by the government to ensure employee benefits, and regularly organizes employee birthday celebration. (III) Investor relations: The Company announces various financial data on a periodic basis, while	No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEx Listed Companies.

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies, and the reason for any such variance																												
	Yes	No	Description																													
supplier relations, stakeholder rights, the continuing education of the directors and supervisors, risk management policy and risk assessment implementation, the pursuit of customer policy, and the purchase of liability insurance for the company’s directors and supervisors) that is helpful in understanding the corporate governance operation of the company?			<p>the spokesperson establishes smooth communication channels with investors.</p> <p>(IV) Supply relations: We carry out a supplier satisfaction survey from time to time to fully understand the collaboration effectiveness between suppliers and the Company. At present, we maintain a good supply-demand relationship.</p> <p>(V) Stakeholder rights: Stakeholders may provide their views to communicate with us as we take their opinions very seriously. Stakeholders’ feedback will be used as a reference for future work.</p> <p>(VI) Continuing education for directors:</p> <table><tr><th>Name</th><th>Duration and duration of continuing education</th><th>Organizer</th><th>Name of course</th></tr><tr><td>Wang, Chia-Kun</td><td>2024.10.07 (3 hours)</td><td>The Chinese National Association of Industry and Commerce, Taiwan</td><td>2024 Taishin Net Zero Summit</td></tr><tr><td>Kuo, Chia-Wen</td><td>2024.10.07 (3 hours)</td><td>The Chinese National Association of Industry and Commerce, Taiwan</td><td>2024 Taishin Net Zero Summit</td></tr><tr><td rowspan="5">Chen, Chia-Hsiu</td><td>2024.05.28 (3 hours)</td><td>Taiwan Institute of Directors</td><td>Business Value of AI and Digital Risks</td></tr><tr><td>2024.06.20 (3 hours)</td><td>Taiwan Institute of Directors</td><td>Accounting Treatment and Evaluation Practice of Corporate Merger and Acquisition</td></tr><tr><td>2024.08.06 (3 hours)</td><td>Taiwan Institute of Directors</td><td>The Issues of Crypto Currency Tax and Potential Risks</td></tr><tr><td>2024.08.14 (3 hours)</td><td>Taiwan Institute of Directors</td><td>Impact of Climate Change on Financial Statements</td></tr><tr><td>2024.09.05</td><td>Taiwan Institute of Directors</td><td>Notice to the Cross-border</td></tr></table>	Name	Duration and duration of continuing education	Organizer	Name of course	Wang, Chia-Kun	2024.10.07 (3 hours)	The Chinese National Association of Industry and Commerce, Taiwan	2024 Taishin Net Zero Summit	Kuo, Chia-Wen	2024.10.07 (3 hours)	The Chinese National Association of Industry and Commerce, Taiwan	2024 Taishin Net Zero Summit	Chen, Chia-Hsiu	2024.05.28 (3 hours)	Taiwan Institute of Directors	Business Value of AI and Digital Risks	2024.06.20 (3 hours)	Taiwan Institute of Directors	Accounting Treatment and Evaluation Practice of Corporate Merger and Acquisition	2024.08.06 (3 hours)	Taiwan Institute of Directors	The Issues of Crypto Currency Tax and Potential Risks	2024.08.14 (3 hours)	Taiwan Institute of Directors	Impact of Climate Change on Financial Statements	2024.09.05	Taiwan Institute of Directors	Notice to the Cross-border	
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Evaluation item	The state of operations (Note 1)						Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEx Listed Companies, and the reason for any such variance
	Yes	No	Description				
				(3 hours)		Transaction! Application of Foreign Laws, Favors, and Tax Agreements in the Profit-Making Business	
				2024.09.26 (3 hours)	Taiwan Institute of Directors	Analysis of IFRS Sustainability Standards IFRS S1 and S2	
				2024.09.30 (3 hours)	Taiwan Institute of Directors	Smart Leadership: New AI Governance	
				2024.10.08 (3 hours)	Taipei Exchange	2024 WIW: Digital Finance and Sustainable Finance Under the Trend of AI	
			Lin, Hsin-Cheng	2024.08.08 (3 hours)	Securities and Futures Institute	How Do Directors and Supervisors Supervise the Company to Perform Corporate Risk Management and Crisis Management	
				2024.11.08 (3 hours)	Securities and Futures Institute	Mechanism of Carbon Trading and Carbon Management Application	
			Li, Ying-Chu	2024.12.26 (6 hours)	Accounting Research and Development Foundation	How to Utilize Robotic Process Automation to Improve Internal Control Effectiveness	
			(VII) Implementation of risk management policy and risk measurement standards: The Company has set up a comprehensive internal control system, which has been effectively implemented and is regularly reviewed in accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies.” In response to the Company’s internal and external change, the design and implementation of the system ensures continuous effectiveness.				

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
			<p>(VIII) Customer policy implementation: The Company has set up a customer service department that handles customer-related issues. At the same time, customer satisfaction survey is conducted from time to time, and items that customers are less happy with are reviewed and improved alongside the related department so as to improve product quality and customer satisfaction.</p> <p>(IX) The Company's directors are covered by liability insurance, and this was reported at the board meeting held on August 8, 2024.</p>	
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TSEC Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified.				
Item	Number	Indicator		Descriptions
1	1.19	Does the Company's shareholders' meeting adopt an online live format or upload the entire process of the meeting without interruptions to audio or video?		The Company will upload the video files of the shareholders' meeting to the Company's website after the shareholders' meeting in 2025.
2	3.5	Does the Company upload the annual financial report in English 16 days before the general shareholders' meeting?		Adjustments and improvements for the year



**(IV) If the company has established a remuneration committee, its composition, duties and state of operations shall be disclosed:**

The Company's Remuneration Committee consists of two independent directors, namely Wang Jia-Kun, Kuo Chia-Wen, and Shen Ching-Mao.

The Remuneration Committee is responsible for formulating and reviewing the policy, system, standards and structure for the performance evaluation and remuneration of directors and managerial officers. Furthermore, it is also in charge of evaluation and determining the remuneration of directors and managerial officers. In 2024, the Company held three Remuneration Committee meetings and resolutions were reported at the board meeting.

**(1) Information on members of the Remuneration Committee:**

Identity	Criteria	Professional qualifications and experience	Status of independence	Number of other public companies of which he/she concurrently serves as a remuneration committee member
	Name			
Independent Director	Wang, Chia-Kun	Please refer to Information on Directors		0
Independent Director	Kuo, Chia-Wen			0
Member	Shen, Ching-Mao	Director Shen graduated with a PhD in Business Studies at Takushoku University, Japan, and is a member of the Company's Remuneration Committee, with more than five years of work experience required for business, finance, and corporate business. He had served as a full-time professor in the College of Business and Management at Tamkang University, and specializes in business operations and market strategy analysis, with extensive experience and expertise.		0

**2. Information on the operation of the Remuneration Committee**

- (1) The Company's Remuneration Committee is made up of three members.
- (2) Term of this Committee members: From June 10, 2022 to June 9, 2025. In 2024, a total of three Remuneration Committee meetings were held (A); attendance of members are as follows:

The 5th Remuneration Committee					
Title	Name	Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Wang, Chia-Kun	3	0	100%	None
Member	Kuo, Chia-Wen	3	0	100%	None
Member	Shen, Ching-Mao	3	0	100%	None

Any other matters that require reporting:

- I. If the board of directors declines to adopt or modify a recommendation of the remuneration committee, the date, session, topic discussed and the resolution of the board meeting and handling of the resolution of the remuneration committee shall be specified (if the remuneration package approved by the Board is better than the recommendation made by the committee, please specify the discrepancy and its reason): None.
- II. As to the resolution of the Remuneration Committee, if a member expresses any objection or reservation, either by recorded statement or in writing, the date, session and topic discussed of the committee meeting, all members' opinions and handling of members' opinions shall be specified: None.
- III. Reasons for discussion and results of resolution at the Remuneration Committee meeting:

Meeting Date	Term	Content of Agenda	Results of Resolution	The Company's Reaction to the Remuneration Committee's Opinions
2024.01.31	The 6th Meeting of the 5th Term Remuneration Committee	1. Discussion Proposal of distributing performance appraisal bonuses to the Company's managers for 2023. 2. Adjustment of the Chairman's remuneration.	Approved with the consent of all the members attending the meeting.	Not applicable
2024.03.07	The 7th Meeting of the 5th Term Remuneration Committee	Discussion on 2023 distribution of remuneration to employees and directors	As of 2023, the company still has accumulated losses, so no remuneration to employees and directors is distributed. The proposal was approved with the consent of all the members attending the meeting.	Not applicable
2024.11.07	The 8th Meeting of the 5th Term Remuneration Committee	1. Review on the Company's 2025 annual salary structure proposal for the salary structure of directors and managerial officers. 2. Formulation of the 2025 work plan of the Company's Remuneration Committee.	Approved with the consent of all the members attending the meeting.	Not applicable

**(V) The status of the company's implementation of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance:**

	Status of Implementation (Note 1)			Any variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
Promotion Event				
I. Does the company establish corporate governance frameworks and an exclusively (or concurrently) dedicated unit to promote sustainable development, and how does the senior management handle as authorized by the board of directors and how does the board of directors supervise?	V		<p>Although the Company has not yet established the Sustainable Development Committee, in accordance with the corporate governance blueprint, the Company has formed an ESG organization consisting of the President, Lin Hsin-Cheng, and other senior management. This organization is responsible for coordinating the Company's corporate social responsibility and sustainable development directions, formulating relevant strategies and goals, and preparing a sustainability report for submission to the Board of Directors for review and release. The organization regularly reviews performance and goal achievement, and leads all departments in solving corporate ethics-related issues while implementing process reform. At the same time, the organization regularly reports its sustainability promotion plans to the board of directors, and the board of directors supervises the implementation of various plans.</p> <p>As the supreme governance unit, the Board of Directors is chaired by the Chairman. The Board of Directors' responsibilities mainly include appointing and supervising the Company's management team to ensure the rights and interests of stakeholders and maximize the interests of shareholders. The year 2024 was the second time that the Company produced an ESG report. As the head of the ESG promotion organization,</p>	There is no significant variance from the Sustainable Development Best Practice Principles.

			the President is responsible for setting the Company’s ESG development goals, and regularly reports the achievement of ESG goals to the Board of Directors. To promote ESG development, the ESG advocacy organization convenes meetings at least once every six months and ad hoc meetings to discuss major issues.													
II. Has the company performed risk assessments on environmental, social, and corporate issues in relation to the company’s operations according to material principles and formulated relevant risk management policies or strategies? (Note 2)	V		<p>To implement the risk management mechanism and strengthen the ability to assess and supervise risks, the Company has established a comprehensive internal control system in accordance with the “Regulations Governing the Establishment of Internal Control Systems by Public Companies” and has effectively implemented and regularly reviewed it in response to changes in the internal and external environment, ensuring that the design and implementation of the system remain effective. In the future, the Company will establish risk management procedures and formulate risk management policies, systems and management indicators for various risks.</p> <p>The Company has assessed and selected the risks, including “operation risk,” “financial risk,” “inflation risk” and information security risk. The following table explains the various risks:</p> <table> <tr> <th>Risk Items</th> <th>Risk</th> <th>Response measures:</th> </tr> <tr> <td>Operation risk</td> <td>Risk of interruption of operation (such as climate change, natural disasters risks)</td> <td>Assess the operational hazards caused by climate change and natural disasters, and prevent related risks in building design, selection of building materials and research of new construction methods.</td> </tr> <tr> <td>Financial risk</td> <td>1. Policy restrictions on the financing ratio of construction 2. The integration of urban renewal projects is longer</td> <td>1. Continue to track the latest laws and policies in response to the trend and direction of policies. 2. Precise pricing of actuarial cost structure to improve profitability. 3. The Company keeps track of changes in the Company's income and expenses and plans for the funds needed for operations in advance.</td> </tr> <tr> <td>Risk of inflation</td> <td>The geopolitical changes led to an increase in international raw</td> <td>1. Actively seek out multiple suppliers and sources of supply. 2. Continue to track market prices and</td> </tr> </table>	Risk Items	Risk	Response measures:	Operation risk	Risk of interruption of operation (such as climate change, natural disasters risks)	Assess the operational hazards caused by climate change and natural disasters, and prevent related risks in building design, selection of building materials and research of new construction methods.	Financial risk	1. Policy restrictions on the financing ratio of construction 2. The integration of urban renewal projects is longer	1. Continue to track the latest laws and policies in response to the trend and direction of policies. 2. Precise pricing of actuarial cost structure to improve profitability. 3. The Company keeps track of changes in the Company's income and expenses and plans for the funds needed for operations in advance.	Risk of inflation	The geopolitical changes led to an increase in international raw	1. Actively seek out multiple suppliers and sources of supply. 2. Continue to track market prices and	There is no significant variance from the Sustainable Development Best Practice Principles.
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Risk of inflation	The geopolitical changes led to an increase in international raw	1. Actively seek out multiple suppliers and sources of supply. 2. Continue to track market prices and														



impact on the environment?			working and natural environment, we abide by the safety building regulations, fire safety regulations, labor health and safety regulations, Waste Disposal Act, and energy conservation and carbon reduction management regulations.																
(III) Does the company assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures?	V		(III) The Company proposes building plans while taking into consideration climate and environmental change in order to improve the quality of life of occupants.																
(IV) Did the company calculate greenhouse gas emissions, water usage and total waste volume in the last two years and implement policies to reduce greenhouse gas, water or other waste management?	V		(IV) The total greenhouse gas emissions in 2023 are 51.46 tons, and the emission intensity is 1.23 tons/total employees, a decrease of 1.78 tons compared to 2022. This indicates that the Company has achieved good results in energy conservation, specifically in air-conditioning and lighting, in 2023.																
			<table><tr><th>Item</th><th>2022</th><th>2023</th></tr><tr><td>Scope 1: Direct greenhouse gas emissions (tons CO<sub>2</sub>e)</td><td>7.36</td><td>5.58</td></tr><tr><td>Scope 2: Indirect greenhouse gas emissions (tons CO<sub>2</sub>e)</td><td>50.42</td><td>45.88</td></tr><tr><td>Total Emissions = Scope 1 + Scope 2 (tons CO<sub>2</sub>e)</td><td>57.77</td><td>51.46</td></tr><tr><td>GHG emission intensity (tons CO<sub>2</sub>e/total employees (persons))</td><td>1.44</td><td>1.23</td></tr></table>	Item	2022	2023	Scope 1: Direct greenhouse gas emissions (tons CO <sub>2</sub> e)	7.36	5.58	Scope 2: Indirect greenhouse gas emissions (tons CO <sub>2</sub> e)	50.42	45.88	Total Emissions = Scope 1 + Scope 2 (tons CO <sub>2</sub> e)	57.77	51.46	GHG emission intensity (tons CO <sub>2</sub> e/total employees (persons))	1.44	1.23	
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			Water consumption statistics (headquarters)																
			<table><tr><th>Year</th><th>2022</th><th>2023</th></tr><tr><td>Water withdrawal (in million liters)</td><td>1.99</td><td>1.45</td></tr><tr><td>Drainage (in thousands of liters)</td><td>1.99</td><td>1.45</td></tr><tr><td>Water consumption (in million liters)</td><td>0.00</td><td>0.00</td></tr><tr><td>Organization-specific</td><td>Total number of</td><td>Total number</td></tr></table>	Year	2022	2023	Water withdrawal (in million liters)	1.99	1.45	Drainage (in thousands of liters)	1.99	1.45	Water consumption (in million liters)	0.00	0.00	Organization-specific	Total number of	Total number	
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			<table><tr><td>quantity (unit)</td><td>employees (persons)</td><td>of employees (persons)</td></tr><tr><td>Specificity of the organization</td><td>40</td><td>42</td></tr><tr><td>Energy Intensity</td><td>0.05</td><td>0.035</td></tr></table>	quantity (unit)	employees (persons)	of employees (persons)	Specificity of the organization	40	42	Energy Intensity	0.05	0.035																	
			quantity (unit)	employees (persons)	of employees (persons)																								
			Specificity of the organization	40	42																								
			Energy Intensity	0.05	0.035																								
			Waste statistics are as follows: Compared to 2022, the earthwork decreased by 135,552.3 tons in 2023. As the excavation stage in 2022, the earthwork is greater. The Company's waste items are shown in the table below:																										
			<table><tr><th colspan="6">Waste Generation and Treatment of Shilin Development</th></tr><tr><th>Waste composition</th><th rowspan="2">Hazardous/ Non-hazardous</th><th colspan="2">On-site</th><th colspan="2">Off-site</th></tr><tr><th>Item</th><th>Waste Generation (Metric tons)</th><th>Method of handling</th><th>Waste Generation (Metric tons)</th><th>Method of handling</th></tr><tr><td>Earthwork</td><td>Non-hazardous</td><td>-</td><td>-</td><td>4,377</td><td>Other recycling operations</td></tr></table>			Waste Generation and Treatment of Shilin Development						Waste composition		Hazardous/ Non-hazardous	On-site		Off-site		Item	Waste Generation (Metric tons)	Method of handling	Waste Generation (Metric tons)	Method of handling	Earthwork	Non-hazardous	-	-	4,377	Other recycling operations
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			Earthwork	Non-hazardous	-	-	4,377	Other recycling operations																					
Note: 1. Other recycling: such as changing the purpose of use or renewal. 2. "On-site" means within the physical boundary of the reporting organization or within the administrative control scope of the reporting organization; "Off-site" means outside the physical boundary of the reporting organization or outside the administrative control scope of the reporting organization.																													
IV. Social issues																													
(I) Has the company formulated management policies and procedures in accordance with the applicable laws and regulations and international human rights conventions?	V		(I) The Company has formulated the “Human Rights Policy” and “Reporting System for Illegal and Immoral Behavior” in October 2023. We comply with relevant laws and regulations and follow international human rights conventions, such as gender equality and the right to work and we prohibit discrimination. To fulfill these responsibilities and protect human rights, we follow the relevant labor laws and regulations. Moreover, the appointment, dismissal and remuneration of employees are handled in accordance with the Company’s internal control system rules.	There is no significant variance from the Sustainable Development Best Practice Principles.																									
(II) Has the company established and implemented reasonable measures for employee benefits (including: remuneration, holidays and other benefits) and appropriately reflect the business performance or achievements in the employee remuneration?	V		(II) The Company has formulated a reasonable remuneration policy, and requires its employees to follow the Company’s Code of Conduct and practice the corporate value of “treating people with integrity.” The Company handles labor insurance, national health insurance and																										

(III) Does the company provide employees with a safe and healthy working environment and regularly provide safety and health education to employees?	V		pension of employees, in accordance with the law. Our employees are also covered with group insurance and receive regular health examination.	
(IV) Has the company established an effective career capability development training program for employees?	V		(III) Protection measures for the workplace and employee safety:	
(V) Does the company follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, their products and services, and establish policies on customer protection or consumer rights and interests and procedure for accepting consumer complaints?	V		1. Access control: We have a strict access control monitoring system in place as well as security personnel day and night to protect the safety of employees.	
(VI) Has the company formulated a supplier management policy that requires suppliers to follow relevant regulations with respect to environmental protection, occupational safety and health or labor rights/human rights issues, and their implementation status?	V		2. Health examination: The Company pays attention to the health and safety of all employees, and establishes a safe working environment to promote the physical and mental health of employees, and achieve balance between work and life. <b>In addition, the Company arranges annual health checkups that are comprehensive and exceed statutory requirements.</b> These checkups include general examinations (height, weight, blood pressure, pulse, waist circumference), vision tests (visual acuity, color blindness), hearing tests (standard tuning fork hearing test), chest X-ray, urine tests (urine protein, occult blood), blood tests (hemoglobin, white blood cell count), biochemical tests (total cholesterol, serum glutamic pyruvic transaminase [GPT], fasting blood glucose, creatinine, triglycerides, high-density lipoprotein cholesterol, low-density lipoprotein cholesterol), physician consultation, and other examinations as designated by the central competent authority. <b>Employees who have served for over one year and are aged 45 or older (inclusive) are entitled to receive a subsidized advanced health examination once every three years. <u>These advanced checkups may include specialized screenings related to common modern health concerns such as metabolic syndrome, cardiovascular health, and gastrointestinal conditions.</u></b> The Company also regularly monitors employees' health status to gain insights and provide a foundation for self-health management. This proactive approach emphasizes prevention over treatment and aims to create a safe and healthy working environment.	
			3. Insurance and medical assistance: Employees are covered with labor insurance and health insurance as required by law. Furthermore, we provide accident insurance and accidental injury insurance to employees.	



			<p>4. Equipment maintenance and inspection: The buildings leased by the Company are regularly maintained. Lifts, air conditioning, drinking fountains, firefighting equipment, electrical and mechanism equipment are inspected in accordance with the requirements stipulated the Public Safety Inspection Regulations and the Fire Services Act.</p> <p>(IV) The Management Department plans a range of professional courses for personnel in each department. In doing so, we establish effective development training projects to help further our employees' career capabilities. Meanwhile, the Company's operating performance and achievements are appropriately reflected in the remuneration policy of employees to ensure consistent recruitment, retention and encouragement, achieving the goal of sustainable management.</p> <p>(V) We have established a Customer Service Department to build a concept of customer-orientation operations. Moreover, we fully understand the needs of customers through telephone, E-Mail and face-to-face meetings while at the same time formulating plans to quickly respond to the customer.</p> <p>(VI) We understand and communicate with suppliers on environmental, safety and health issues. We also encourage suppliers to improve their environmental, safety and health performances so as to promote the implementation of corporate social responsibility.</p>	
V. Does the company adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports and other reports to disclose non-financial information of the Company? Are the abovementioned reports supported by the assurance or opinion of a third-party verification unit?	V		<p>The Company's 2023 Sustainability Report was completed in August 2024 and has been certified by AFNOR Asia Ltd. in accordance with AA1000 standard.</p>	There is no significant variance from the Sustainable Development Best Practice Principles.
<p>VI. If the company has established its own corporate social responsibility principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please specify the state of the company's implementation, and any variance from its own Principles:</p> <p>The Company has formulated the "Corporate Social Responsibility Principles" which has been approved by the board of directors to strengthen the implementation of corporate social responsibility. The company regularly reviews the state of its implementation in accordance with the Principles and improves the implementation accordingly. So far there has been no variance from the Principles.</p>				

VII. Other significant information that will provide a better understanding of the state of the company's promotion of sustainable development:

- (I) Environmental protection: The Company is committed to environmental building projects that incorporate green spaces, base water conservation, and daily energy savings. In addition, we have also formulated office management rules to promote the adjustment of air conditioning units to the optimum temperature and used paper recycling and reuse to reduce the impact of the Company's operations on the natural environment.
- (II) Social welfare:
  - 1. We sponsor the Taiwan Residential Architecture Award organized by Green Magazine. Through the selection of outstanding green buildings, we hope to recognize the architects and builders, further stimulating the public to acknowledge the importance of green building planning.
  - 2. We sponsor the Cross-Straits Tree Protection Seminar organized by the China University of Science and Technology. Through the detailed and proper techniques of tree protection, we hope to preserve a green environment.
  - 3. This is the 14th year that we have participated in KPMG's "Song of Love and Happiness in Rural Areas." This activity extends the warmth to every corner of Taiwan in need through the continuous donation of second-hand computers, giving disadvantaged groups in remote areas and the Digital Opportunity Center the use of computer equipment and reducing the gap between urban and rural areas.
  - 4. The Company has designated December as the "Charity Month" and participated in many other public welfare activities. For example, sponsoring the Winged Angels enables youths with developmental delays and physical and mental disabilities to learn music and enhance their self-confidence and livelihood skills. Through performances, they enter society and crowds, and change their lives.
- (III) Consumer rights: The Company has an after-sales unit in place and dedicated personnel to handle after-sales services. Consumers can also make complaints via phone or mail.
- (IV) Human rights and safety and health: The Company handles labor insurance, national health insurance and pension of employees, in accordance with the law. Our employees are also covered with group insurance and receive regular health examination.
- (V) The Company participates in the "Green/Sustainable Time Deposit" program promoted by Kaohsiung Bank in response to the government's "Green Finance Action Plan" and "Corporate Governance." The bank refers to the core goals of the United Nations' "2030 Sustainable Development Goals (SDGs)" and the "Sustainable Development Bond Operation Guidelines" of the Taiwan Stock Exchange, promoting the "Green/Sustainable Time Deposit" to assist companies with substantive environmental and social benefits in obtaining funds for green investments. The aim is to convey the core concept of sustainable development through concrete actions and exert a substantial influence to improve the environment and society, achieving a positive cycle and long-term benefits.

Note 1: Regardless of checking "yes" or "no," it should be explained in Description. Note 2: For companies that have prepared a corporate social responsibility report, the Description may be completed by providing page references to the corporate social responsibility report.

**(VI) The state of the company's performance in the area of ethical corporate management, any variance from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance:**

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
<p>I. Establishment of ethical corporate management policies and action plans</p> <p>(I) Has the company established an ethical corporate management policy that its board of directors has passed, and clearly specified in its rules and external documents the ethical corporate management policies and the commitment by the board of directors and senior management on the rigorous and thorough implementation of such policies and methods?</p> <p>(II) Has the company established a risk assessment mechanism against unethical behavior, analyzed and assessed business activities within their business scope regularly that are at a higher risk of being involved in unethical behavior, and established prevention programs at least covering the preventive measures specified in Paragraph 2, Article 7 "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>(III) Has the company specified operating procedures, behavioral guidelines, disciplines of violations, as well as an appeal system in the program against unethical behavior, and implemented such programs, and reviewed and revised the previous program on a regular basis?</p>	V	V	<p>(I) The Company has established "Ethical Corporate Management Best-Practice Principles" and the "Code of Ethical Conduct" in order to regulate the Company's directors and managerial officers against conflict of interest and bribery. In regard to employee conduct, we have formulated the "Employee Work Rules" illustrating how to avoid conflicts of interest such as bribes, gifts and business entertainment.</p> <p>(II) Aside from formulating the Employee Work Rules, mentioned above as well as the Code of Ethical Conduct for Directors/Supervisors and Managerial Officers, we also provide education and training on the above rules to new employees and personnel working in a high-risk environment. By doing this, we raise the awareness of compliance and business ethics of all employees.</p> <p>(III) If a director, managerial officer, or employee is engaged in misconduct, they will be disciplined in accordance with the Company's internal rules; if any employee is found guilty of abusing their position and accepting bribes or commissions, stealing, embezzling public</p>	No significant variance from the Ethical Corporate Management Best-Practice Principles for TSEC/TPEX Listed Companies.

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
			funds or property resulting in significant financial loss or damage to the Company's reputation, they will be dismissed. Where a supplier violates the integrity and honesty commitment, the Company will cancel the supplier's privileges and any outstanding orders.	
<b>II. Implementation of ethical corporate management</b> (I) Does the company evaluate the ethics records of all counterparties it has business relationships with? Are there any ethics clauses in the agreement the company signs with the counterparty? (II) Has the company set up a dedicated unit to promote corporate ethical management under the board of directors, and has such unit reported its execution in terms of ethical corporate management policy and preventive programs against unethical conduct and the supervision status to the board of directors on a regular basis (at least once a year)? (III) Has the company established a policy that prevents conflicts of interest and provided an appropriate channel for reporting and have them both implemented? (IV) Has the company established an effective accounting system and internal control system in order to implement ethical corporate management, and propose relevant audit plans according to the assessment results of the risks of unethical conduct, and review the compliance status of the prevention	V  V  V V  V		(I) Prior to engaging in a business relationship, the Company takes into account the legitimacy of contractors, suppliers, customers or other counterparties, and whether they are involved in misconduct. The Company also carries credit investigation in a timely manner. (II) The Company The audit unit directly under the Board of Directors, regularly inspects the implementation of ethical corporate management of the Company, reports its implementation to the Board of Directors, and discloses the implementation results on the website and annual report. (III) The Company's directors and managerial officers should recuse themselves from matters in which they have an interest. The recusal situation is set forth in the Company's annual report. (IV) The Company's Audit Office performs risk-based on-site audit or review based on the annual audit plan passed by the Board of	No significant variance from the Ethical Corporate Management Best-Practice Principles for TSEC/TPEX Listed Companies.

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Description	
<p>of unethical conduct, or entrust an accountant to carry out the review?</p> <p>(V) Does the company organize internal or external training on a regular basis to maintain ethical corporate management?</p>			<p>Directors. This helps the Board of Directors and managerial officers reasonably ensure that the internal control system is continuously and effectively implemented, including the achievement of the objectives of the results and efficiency of the Company's operations, reliability of financial reporting and compliance with regulatory compliance.</p> <p>(V) 1. The Company follows the Company Act, relevant regulations for listed companies, and other laws related to commercial conduct as the basic premise for implementing integrity management. In order to establish a corporate culture of integrity management and sound development, the Company passed the Integrity Management Code of Conduct at the Board of Directors meeting in November 2019, actively implementing the commitment to operational policies.</p> <p>2. The Company regularly sends high-level executives to attend seminars on corporate integrity management organized by the competent authorities, to strengthen the integrity management and ethical concepts of the Company's operational managers, and to implement them in internal management and external business activities. In 2024, company employees and managers participated in relevant internal</p>	

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
			and external education and training (including courses on compliance with integrity management regulations, accounting systems, and internal controls). There were 25 instances of external training, totaling 196.5 hours, and 154 instances of internal training, with a total training time of 270.5 hours (number of participants x duration of each internal training session).	
III. Whistleblowing system (I) Does the company have a specific whistleblowing and reward system established, a convenient reporting channel established, and a responsible staff designated to handle the individual being reported? (II) Has the company implemented any standard procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconducts? (III) Has the company taken appropriate measures to protect the whistle-blower from suffering any consequences of reporting an incident?	V	V	(I) In order to implement the Company's Ethical Corporate Management Best-Practice Principles, the Company encourages internal and external personnel to report unethical or improper conducts. whistleblowing system. The Company has set up the following emails for whistleblowing: <a href="mailto:sdcsdc.com.tw">sdcsdc.com.tw</a> Acceptance unit: Administration Department Investigating unit: The President will designate an investigation team according to the content of the report to investigate <a href="http://www.sldc.com.tw/mailto:sdcsdc.com.tw">http://www.sldc.com.tw/mailto:sdcsdc.com.tw</a> . (II) The Company's reporting system for illegal and unethical conducts is as follows: 1. The Company encourages internal and external personnel to report dishonest or improper conduct. If the reported matter is verified to be true, the receiving unit will	No significant variance from the Ethical Corporate Management Best-Practice Principles for TSEC/TPEX Listed Companies.

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
			<p>report to the President, who will give appropriate rewards to the whistleblower based on the severity of the situation. However, if an internal employee makes a false report or malicious accusation, the Company will impose disciplinary action, and in serious cases, dismissal.</p> <p>2. The Company publishes the whistleblowing mailbox on the Company's official website and intranet for the use of internal and external personnel.</p> <p>The whistleblower shall provide the following information:</p> <p>(1) The whistleblower's name and I.D. number, and an address, telephone number, and e-mail address where the whistleblower can be reached.</p> <p>(2) The name of the informant or other information sufficient to identify the subject of his/her identity.</p> <p>(3) Substantive evidence to support the investigation.</p> <p>3. The investigation unit of the Company shall handle matters in accordance with the following procedures:</p> <p>(1) Whistleblowing involving employees or senior executives is reported to the department head or President; cases involving directors or material violations of law are reported to the</p>	

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
			<p>Audit Committee.</p> <p>(2) The Company's investigation unit and the person receiving the report under the preceding paragraph shall verify the facts immediately.</p> <p>(3) If the accused person is found to have violated relevant laws or the Company's integrity management policies and code of conduct upon investigation, they will be immediately required to cease the relevant conduct, and appropriate measures will be taken. If the Company's interests have been damaged, it will seek compensation through legal proceedings when necessary to protect the Company's reputation and interests.</p> <p>(4) Written records of the acceptance of a report, the investigation process, and the results of the investigation shall be kept for 5 years, and the records can be recorded electronically. Before the expiry of the retention period, in case of a lawsuit related to the content of the report, the relevant information shall be kept until the end of the lawsuit.</p> <p>4. If the alleged incident is substantiated, the Company is responsible for the Company's internal audit and review of the relevant internal control system and operating</p>	



Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
			<p>procedures, and proposes corrective measures to prevent the recurrence of the same behavior.</p> <p>5. The Company's investigation unit will report the facts to be verified, the handling method and the subsequent review and improvement measures to the President to the President. If the circumstances of the case have a significant impact on the Company, it should be reported to the Audit Committee and reported to the Board of Directors.</p> <p>(III) The relevant personnel of the Company's accepting and investigating units shall keep the identity of the informant and the content of the report confidential, and the Company undertakes to protect the whistleblower from improper disposal as a result of the circumstances of the report.</p>	
IV. Enhancement of information disclosure Has the company disclosed the content and the effectiveness of its-established Ethical Corporate Management Best-Practice Principles on its website and MOPS?	V		The Ethical Corporate Management Best-Practice Principles are disclosed on MOPS.	No significant variance from the Ethical Corporate Management Best-Practice Principles for TSEC/TPEX Listed Companies.
V. If the company has established its own Ethical Corporate Management Best-Practice Principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies," elaborate the state of implementation and any variation thereof: The Company has established its "Ethical Corporate Management Best-Practice Principles." However, related provisions stipulated in the "Code of Ethical Conduct for Directors/Supervisors and Managerial Officers" and "Code of Conduct for Employees" are revised in conjunction with the spirit of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" to incorporate the essence of ethical management				

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Description	
into its practical operations.				
VI. Other important information that helps understand the practice of ethical management: (e.g. the review and revision of its established Ethical Corporate Management Best-Practice Principles) Ethics and integrity are the most important cornerstones of the Company. We strengthen the positive image of the Company in the construction industry to gain the trust and respect of our customers, shareholders, employees, suppliers and society. The Company respects and follows the law and standards agreed upon by the industry. At the same time, we adopt higher standards in pursuit of better management.				

Note 1: Regardless of checking “yes” or “no,” it should be explained in Description.

(VII) Climate-related information

1. Implementation of climate-related information

Item	Status of implementation
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.	The Board of Directors supervises the execution of various plans. The President and other senior management form the ESG Promotion Team, which is responsible for coordinating the Company's corporate social responsibility and sustainability direction, formulating relevant strategies and goals, and preparing the sustainability report. The team will also assess risks related to climate change, propose improvement and response measures, incorporate them into the ESG management objectives, and submit them to the Board of Directors for review and publication.
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, medium-, and long-term).	<p>In recent years, the threat of climate change has intensified, and the frequency of extreme weather events has increased. Shilin Development recognizes that the Earth's resources are finite. In response to evolving environmental challenges, the Company will continue to improve the efficiency of resource utilization by integrating concepts such as environmental protection, energy conservation, carbon reduction, and smart green building into its operational planning. "Net zero emissions by 2050" has become a globally shared commitment in the fight against climate change. Nearly 140 countries—accounting for 88% of global carbon emissions—have pledged to reach net zero emissions by 2050, highlighting the global momentum toward carbon neutrality. According to PwC's Net Zero Economy Index 2021, achieving net zero emissions by 2050 presents significant challenges. Unless the global decarbonization rate increases five-fold, it will be impossible to halve emissions by 2030 and reach net zero by 2050. This underscores the urgent need for all industries worldwide to accelerate their transformation efforts to realize net zero goals. Ensuring the sustainable development of both the planet and businesses is not only part of fulfilling corporate social responsibility but also essential to achieving a vision of symbiosis and shared prosperity between enterprises and the environment. Shilin Development is committed to progressively advancing its entire value chain toward net zero emissions.</p> <p><b><u>Governance:</u></b></p>

	<p>Although the Company has not yet established the Sustainable Development Committee, in accordance with the corporate governance blueprint, the Company has formed an ESG organization consisting of the President, Lin Hsin-Cheng, and other senior management. This organization is responsible for coordinating the Company's corporate social responsibility and sustainable development directions, formulating relevant strategies and goals, and preparing a sustainability report for submission to the Board of Directors for review and release. The organization regularly reviews performance and goal achievement, and leads all departments in solving corporate ethics-related issues while implementing process reform. At the same time, the organization regularly reports its sustainability promotion plans to the board of directors, and the board of directors supervises the implementation of various plans. In the event of major risk events, the Design Department and the Engineering Department shall propose corresponding measures and report to the Company's management meeting for discussion. The senior management shall review the integrity of the Company's risk management mechanisms and urge each unit to conduct relevant risk management and execution in accordance with the decision-making and related management measures.</p> <p><b><u>Risks:</u></b></p> <ol style="list-style-type: none"> <li>1. Increase in raw material cost</li> <li>2. Shortage of labor</li> <li>3. Increase in the cost of green building materials procurement</li> <li>4. Increase in the cost of low-carbon materials procurement</li> <li>5. High temperature risk and sea surface elevation</li> </ol> <p><b><u>Opportunities:</u></b></p> <ol style="list-style-type: none"> <li>1. Pursue the minimalist design of symbiosis with the environment, make the architecture and the environment harmoniously integrate, and move towards green buildings.</li> <li>2. Use intelligent technology to create comfortable and long-lasting buildings to create maximum value for occupants.</li> <li>3. Increase the insulation effect of doors and windows, and increase the construction cost.</li> <li>4. Additional air-conditioning system will increase the construction cost.</li> <li>5. Additional rainwater and reclaimed water recycling system, resulting in higher construction cost.</li> </ol>
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	<p>6. Green energy, energy storage, and energy-saving systems are added, resulting in higher construction costs.</p> <p><b><u>Strategies:</u></b></p> <p>The Company adopts the large-scale contract method to commission construction companies to build, and the cost control strategy is as follows:</p> <ol style="list-style-type: none"> <li>1. Cost control: The construction company is usually responsible for the actual construction, and the construction company is responsible for planning, designing and managing the projects. Therefore, the construction company hopes that the construction contractor can control the cost as much as possible to ensure that the project can be completed within the budget.</li> <li>2. Quality control: The construction company has higher requirements on the quality of construction, because buildings or facilities of poor quality may pose a threat to the public or damage the company's reputation. Therefore, the construction company hopes that the construction contractor can ensure the quality of the construction process and products.</li> <li>3. Safety and risk management: Construction companies are responsible for safety and risk management during the construction process. Construction companies hope that they can strictly abide by safety regulations and standards to reduce risks during the operation of the project.</li> <li>4. Time management: The construction company usually sets the timetable to ensure that the project can be completed on time. Construction companies need to ensure that the construction progress can meet the timetable to avoid negative impact on the progress of the entire project.</li> <li>5. Communication and coordination: frequent communication and coordination are required between the construction company and the construction plant to ensure the smooth progress of the project. This includes determining work distribution, determining progress, solving problems, and so on.</li> </ol> <p><b><u>Risk management</u></b></p> <p>Regarding the relevant risk issues faced in operational activities, the Company has formulated various internal regulations in accordance with laws, authorizing relevant responsible units to conduct risk management</p>
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	<p>and assessment, and propose countermeasures. This allows each department to achieve management effectiveness in operational control and reduce the occurrence of risks. The Company conducts risk and opportunity analysis from time to time, and formulates and implements goals and management plans based on the analysis results to reduce the impact on the Company.</p> <ol style="list-style-type: none"><li>1. Contingency plans: Develop contingency plans for extreme climate events, including natural disasters such as storms and floods.</li><li>2. Low-carbon development: Develop low-carbon buildings and energy efficiency, and adopt green building materials to reduce the negative impact on climate change.</li><li>3. Assess market demand: Assess the market demand for low-carbon and green buildings to further expand market share.</li><li>4. Continuous innovation: Through continuous innovation, we develop new technologies, new craftsmanship and new materials to contribute to the construction industry in the era of climate change.</li></ol> <p><b><u>Indicators and Targets:</u></b></p> <p>In response to flooding caused by climate change-induced heavy rains:</p> <ol style="list-style-type: none"><li>1. During architectural planning, waterproof gates will be installed at least 90 cm above the ground level of the site, and windows and openings in the basement will protrude above the ground level of the site. Waterproof gates will be installed for the portions below 90 cm from the ground level of the site.</li></ol> <p>In response to the transformation opportunity derived from the climate change challenge under the “climate emergency,” Shihlin Development expects to lead the client to transform into a low-carbon green economy to mitigate the climate impact.</p> <ol style="list-style-type: none"><li>2. Energy conservation and carbon reduction goals and plans: The Company must establish carbon emission reduction goals and plans, including reducing energy use, adopting clean energy, and improving energy efficiency.</li><li>3. Carbon emissions assessment: The Company must conduct carbon emissions assessments on its businesses to determine which businesses generate large amounts of carbon emissions so that targeted emission reductions can be made.</li></ol> <p><b><u>Financial Impact:</u></b></p> <ol style="list-style-type: none"><li>1. Increase in operating costs.</li></ol>
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	<p>2. Decline in asset value.</p> <p>3. Decline in operating revenue.</p> <p>4. Increase in capital expenditure.</p>
3. Describe the financial impact of extreme climate events and transformation actions.	<p>The five risk items of extreme climate to the Company (increase in raw material cost, labor shortage, increase in the procurement cost of green building materials, high temperature risk, and sea level rise).</p> <p>Financial impact (1. increase in operating costs 2. decrease in asset value 3. decrease in revenue 4. increase in capital expenditures.)</p>
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<p>Regarding the relevant risk issues faced in operational activities, the Company has formulated various internal regulations in accordance with laws, authorizing relevant responsible units to conduct risk management and assessment, and propose countermeasures. This allows each department to achieve management effectiveness in operational control and reduce the occurrence of risks. The Company conducts risk and opportunity analysis from time to time, and formulates and implements goals and management plans based on the analysis results to reduce the impact on the Company.</p> <p>① Contingency plans: Develop contingency plans for extreme climate events, including natural disasters such as storms and floods.</p> <p>② Low-carbon development: Develop low-carbon buildings and energy efficiency, and adopt green building materials to reduce the negative impact on climate change.</p> <p>③ Assess market demand: Assess the market demand for low-carbon and green buildings to further expand market share.</p> <p>④ Continuous innovation: Through continuous innovation, we develop new technologies, new craftsmanship and new materials to contribute to the construction industry in the era of climate change.</p>
5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.	None.
6. If there is a transformation plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.	<p>In response to the transformation opportunity derived from the climate change challenge under the “climate emergency,” Shihlin Development expects to lead the client to transform into a low-carbon green economy to mitigate the climate impact.</p> <p>① Energy conservation and carbon reduction goals and plans: The</p>

	<p>Company must establish carbon emission reduction goals and plans, including reducing energy use, adopting clean energy, and improving energy efficiency.</p> <p>② Carbon emissions assessment: The Company must conduct carbon emissions assessments on its businesses to determine which businesses generate large amounts of carbon emissions so that targeted emission reductions can be made.</p> <p>③ In response to flooding caused by climate change-induced heavy rains: During architectural planning, waterproof gates will be installed at least 90 cm above the ground level of the site, and windows and openings in the basement will protrude above the ground level of the site. Waterproof gates will be installed for the portions below 90 cm from the ground level of the site.</p>
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	Shi Kai does not use internal carbon pricing as a planning tool.
8. If climate-related targets are set, information such as the activities covered, scope of greenhouse gas emissions, planning period, and annual progress should be provided. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve the relevant targets, the source and quantity of the offset carbon reductions or the number of RECs should be stated.	In recent years, due to climate change leading to abnormal weather patterns, the increase in extreme climate events has made Shihlin Development realize that the Earth's resources are limited. Facing the impacts of environmental changes, we will fulfill our responsibilities as global citizens by continuously improving the utilization of various resources and incorporating concepts such as environmental protection, energy conservation, carbon reduction, and smart green buildings into our operational planning. This ensures the sustainable development of both the Earth and the Company, fulfilling our corporate social responsibility and achieving the vision of symbiosis and mutual prosperity between the company and the environment.
9. Greenhouse gas inventory and assurance, and reduction goals, strategies, and concrete action plans.	<p>① In accordance with the "Sustainable Development Path for TWSE/TPEX Listed Companies" issued by the Financial Supervisory Commission in March 2022, the Company has completed the first stage by establishing a dedicated (part-time) greenhouse gas inventory task force and personnel, and formulating their scope of duties. Subsequent plans, including talent training, strategic goals, control mechanisms, internal verification and external verification planning, completion of greenhouse gas inventory, and completion of external verification, will be reported to the Board of Directors for control on a quarterly basis.</p> <p>② According to the schedule, the parent company is expected to complete</p>



	the inventory in 2026 and the verification in 2028; the consolidated subsidiary is expected to complete the inventory in 2027 and the verification in 2029. <b>(Shilin Development does not need to check its subsidiaries according to the greenhouse gas inventory schedule. The greenhouse gas emissions in 2022 and 2023 will be disclosed based on the self-inventory.)</b>
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## 2. Greenhouse gas inventory and assurance for the last 2 years

### 1-1 Greenhouse gas inventory and assurance status of the Company in the last two years

Basic information of the Company	In accordance with the Sustainable Development Roadmap for TWSE/TPEX-Listed Companies, the Company is required to disclose at least the following information:
<input type="checkbox"/> Companies with a capital of NTD 10 billion or more, or companies in the steel or cement industries <input type="checkbox"/> Companies with a capital of more than NTD 5 billion but less than NTD 10 billion  <input checked="" type="checkbox"/> Companies with a capital of less than NTD 5 billion	<input type="checkbox"/> Greenhouse gas inventory for the parent company only <input type="checkbox"/> Greenhouse gas inventory for subsidiaries included in the consolidated financial statements <input type="checkbox"/> Assurance for the parent company's greenhouse gas inventory <input type="checkbox"/> Assurance for the consolidated financial statements' greenhouse gas inventory

#### 1-1-1 Greenhouse Gas Inventory

Describe the greenhouse gas emissions in the last two years (tons of CO <sub>2</sub> e), intensity (tons of CO <sub>2</sub> e/NTD million), and data coverage.						
Item \ Year	2022			2023		
	Parent company	Subsidiary	Total	Parent company	Subsidiary	Total
Scope 1: Total Emissions (tonCO <sub>2</sub> e)	7.36	-	7.36	5.58	-	5.58
Scope 1: Intensity (tonCO <sub>2</sub> e/total employees (persons))	0.1839	-	0.184	0.1329	-	0.133
Scope 2: Total Emissions (tonCO <sub>2</sub> e)	50.42	-	50.42	45.92	-	45.88
Scope 2: Intensity (tonCO <sub>2</sub> e/total employees (persons))	1.2604	-	1.260	1.0933	-	1.092
Note 1: Direct emissions (Scope 1 — emissions directly from sources owned or controlled by the Company), energy indirect emissions (Scope 2 — emissions resulting from the generation of purchased electricity, heat, or steam consumed by the Company), and other indirect emissions (Scope 3 — emissions generated by the Company's activities but occurring from sources owned or controlled by other entities).						

Note 2:	The coverage of direct emissions and energy indirect emissions shall comply with the timeline set forth in Article 4-1, Paragraph 2 of the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" (hereinafter referred to as the "Regulations"). Disclosure of other indirect emissions information is voluntary.
Note 3:	Greenhouse Gas Inventory Standards: In accordance with the current greenhouse gas inventory schedule, Shilin Development is not yet required to conduct inventories for its subsidiaries. Greenhouse gas emissions for 2022 and 2023 are disclosed through voluntary self-inventory.
Note 4:	Greenhouse gas emission intensity is calculated based on revenue (expressed in NTD millions).

### 1-1-2 Greenhouse Gas Assurance Information

Describe the assurance status in the last two years, including the assurance scope, assurance organization, assurance standards and assurance opinions.
The company has completed the voluntary greenhouse gas inventory for 2022-2023: In accordance with the “Sustainable Development Path for TWSE/TPEX Listed Companies” issued by the Financial Supervisory Commission in March 2022, the Company has completed the first stage by establishing a dedicated (part-time) greenhouse gas inventory task force and personnel, and formulating their scope of duties. Subsequent plans, including talent training, strategic goals, control mechanisms, internal verification and external verification planning, completion of greenhouse gas inventory, and completion of external verification, will be reported to the Board of Directors for control on a quarterly basis. According to the schedule, the parent company is expected to complete the inventory in 2026 and the verification in 2028; the consolidated subsidiary is expected to complete the inventory in 2027 and the verification in 2029.

### 3. Greenhouse gas reduction goals, strategies, and concrete action plans

Basic information of the Company	In accordance with the Sustainable Development Roadmap for TWSE/TPEX-Listed Companies, the Company is required to disclose at least the following information:
<input type="checkbox"/> Companies with a capital of NTD 10 billion or more, or companies in the steel or cement industries <input type="checkbox"/> Companies with a capital of more than NTD 5 billion but less than NTD 10 billion <input checked="" type="checkbox"/> Companies with a capital of less than NTD 5 billion	<input type="checkbox"/> The 2025 disclosure includes the reduction targets, strategies, and concrete action plans of the previous year. <input type="checkbox"/> The 2026 disclosure includes the reduction targets, strategies, and concrete action plans of the previous year. <input checked="" type="checkbox"/> The 2027 disclosure includes the reduction targets, strategies, and concrete action plans of the previous year.

The greenhouse gas reduction target setting is as follows:

Greenhouse gas reduction strategy
The principle or policy for carbon dioxide (CO <sub>2</sub> ) reduction refers to calculating the CO <sub>2</sub> emissions generated from the energy consumed during the production of all building structural materials (excluding utilities, electrical and mechanical equipment, interior decoration, and external landscaping works). In response to the global warming challenges arising from climate change and the greenhouse effect, the Company actively promotes the adoption of green building designs for new construction projects. Currently, the nine major indicators used for green building assessment are: "green area", "site water retention", "water resource management", "daily energy savings", "carbon dioxide reduction", "waste reduction", "sewage and waste improvement", "biodiversity enhancement", and "indoor environmental quality." Through green building design, it is possible to reduce carbon dioxide emissions and energy consumption, decrease the demand for natural resources, protect the ecological environment, and mitigate the impacts of climate change.
Greenhouse gas reduction goals

In the past, the construction industry commonly employed high energy-consuming and highly polluting structural designs, causing significant environmental damage. Currently, 95% of newly constructed buildings in Taiwan are made of reinforced concrete. Beyond the fact that 80% of construction materials such as sand and gravel are extracted—often illegally—from riverbeds, and that cement production is highly energy-intensive, there are additional environmental burdens. When reinforced concrete buildings are eventually demolished, the resulting waste (including cement debris, soil, and bricks) is difficult to recycle or reuse, posing a substantial challenge to environmental sustainability. Therefore, it is essential to initiate improvements in the early stages of building planning, design, and construction methods to effectively reduce carbon dioxide emissions.

Short-term goals	Mid-term goals	Long-term goals
<ul style="list-style-type: none"> <li>● Raise public awareness and attention toward sustainable construction, and encourage support and participation from all sectors of society.</li> <li>● Promote the revision of policies and regulations to strengthen oversight and guidance for the construction industry, and accelerate the development and application of sustainable construction practices.</li> <li>● Establish sustainability education and training mechanisms within the construction industry to enhance professional competence and awareness, and advance the implementation of sustainable building practices.</li> <li>● These goals are interconnected and require the collective efforts of government, industry, academia, and the public to achieve sustainable development within the construction sector and to meet environmental protection objectives.</li> </ul>	<ul style="list-style-type: none"> <li>● Encourage and support the use of renewable building materials and low-carbon construction technologies to gradually reduce reliance on high-carbon materials such as cement.</li> <li>● Develop standardized procedures for architectural design and construction that emphasize sustainability and environmental protection, and promote the widespread adoption of sustainable construction concepts.</li> <li>● Facilitate collaboration between the construction industry and related sectors to drive research and development of innovative building materials and technologies that address existing environmental challenges.</li> </ul>	<ul style="list-style-type: none"> <li>● Reduce the proportion of reinforced concrete structures in new buildings in Taiwan, and increase the use of renewable and low-carbon construction materials.</li> <li>● Establish a comprehensive system for the recycling and reuse of construction waste to improve resource recovery during the demolition of concrete structures and reduce environmental impact.</li> <li>● Promote collaboration among government, industry, and academia to formulate stricter building sustainability standards and implement effective enforcement mechanisms.</li> </ul>

#### 2023 reduction achievement status

The main energy source of Shilin Development in 2023 is electricity and gasoline, with a total energy consumption of 411.66 GJ, and the energy intensity is 9.80 GJ/person. Compared to 2022, the energy consumption decreased by 46.71 GJ, and the density decreased by 1.66 GJ/person. This indicates that the Company has achieved a certain degree of energy conservation and carbon reduction measures in 2023.

**(VIII) Other important information that is sufficient to enhance the understanding of the operation of corporate governance:**

The Company has established the Corporate Governance Best-Practice Principles which specify regulations with respect to the protection of shareholder interests, strengthening of the functions of the Board of Directors and enhancement of the transparency of information. The Company also reviews the evaluation indicator for corporate governance appraisal in the hope that it will help the Company gradually construct a sound corporate governance system to better improve the effectiveness of corporate governance. The state of the Company's corporate governance is available on MOPS.

**(IX) The section on the state of implementation of the company's internal control system shall furnish the following:**

1. Statement of Internal Control: Please refer to the MOPS -> Announcement of Material Information -> Statement of Internal Control.  
(<https://mopsov.twse.com.tw/mops/web/t146sb10>)

2. If a CPA was entrusted to perform a special audit on the internal control system, the audit report shall be disclosed: None.

**(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.**

**(XI) Material resolutions of a shareholders' meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:**

1. Shareholders' meeting:

Meeting year	Meeting time	Material resolutions:	Status of implementation
2024	2024.05.31 Shareholders' meeting	1. Acknowledgement of the motion for the 2023 business report and financial statements.	Resolution passed and announced as required.
		2. Acknowledgement of the motion for 2023 profit and loss appropriation.	Resolution passed and announced as required.

2. Board meeting:

Meeting year	Meeting time	Material resolutions:
2023	2023.03.09	<ol style="list-style-type: none"> <li>1. Passed the motion for the 2022 financial statements.</li> <li>2. Passed the motion for the 2022 business report and the summary of the 2023 operational plans.</li> <li>3. Passed the motion for 2022 appropriation to cover losses.</li> <li>4. Passed the motion for the 2023 salary structure of the Company's director and managerial officers.</li> <li>5. Passed the motion for the Company's "2022 Declaration of Internal Control System"</li> <li>6. Approved the Company's policy for pre-approval non-assurance services in general and the non-assurance services expected to be provided by KPMG in 2023.</li> <li>7. Approved that the total value of properties accumulated from the same development project by the Company exceeds NTD 300 million.</li> <li>8. Passed the motion for the date, location and motions of the Company's 2023 annual general meeting.</li> <li>9. Passed the motion for shareholders' right to make proposals at the 2023 annual general meeting.</li> </ol>
	2023.05.11	<ol style="list-style-type: none"> <li>1. Passed the motion for the Company's consolidated quarterly financial report for the first quarter of 2023.</li> </ol>
	2023.08.10	<ol style="list-style-type: none"> <li>1. Passed the motion for the Company's consolidated quarterly financial report for the second quarter of 2023.</li> <li>2. Passed the motion for the amendments to some contents of Company's "internal control system."</li> <li>3. Approved the establishment of the "Procedures for Compilation and Verification of Sustainability Report" of the Company.</li> </ol>

Meeting year	Meeting time	Material resolutions:
	2023.11.14	<ol style="list-style-type: none"> <li>1. Passed the motion for the Company's consolidated quarterly financial report for the third quarter of 2023.</li> <li>2. Passed the motion for the Company's "annual audit plan for 2024 internal audit."</li> <li>3. Passed the motion for the "operation of management of the procedures for preparation of financial statements."</li> <li>4. Approved the addition of the "Regulations Governing Finance and Business-Related Operations between Related Parties."</li> <li>5. Approved the appointment of the Company's CPAs for 2023 and the evaluation of their independence, suitability and professional fees.</li> <li>6. The Company passed a case of purchasing land from the non-related party Long Bon International Co., Ltd., which is located in the "Urban Renewal Project and Rights Exchange Plan for Changing (Second Time) the Land Plots No. 1, etc., of Shuanglian Section, Datong District, Taipei City" (City Core Yo Yo Project) where the company serves as the implementer.</li> </ol>
2024	2024.03.07	<ol style="list-style-type: none"> <li>1. Passed the motion for the 2023 financial statements.</li> <li>2. Passed the motion for the 2023 business report and the summary of the 2024 operational plans.</li> <li>3. Passed the motion for 2023 appropriation to cover losses.</li> <li>4. Passed the motion for the 2024 salary structure of the Company's director and managerial officers.</li> <li>5. Passed the motion for the Company's "2023 Declaration of Internal Control System"</li> <li>6. Approved the motion to amend the Company's "Management of Related Party Transactions" internal control.</li> <li>7. Approved the motion to amend the Company's operating procedures.</li> <li>8. Passed the motion for the date, location and motions of the Company's 2024 annual general meeting.</li> <li>9. Passed the motion for shareholders' right to make proposals at the 2024 annual general meeting.</li> </ol>
	2024.05.09	<ol style="list-style-type: none"> <li>1. Passed the motion for the Company's consolidated quarterly financial report for the first quarter of 2024.</li> <li>2. Passed the motion for the Company to sign a joint construction agreement with a non-related party for the "9 lots of land at Land No. 571, Subsection 1, Lanya Section, Shilin District, Taipei City".</li> <li>3. Passed the motion for the Company to issue the first secured corporate bonds in 2024.</li> </ol>
	2024.08.08	<ol style="list-style-type: none"> <li>1. Passed the motion for the Company's consolidated quarterly financial report for the second quarter of 2024.</li> <li>2. Approved the appointment of the Company's CPAs for 2024 and the evaluation of their independence, suitability and professional fees.</li> <li>3. Approved the motion for amendments to the Company's "Sustainable Reporting and Assurance Procedures".</li> <li>4. Passed the motion for 2023 sustainability report.</li> <li>5. Approved the motion for the Company to act as the implementer of the "Urban Renewal Project for 29 pieces of land at Land No. 35, Xinyi Section, Xinyi District, Taipei City".</li> <li>6. Approved the motion for the Company to sell the buildings and parking spaces of the construction projects to the related parties.</li> </ol>

Meeting year	Meeting time	Material resolutions:
	2024.11.07	<ol style="list-style-type: none"> <li>1. Passed the motion for the Company's consolidated quarterly financial report for the third quarter of 2024.</li> <li>2. Approved the establishment of the Company's "Internal Control System for Sustainable Information".</li> <li>3. Passed the motion for the Company's "annual audit plan for 2025 internal audit."</li> </ol>

**(XII) Any other documented objections or qualified opinions raised by directors or supervisors against board resolutions in relation to matters, and their content in the most recent fiscal year and up to the date of publication of the annual report:**

None.

#### IV. Information on CPAs' Fees

##### Information on the Professional Fees of the Attesting CPAs

Unit: NTD thousand

Name of accounting firm	Name of CPAs	CPAs' Audit Period	Audit fee	Non audit fee	Total	Remark
KPMG Taiwan	Chen Tsung-Che	2024/01~2024/09	2,800	215	3,015	Information checklist for direct deduction of business tax, verification of trust value and non-managerial employees' salaries
	Huang, Hsin-Ting					
	Pan, Chun-Ming	2024/10~2024/12				
	Chen Tsung-Che					

(I) Audit fee for the change of accounting firms paid in the year is less than the previous year, the decreased amount, percentage and reason of the audit fee shall be disclosed: Not applicable.

(II) Over 15% decrease in audit fee on a year-to-year basis, the decreased amount, percentage and reason of the audit fee shall be disclosed: Not applicable.

#### V. Information on Change of CPAs:

##### I. About former CPAs

Date of change	Approved by the Board of Directors for release on March 6, 2025.		
Reason for change and explanation	Note: Due to personnel adjustments and internal job rotations of the accounting firm, starting from Q4 2024, the Company’s CPAs for the financial reports have been changed from the original Chen Tsung-Che and Huang Hsin-Ting to Pan Chun-Ming and Chen Tsung-Che.		
Explain whether the appointment is terminated or declined by the appointer or CPA	Parties involved	CPA	Appointer
	Status	(Not applicable)	
	Appointment terminated at will		
	(Continued) Appointment no longer accepted		
If the former CPA issued an audit report during the most recent 2 years containing an opinion other than an unqualified opinion, state the opinion and reason	None		
Different opinion from the issuer	Yes	-	Accounting principles or practices
		-	Disclosure of financial reports
		-	Audit scope or steps
		-	Others
	None	v	
	Descriptions	-	



Other matters to be disclosed (matters covered in item 1-4 to 1-7, paragraph 6, Article 10 of these Regulations should be disclosed)	None
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## II. About the successor CPAs

Name of firm	KPMG Taiwan
Name of CPAs	PAs Pan, Chun-Ming and Chen, Tsung-Che
Date of appointment	Approved by the Board of Directors for release on March 6, 2025.
Matters regarding which the successor CPAs were consulted, and which were related to the accounting treatment or accounting principles of specific transactions	None
Written disagreements from the successor CPAs against the opinions made by the former CPA	None

**VI. Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed:**  
None.

**VII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:**

**(I) Change in equity interests by a director, supervisor, managerial officer and major shareholder:**

For the changes in equity, please visit the MOPS → click on the “Single Company” section under “Equity Changes/Securities Issuance” and click on the “Internal Shareholder Change Reporting” option to search for the “Internal Shareholder Change Reporting” after the change in equity.

(Website connection: <https://mopsov.twse.com.tw/mops/web/stapap1>)

**(II) Information on directors, supervisors, managers, and shareholders whose shareholding ratio exceeds 10%; and the counterparty to whom the equity transfer is an affiliate:**

None.

**(III) Information on directors, supervisors, managers, and shareholders whose shareholding ratio exceeds 10%; and the counterparty to whom the equity pledge is to an affiliate:**

None.

## VIII. Information on the relationship between top 10 shareholders:

Unit: shares

Name (Note 1)	Shares held		Shares held by spouse, minor children		Total shares held in the name of others		Number of shares held in the name of others, names and relationship of top ten shareholders who are related parties, spouses or within second-degree of kinship to each other (Note 3).		Remarks
	Number of shares	Shareholding ratio (%) (Note 4)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Title (or name)	Relationship	
Yao ze Limited	20,564,118	9.08%	0	0	0	0	None	None	None
Representative: Hsu Yu-Shan	0	0	4,927,182	2.18%	0	0	Hsu, Chien-Chen	Chien-Cheng Hsu is the spouse of the person in charge of Yao Ze	None
Chuang Sheng Investment Co., Ltd.	20,374,118	9.00%	0	0	0	0	None	None	None
Representative: Li Chang-Lin	260,250	0.11%	0	0	0	0	None	None	None
Choice Development, Inc.	17,006,014	7.51%	0	0	0	0	Chen, Hui-Yu	Chen, Hui-Yu is the person in charge of Choice Development	None
Representative: Chen, Hui-Yu	6,381,120	2.82%	0	0	0	0			
Chen Chieh Investment Limited	12,168,201	5.38%	0	0	0	0	None	None	None
Representative: Kao, Mei-Feng	0	0	0	0	0	0	None	None	None
Hesheng Investment Co., Ltd.	10,092,556	4.46%	0	0	0	0	None	None	None
Representative: Yang Hsiu-Chu	0	0	0	0	0	0	None	None	None
Xiemei Industrial Co., Ltd.	9,977,374	4.41%	0	0	0	0	None	None	None
Representative: Yeh, Chi-Chao	0	0	0	0	0	0	None	None	None
Chen, Hui-Yu	6,381,120	2.82%	0	0	0	0	Choice Development, Inc.	Chen, Hui-Yu is the person in charge of Choice Development	None
Ambassador Investment Corp. Ltd.	5,781,850	2.55%	0	0	0	0	None	None	None
Representative: Chao Chieh-Yun	0	0	0	0	0	0	None	None	None
Benz Investment Corp. Ltd.	5,207,066	2.30%	0	0	0	0	None	None	None
Representative: Chao Chieh-Yun	0	0	0	0	0	0	None	None	None
Hsu, Chien-Chen	4,927,182	2.18%	0	0	0	0	Yao ze Limited	Chien-Cheng Hsu is the spouse of the person in charge of Yao Ze	None

Note 1: List the top 10 shareholders. If they are institutional shareholders, list both the titles of the institutional shareholders and their representatives separately.

Note 2: The calculation of the percentage of shareholding refers to the calculation of the percentage of shareholding in the name of themselves, spouse, minor children or others separately.

Note 3: The shareholders listed in the preceding paragraph include both legal entities and natural persons, and the relationship between them should be disclosed.

**IX. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company:**

March 31, 2025 Unit: shares; %

Investment business (Note)	The Company's investment		Investment by directors, supervisors, managerial officers in directly or indirectly controlled business		Consolidated investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Charter Leisure Co., Ltd. (Charter Leisure)	2,166,167	43.30%	0	0	2,166,167	43.30%
SURV Planning And Development Co., Ltd.	1,750,000	35%	0	0	1,750,000	35%
Huide Development Company Limited (Huide)	11,500,000	100%	0	0	11,500,000	100%
Qun Xin Properties Co., Ltd. (Qun Xin)	23,000,000	79.31%	0	0	23,000,000	79.31%
T-Design Co., Ltd.	1,980,000	33%	0	0	1,980,000	33%

Note 1: Investments by the Company are accounted for using the equity method.

## Three. Fundraising

### I. Capital and shares:

#### (I) Source of share capital:

##### 1. Formation of share capital:

Unit: share; NTD

Year and month	Issue price	Authorized share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Paid in properties other than cash	Others
1984.01	10	2,500,000	25,000,000	625,000	6,250,000	Established by cash	None	—
1984.07	10	2,500,000	25,000,000	2,500,000	25,000,000	Cash capital increase	None	—
1984.11	10	4,000,000	40,000,000	4,000,000	40,000,000	Cash capital increase	None	—
1985.11	10	6,000,000	60,000,000	6,000,000	60,000,000	Cash capital increase	None	—
1986.10	10	12,000,000	120,000,000	10,000,000	100,000,000	Cash capital increase	None	—
1989.04	—	12,000,000	120,000,000	4,000,000	40,000,000	Capital reduction	—	—
1990.03	10	12,000,000	120,000,000	10,000,000	100,000,000	Cash capital increase	None	—
1990.07	10	22,000,000	220,000,000	18,000,000	180,000,000	Cash capital increase	None	—
1992.11	10	50,000,000	500,000,000	30,000,000	300,000,000	Cash capital increase	None	Note 1
1995.03	10	50,000,000	500,000,000	36,000,000	360,000,000	Cash capital increase	None	Note 2
1995.07	—	50,000,000	500,000,000	39,600,000	396,000,000	Capitalization of retained earnings	—	Note 3
1996.07	—	50,000,000	500,000,000	49,990,000	499,900,000	Capitalization of retained earnings and capital surplus	—	Note 4
1997.06	27	100,000,000	1,000,000,000	70,000,000	700,000,000	Cash capital increase	None	Note 5
1997.12	—	100,000,000	1,000,000,000	77,000,000	770,000,000	Capitalization of retained earnings and capital surplus	—	Note 6
1998.08	—	100,000,000	1,000,000,000	84,700,000	847,000,000	Capitalization of capital surplus	—	Note 7
2000.01	10	100,000,000	1,000,000,000	100,000,000	1,000,000,000	Cash capital increase	None	Note 8
2006.11	—	150,000,000	1,500,000,000	106,944,444	1,069,444,440	Conversion of convertible corporate bonds	—	Note 9
2007.12	—	250,000,000	2,500,000,000	117,853,534	1,178,535,340	Conversion of convertible corporate bonds	—	Note 10

2007.12	10	250,000,000	2,500,000,000	197,853,534	1,978,535,340	Private placement of cash capital increase of 80,000,000 shares	None	Note 11
2008.01	10	250,000,000	2,500,000,000	192,853,534	1,928,535,340	Capital reduction of 70,000,000 shares and private placement of cash capital increase of 65,000,000 shares	None	Note 12
2008.09	10	250,000,000	2,500,000,000	30,853,534	308,535,340	Capital reduction of 162,000,000 shares	None	Note 13
2008.10	10	250,000,000	2,500,000,000	47,520,034	475,200,340	Private placement of 16,666,500 shares for capital increase	None	Note 14
2010.03	10	250,000,000	2,500,000,000	64,520,034	645,200,340	Private placement of 17,000,000 preferred shares	—	Note 15
2010.12	10	250,000,000	2,500,000,000	65,960,955	659,609,550	Conversion of convertible corporate bonds privately placed	—	Note 16
2012.09	10	250,000,000	2,500,000,000	80,649,242	806,492,420	Capitalization of retained earnings of 14,688,287 shares	None	Note 17
2013.10	10	250,000,000	2,500,000,000	93,379,090	933,790,900	Capitalization of retained earnings of 12,279,848 shares	None	Note 18
2015.12	10	250,000,000	2,500,000,000	123,379,090	1,233,790,900	Cash capital increase of 30,000,000 shares	None	Note 19
2016.01	10	250,000,000	2,500,000,000	106,379,090	1,063,790,900	17,000,000 shares recovered from capital reduction of special stock	None	Note 20
2020.02	10	250,000,000	2,500,000,000	136,379,090	1,363,790,900	Cash capital increase of 30,000,000 shares	None	Note 21
2021.07	10	300,000,000	3,000,000,000	226,379,090	2,263,790,900	Cash capital increase of 90,000,000 shares	None	Note 22

Note 1: Approved by the Order Letter Tai-Cai-Zheng (1) No. 02740 dated October 23, 1992 (81).

Note 2: Approved by the Order Letter Tai-Cai-Zheng (1) No. 55110 dated February 6, 1995 (84).

Note 3: Approved by the Order Letter Tai-Cai-Zheng (1) No. 38440 dated June 30, 1995 (84).

Note 4: Approved by the Order Letter Tai-Cai-Zheng (1) No. 38922 dated June 19, 1996 (85).

Note 5: Approved by the Order Letter Tai-Cai-Zheng (1) No. 26845 dated April 17, 1997 (86).

Note 6: Approved by the Order Letter Tai-Cai-Zheng (1) No. 70269 dated September 11, 1997 (86).

Note 7: Approved by the Order Letter Tai-Cai-Zheng (1) No. 55852 dated June 25, 1998 (87).

Note 8: Approved by the Order Letter Tai-Cai-Zheng (1) No. 55929 dated August 11, 1999 (88).

Note 9: Convertible corporate bonds privately placed were converted with a face value of NTD 5,000,000 at NTD 0.72 per share.

Note 10: Convertible corporate bonds privately placed were converted with a face value of NTD 12,000,000 at NTD 1.1 per share.

Note 11: Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No. 09601300650 dated December 11, 2007.

Note 12: Capital reduction was approved by the Order Letter Jin-Guan-Zheng-Yi-Zi No. 0960068903 dated December 17, 2007.

Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No. 09701011380 dated January 21, 2008.

Note 13: Capital reduction was approved by the Order Letter Jin-Guan-Zheng-Yi-Zi No. 0970037782 dated August 6, 2008. Change of registration was approved by the Order Letter Fu-Chan-Ye-Shang-Zi No. 09789067310 dated September 16, 2008.

Note 14: Change of registration was approved by the Order Letter Fu-Chan-Ye-Shang-Zi No. 09789898600 dated October 16, 2008.

Note 15: Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No. 09901084310 dated April 27, 2010.

Note 16: Convertible corporate bonds privately placed were converted with a face value of NTD 10,000,000 at NTD 6.94 per share.

The change of registration was approved by Letter Jing-Shou-Shang-Zi No. 10001011360 dated January 25, 2011.

Note 17: Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No. 10101186140 dated September 10, 2012.

Note 18: Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No. 10201209190 dated October 11, 2013.

Note 19: Approved by the Order Letter Jin-Guan-Zheng-Fa-Zi No. 1040040590 dated November 17, 2015. Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No. 10501002000 dated January 11, 2016.

Note 20: Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No. 10501016030 dated February 1, 2016.

Note 21: Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No. 10901029820 dated March 9, 2020.

Note 22: Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No. 11001185950 dated October 12, 2021.

## 2. Type of shares

March 31, 2025

March 31, 2023

Type of shares	Authorized share capital					Remarks
	Outstanding shares			Unissued shares	Total	
	Listed	Non-listed	Total			
Ordinary shares	226,379,090	0	226,379,090	73,620,910 shares	300,000,000 shares	Listed shares

3. General information about the reporting system: None.

## (II) List of major shareholders:

List all shareholders with a stake of 5 percent or greater who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list

Unit: shares

Name of principal shareholder	Shares	Number of shares held	Shareholding ratio
Yao ze Limited		20,564,118	9.08%
Chuang Sheng Investment Co., Ltd.		20,374,118	9.00%
Choice Development, Inc.		17,006,014	7.51%
Chen Chieh Investment Limited		12,168,201	5.38%
Hesheng Investment Co., Ltd.		10,092,556	4.46%
Xiemei Industrial Co., Ltd.		9,977,374	4.41%
Chen, Hui-Yu		6,381,120	2.82%
Ambassador Investment Corp. Ltd.		5,781,850	2.55%
Benz Investment Corp. Ltd.		5,207,066	2.30%
Hsu, Chien-Chen		4,927,182	2.18%

Note: The number of shares held above is based on the number of shares registered on the final date of transfer on March 28, 2025.

**(III) Company dividend policy and implementation thereof:**

1. Company dividend policy (in accordance with the amended Charter):

Article 22: If there is a profit for the current year, the Company shall set aside:

I. 5% as the maximum remuneration to directors/supervisors.

II. 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.

2. Dividend distribution proposed by this shareholders' meeting:

The motion for the Company's 2024 appropriate of profit was approved by the board meeting. As there were accumulated losses, no dividends were distributed.

**(IV) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting:** Not applicable.

**(V) Remuneration to employees, directors and supervisors:**

1. The percentages or ranges of remuneration to employees, directors, and supervisors, as set forth in the Company's Articles of Incorporation: Please refer to (VI) Company dividend policy and implementation thereof.
2. The basis for estimating the amount of employee, director, and supervisor remuneration, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.t and the estimated amount are recorded as profit or loss in the following year.
3. Information on any approval by the board of directors of distribution of remuneration to employees, directors and supervisors and the calculation of earnings per share:
  - (1) Remuneration distribution passed by the Board of Directors: NTD 0 in cash for employees, NTD 0 in stock for employees; NTD 0 in cash for remuneration to

directors and supervisors.

- (2) The ratio of employee stock allocated to net income after tax and the total amount of employees: Not applicable.
- (3) Distribution of remuneration to employees, directors and supervisors and the calculation of earnings per share: Not applicable
- 4. The actual distribution of employee, director, and supervisor remuneration for the previous fiscal year: As there were accumulated losses in 2023, the Company did not need to estimate the amount of remuneration to employees and remuneration to directors and supervisors. Therefore, there was no different from the amount of employee bonus and remuneration to directors and supervisors recognized in the financial statements for 2023.

**(VI) Status of the company repurchasing its own shares:** None.



## II. The Company's handling of corporate bonds:

### (I) Outstanding corporate bonds:

Types of corporate bonds		The first domestic secured corporate bonds in 2020
Date of issuance		January 14, 2021
Face value		NTD 1,000,000
Issuance and trading location		Taiwan
Issue price		Issued at face value
Total value		NTD 1,000,000,000
Interest rate		0.62%
Period		5 years Maturity date: January 14, 2026
Guarantee agency		First Commercial Bank
Trustee		Taishin International Bank
Underwriter		First Securities Inc.
Certified attorney		Chan, Kang-Jung of Chan Kang-Jung Attorneys-at-law
CPA		CPAs of KPMG Taiwan: Chen, Tsung-Che and Chien, Ti-Nuan
Repayment method		Repayment of principal at maturity
Outstanding principal		NTD 1,000,000,000
Terms of redemption or early settlement		None
Restricted terms		None
Name of credit rating institution, the date of the rating, and the credit rating results		Not applicable
Other rights attached	Number of common shares, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) as of the publication date of the annual report	None
	Rules for issuance and conversion (exchange or stock subscription)	<ol style="list-style-type: none"> <li>1. Bond name: The first secured corporate bonds in 2020 by Shihlin Development Company Limited</li> <li>2. Total issue amount: NTD 1 billion.</li> <li>3. Face value: NTD 1 million, issued at full face value</li> <li>4. Issuance period: 5 years.</li> <li>5. Coupon rate: 0.62% per annum fixed rate.</li> <li>6. Interest payment method: The interest is paid annually at the coupon rate of simple interest on the outstanding balance of the issue.</li> <li>7. Repayment method: Repayment of principal at maturity</li> <li>8. Guarantee: Bank guarantee.</li> </ol>
The issuance and conversion, exchange, or subscription rules, possibility of dilution of equity under the terms and conditions of issuance, and effect on shareholder equity		None
Name of the custodian for the exchange of the subject		None
Types of corporate bonds		The first domestic secured corporate bonds in 2021
Date of issuance		January 12, 2022
Face value		NTD 1,000,000
Issuance and trading location		Taiwan

Issue price		Issued at face value
Total value		NTD 1,200,000,000
Interest rate		0.60%
Period		5 years Maturity date: January 12, 2027
Guarantee agency		Hua Nan Commercial Bank Ltd.
Trustee		Taishin International Bank
Underwriter		Hua Nan Securities Co., Ltd.
Certified attorney		Chan, Kang-Jung of Chan Kang-Jung Attorneys-at-law
CPA		CPAs of KPMG Taiwan: Chen, Tsung-Che and Huang, Hsin-Ting
Repayment method		Repayment of principal at maturity
Outstanding principal		NTD 1,200,000,000
Terms of redemption or early settlement		None
Restricted terms		None
Name of credit rating institution, the date of the rating, and the credit rating results		Not applicable
Other rights attached	Number of common shares, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) as of the publication date of the annual report	None
	Rules for issuance and conversion (exchange or stock subscription)	<ol style="list-style-type: none"> <li>1. Bond name: The first secured corporate bonds in 2021 by Shihlin Development Company Limited</li> <li>2. Total issue amount: NTD 1.2 billion.</li> <li>3. Face value: NTD 1 million, issued at full face value</li> <li>4. Issuance period: 5 years.</li> <li>5. Coupon rate: 0.6% per annum fixed rate.</li> <li>6. Interest payment method: The interest is paid annually at the coupon rate of simple interest on the outstanding balance of the issue.</li> <li>7. Repayment method: Repayment of principal at maturity</li> <li>8. Guarantee: Bank guarantee.</li> </ol>
The issuance and conversion, exchange, or subscription rules, possibility of dilution of equity under the terms and conditions of issuance, and effect on shareholder equity		None
Name of the custodian for the exchange of the subject		None

Types of corporate bonds		The first domestic secured corporate bonds in 2024
Date of issuance		August 15, 2024
Face value		NTD 1,000,000
Issuance and trading location		Taiwan
Issue price		Issued at face value
Total value		NTD 600,000,000
Interest rate		2.15%
Period		5 years Maturity date: August 15, 2029
Guarantee agency		First Commercial Bank
Trustee		Taishin International Bank
Underwriter		First Securities Inc.
Certified attorney		Chan, Kang-Jung of Yongheng Attorneys-at-law
CPA		CPAs of KPMG Taiwan: Chen, Tsung-Che and Huang, Hsin-Ting
Repayment method		Repayment of principal at maturity
Outstanding principal		NTD 600,000,000
Terms of redemption or early settlement		None
Restricted terms		None
Name of credit rating institution, the date of the rating, and the credit rating results		Not applicable
Other rights attached	Number of common shares, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) as of the publication date of the annual report	None
	Rules for issuance and conversion (exchange or stock subscription)	<ol style="list-style-type: none"> <li>1. Bond name: The first secured corporate bonds in 2024 by Shihlin Development Company Limited</li> <li>2. Total issue amount: NTD 600 million.</li> <li>3. Face value: NTD 1 million, issued at full face value</li> <li>4. Issuance period: 5 years.</li> <li>5. Coupon rate: 2.15% per annum fixed rate.</li> <li>6. Interest payment method: The interest is paid annually at the coupon rate of simple interest on the outstanding balance of the issue.</li> <li>7. Repayment method: Repayment of principal at maturity</li> <li>8. Guarantee: Bank guarantee.</li> </ol>
The issuance and conversion, exchange, or subscription rules, possibility of dilution of equity under the terms and conditions of issuance, and effect on shareholder equity		None
Name of the custodian for the exchange of the subject		None

**III. Status of preferred shares: None.**

**IV. Overseas depository receipts: None.**

**V. Status of employee stock warrants: None.**

**VI. Status of restricted employee shares: None.**

**VII. Status of mergers and acquisitions and issuing of new shares in connection with any acquisition of shares of another company: None.**

**VIII. Implementation of the capital allocation plans: None**

## Four. Operation Overview

### I. Line of business:

#### (I) Scope of business

1. The Company's major lines of business are: Real estate development, clubs, accommodation, food and drink.
2. Products and business weighting:

Unit: NTD thousand;

Product \ Year	2023		2024	
	Net operating income	Ratio (%)	Net operating income	Ratio (%)
Construction income	0	0	1,918,373	74
Accommodation	366,524	60	421,891	16
Food and drink service	158,247	26	156,655	6
Membership service	65,631	11	68,942	3
Others	18,811	3	25,972	1
Total	609,213	100	2,591,833	100

3. The company's current products (services):
  - (1) Real estate development: Primarily commercial buildings and congregate housing
  - (2) General hotel: Accommodation and food and drink
  - (3) Clubs and restaurants: Chinese food and drink, Western food and drink, and membership services
4. New products (services) planned to be developed:
  - (1) Land development
 

The Greater Taipei is our primary market where we acquire land or work with landowners to construct and develop products related to residential, hotel, and commercial buildings.
  - (2) Construction management
 

Aside from construction management of self-developed or commissioned construction plants for joint construction projects, we also provide owners with construction management services for construction projects of residential or commercial buildings in the market. The scope of our construction management includes civil construction and interior decoration.
  - (3) Promoting green building certification
 

We believe that environmentally friendly "green buildings" are the most effective way to tackle the deterioration of urban built environments. We must build a waste recycling and reuse mechanism as soon as possible to digest building waste year by year as waste reduction slows down environmental impact and load. The implementation policy is to gradually increase the ratio of recycled building material usage for new buildings.
  - (4) Housing experience combined with diversification and design

We integrate current environmental trends, technology preferences and relaxation into hotel software and hardware to create a new generation of design hotel concepts. With added functionality and fun, we build a simple and comfortable space, repositioning ourselves in the market with innovation and creativity. Moreover, using environmentally friendly materials and all-natural products we confirm our commitment to facilitating a healthy and sustainable environment.

(5) New eating and drinking habits

We create new comfortable dining spaces with an open kitchen decorated with local fresh fruits and vegetables, shared tables, an array of collections on shelves, souvenirs, books, plants and ornaments.

**(II) An overview of the industry:**

1. The current status and development of the industry:

(1) Real estate development industry

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.

(2) Tourism industry

According to statistics from the Tourism Bureau, the number of visitors to Taiwan increased from 7.85 million in 2024 to 6.4 million in 2023, a 1.45 million increase in growth, which also accumulated energy for domestic tourism and travel. Taiwan's travel industry, accommodation industry, and tourism and recreation industry have gradually recovered a healthy and orderly tourism environment after the impact of the pandemic.

2. Links between the upstream, midstream, and downstream segments of the industry supply chain:

(1) Real estate development industry

The construction industry's upstream segments consist of land and building materials. Land is supplied primarily through land sales by the National Property Administration, or self-development, brokerage and joint construction. We also re-develop old communities through urban renewal. As natural resources for building material are limited, we not only use natural building materials made with traditional methods, but as technology progresses, we also acquire newly developed building materials that meet the needs of the market. Our downstream segments consist of brokers and agents who have also constructed complete channels alongside the market needs and development, enabling more diversified choices in sales coordination for the construction business.

(2) Tourism industry

For the tourism hotel industry, the main sources of operating revenue are food and beverage, as well as room income. For the food and beverage part, they obtain fresh food, beverages, and general supplies from upstream suppliers, and then provide delicious cuisine to downstream end consumers such as individual travelers or tour groups. For the room part, in order to provide guests with comfortable living spaces, they purchase room-related supplies from upstream manufacturers. Reservations are primarily made through the official website and other third-party websites.

3. Development trends of products:

(1) Real estate development industry

① Building product positioning will be transformed and specific market scales will expand

As the increase in home ownership is a result of matured urban development, the home ownership rate will gradually rise. Coupled with market demand for urban renewal, needs for secondhand houses and home exchange will gradually increase. Currently, market share ratio for first-time buyers, home exchange and investment are approximately 4:4:2. Based on these factors, product positioning of construction companies will be gradually transformed, and large-size and luxury residential specifications and investment projects will be launched following this trend. Furthermore, small- and medium-sized construction companies must consider the future market product positioning and seize the opportunities.

② The green building certification EEWB and related energy-saving building certifications will become important factors that affect housing prices.

At present, Taiwan's Architecture and Building Research Institute has completed the EEWB certification targeting nine indicators: daily energy conservation, biodiversity, greenery, base water conservation, water resources, carbon dioxide reduction, indoor environment, waste reduction, sewage treatment improvement. Moreover, newly built public buildings must obtain an EEWB certification as required by the Public Construction Commission. For general new private buildings, many benchmark builders continue to develop homes with green building design concepts. Additionally, global energy-saving building certification has become an important variable in valuation. As technology has been improved and concepts strengthened, EEWB certification in the future will become a crucial feature affecting house pricing, posing a positive impact.

③ Homes in urban areas will develop towards small homes and large size luxury homes.

In recent years, due to economic pressures and changes in sentiment, social behaviors such as having fewer children, more people staying single, and more single parents began to surface. Coupled with the effect of large gap between the rich and the poor, construction projects launched by builders recently are prone to be small homes or luxury homes. According to the survey data, as the number of single-family households continues to decrease and housing prices continue to rise, first-time home buyers only consider two-bedroom or suite products. Moreover, most home buyers are inclined to prefer areas with convenient transportation and living functions. Taking Greater Taipei as an example, areas around MRT are the most popular among home buyers, where recent builders are more likely to develop. Aside from small homes mentioned above, construction companies continue to launch construction projects over 100 pings (330.5 square meters) to meet the need for luxury homes and the investment of high-end customers. These projects are in prime locations which suggests that the value will be preserved. Also, when planning a construction project, one of priorities is lighting and interior ventilation. When planning a construction project, not only are high-grade building materials used, security protection such as access, strict access control, privacy maintenance and earthquake prevention are required. With the aforementioned specifications specially planned and designed for high end customers, there has been a surge in sales of large luxury homes.

## (2) Tourism industry

### ① Housing experience combined with diversification and design

We integrate current environmental trends, technology preferences and relaxation into hotel software and hardware to create a new generation of design hotel concepts. With added functionality and fun, we build a simple and comfortable space, repositioning ourselves in the market with innovation and creativity. Moreover, using environmentally friendly materials and all-natural products we confirm our commitment to facilitating a healthy and sustainable environment.

### ② New eating and drinking habits

Unlike the glamorous dining style of traditional hotels, the restaurant is designed with an open kitchen adorned with local fresh fruit and vegetables, shared tables, an array of collections on shelves, souvenirs, books, plants and ornaments, creating a comfortable dining space for our guests. Also, with brunch becoming a trend, dining times will no longer be restricted.

## 4. Competition status:

### (1) Real estate development industry

As the real estate market is large with a wide geographical distribution, products tend to differ by location and region. Based on this, the market is not as competitive between companies like other industries. Saying that, competitiveness is more significant between projects within different regions. Coupled with the fact that there are many companies, changes in market share are less important to future operations compared to the sales performance of projects launched by construction companies. Given that most of our projects are launched in the Greater Taipei area, we have a certain market position there.

### (2) Tourism industry

In recent years, many enterprises and groups have entered the tourism industry to make investments in building hotels or renting old real estate and renovating them into affordable hotels to seize the business opportunity of hotel accommodation for tourists visiting Taiwan. In this competitive environment, we make every effort to



strive for accommodation sources through a variety of innovative marketing outlets in order to strengthen the competitiveness of our hotels. Moreover, we introduce new food and drinks on a regular basis in response to customer demand and marketing positioning so as to increase customer rate.

### **(III) An overview of the company's technologies and its research and development work**

Not applicable, as we are in real estate development and our primary business is investment and construction of residential buildings. As required, we cannot engage in construction business and can only contract construction projects planned and developed by builders to qualified construction companies. Given that we are not engaged in the construction of projects but only land development and product planning and design, we are different from the general manufacturing industry and do not have departments set up for R&D.

Not applicable, as the threshold for technology in the catering industry is not high and people's eating pattern is fixed, there is not much change in R&D in terms of product technology in the catering industry. General hospitality entities mostly develop towards the direction of refining the design of products and providing quality service. As marketing strategies are different, there are no departments set up for R&D.

### **(IV) Long- and short-term business development plans:**

1. Short-term business development plans:
  - (1) Taipei city is regarded as our development focus and we develop in areas near to MRT stations, with green space and excellent schools with robust living facilities. At the same time, we also develop urban renewal projects.
  - (2) We invest in the construction of residential buildings with pragmatic development strategies and strive for the added value of products to create quality residential spaces.
  - (3) Through our budgeting system, audits and strict control of costs, revenue and expenditures, we gradually increase the ratio of our own funds to ensure the robust financial structure of our operating base.
  - (4) Meanwhile, we reinforce employee education and training, improve employee quality and their professional standards, promote employee benefits and provide a sound workplace so that employees are able to release their potential and expertise, improving the Company's operating performance.
2. Long-term business development plans:
  - (1) To expand our business and spread business risks while thoroughly grasping construction quality, and effectively controlling construction progress, we plan to vertically integrate upstream, midstream and downstream segments covering plumbing and electricals, building materials, decoration industries as well as real estate agents. By adopting diverse management strategies, we hope to reduce operating costs, ensure profitability and provide more comprehensive services to consumers.
  - (2) Additionally, we work toward the development of prime locations in metropolitan areas with development potential, and are gradually developing into diverse professional fields, such as construction and management of commercial buildings, business hotels and high-end residential buildings.
  - (3) We adopt flexible product planning strategies. Depending on market needs and areas,

we plan and design refined and human-centered high-quality products. We also provide customers with comprehensive after-sales services, aiming to build a positive brand image and company reputation, further increasing trust in the Company to enhance future sales.

## II. An analysis of the market as well as the production and marketing situation:

### (I) Market analysis:

1. Geographical areas where the main products (services) of the company are provided (supplied): The Company's products are commercial buildings and congregate housing, accommodation and hospitality and membership services. Our products are 100% sold domestically.

2. Market share:

#### (1) Real estate development industry

As the real estate market is large with a wide geographical distribution, products tend to differ by location and region. Based on this, the market is not as competitive between companies like other industries. Saying that, competitiveness is more significant between projects within different regions. Coupled with the fact that there are many companies, changes in market share are less important to future operations compared to the sales performance of projects launched by construction companies. Given that most of our projects are launched in the Greater Taipei area, we have a certain market position there.

#### (2) General hotel industry

In recent years, many enterprises and industry groups have entered the tourism market in order to make investments in the construction of hotels or renting old real estate for renovation. Turning them into affordable properties and seizing business opportunity in hotel accommodation for tourists visiting Taiwan. Under this competitive environment, we make an utmost effort to strive for accommodation sources through a variety of innovative marketing outlets in order to strengthen the competitiveness of our hotels. The Company's market share for revenue from general hotels is analyzed as follows:

Unit: NTD thousand		
Item/year	2024	2023
Shihlin Development's guest room revenue	421,891	366,524
General hotel industry's accommodation revenue	27,095,351	27,276,507
Market share	1.56%	1.34%

Source: The Tourism Bureau, M.O.T.C. and the Company's annual audited financial reports.

According to statistics from the Tourism Bureau, the number of visitors to Taiwan increased from 7.85 million in 2024 to 6.4 million in 2023, a 1.45 million increase in growth, which also accumulated energy for domestic tourism and travel. Taiwan's travel industry, accommodation industry, and tourism and recreation industry have gradually recovered a healthy and orderly tourism environment after the impact of the pandemic.

#### (3) Hospitality industry

According to information from the Department of Statistics, MOEA, the total turnover of Taiwan's restaurant industry has shown a steady increase in recent years. However, as there are many restaurants in Taiwan, user consumption preferences and novelty are prone to change quickly. As a result, the Company must still make effort to increase the brand awareness and quality to attract consumers to reach a certain market share.

Unit: NTD thousand

Year	2024	2023
Shihlin Development's food and drink revenue (NTD thousand)	156,655	158,247
Restaurant turnover in Taiwan (NTD billion)	26,976,223	25,695,325
Market share	0.58%	0.62%

Source: The Department of Statistics, MOEA and the Company's annual audited financial reports.

3. Demand and supply conditions for the market in the future, and the market's growth potential:

(1) Supply:

A. Real estate development industry

At present, land acquisition is becoming increasingly difficult and costs for construction materials are rising. Builders with a good company constitution adopt a prudent approach so that financial operations are managed in a careful manner to reduce management costs and risks. Therefore, the supply for the future housing market is expected to increase slightly along with economic growth.

B. General hotel and hospitality industries

As the number of tourists continue to increase, most industries are optimistic about the future of the hospitality and hotel industries. Not only are non-industry manufacturers proactively seizing business opportunities, manufacturers in these industries also continue to develop towards the trend of multiple brands and form as groups. This shows that competition in this industry continues to intensify.

(2) Demand:

A. Real estate development industry

The demand for self-occupied housing and commercial real estate continues to increase, driving the demand of high-quality residential buildings and office buildings and boosting the willingness for builders to launch more construction projects. In the medium and long term, the demand in the Greater Taipei area for real estate is expected to outstrip supply.

B. General hotel and hospitality industries

As times change, the power of social media and media exposure cannot be underestimated. Food and drink that are innovative can attract the attention of the younger generation. With more tourists visiting Taiwan, the outlook for development within our industry is looking promising in terms of creating a robust tourism economy, hotel accommodations, and food and drink.

(3) The market's growth potential:

A. Real estate development industry

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

B. General hotel and hospitality industries

Although these industries have been affected by the global economic crisis, we are confident that Taiwan's economy will drive Taiwanese to want to travel and spend. Industry turnover growth rate is projected to increase 0–2%.

4. Competitive niche:

- (1) Development of quality land – Lay the Company's foundation for stable growth with pragmatic land development strategy.
- (2) Planning of product attributes – We plan appropriate, reasonable, convenient and comfortable spaces with a human-centered approach.
- (3) Strict construction management – Strictly monitor and control construction quality, continue to research new methods and technologies, and effectively grasp construction deadline.
- (4) Comprehensive after-sales service – Take the initiative and maintain positive interaction with customers and provide satisfactory after-sales service at all times.
- (5) Professional management team – At Shihlin Development, we have an outstanding professional management team with extensive experience and excellent technological capabilities. Moreover, the leaders of each business group possess invaluable industrial experience as well as professional technological competence. As a result, regardless of market consolidation or business expansion, we have a certain competitive advantage.

5. Positive and negative factors for future development, and the company's response to such factors

(1) Positive factors:

A. Real estate development industry

a. Impact of external competition

As the real estate industry has strong regional characteristics, the competition in the industry is not as significant as other general industries; competition is mainly played out between projects in the same area. In recent years, as the acquisition of quality land in the Greater Taipei area has become increasing difficult, builders must improve product planning and their development capabilities while emphasizing market segmentation. This helps maintain profitability and increase competitiveness.

b. Impact of regulatory requirements

According to the guidelines of the government's construction policy regarding the "Comprehensive Territorial Development Planning" for its territorial and regional plan, the policy development direction for future housing includes a steady supply of suitably located and reasonably priced residential land on which to build affordable housing. By providing reasonably priced housing, housing problems of low- and middle-income families can be solved. At the same time, high-standard living space will be created in conjunction with increased living needs driven by raised incomes. Furthermore, incentives will be provided for private participation in urban renewal and the development and construction of new communities, providing high-standard residential communities and living environment. This will improve the housing market mechanism while promoting reasonable housing price, posing positive impact on the market development.

c. Impact of the overall business environment

Due the impact on the overall economic rebound, increasing open policies between Taiwan and China and international inflationary pressure, value-preserved assets are highly favored. The supply of land is bound to increase as a result of the conservative state-owned land sales policy.

Therefore, the real estate boom in the Greater Taipei area should show stable growth.

B. General hotel industry

- a. Consumers are placing importance on travel as their available leisure time has increased

The tourism industry in Taiwan has developed rapidly in the past two decades thanks to a significant increase in wages and reduction of working hours. With high importance now attached to leisure time and tourism quality, the people in Taiwan have guaranteed the demand and future development of the tourism industry. In addition, with many new management concepts launched within the international tourism industry, together with new models of refined management, innovative ideas are constantly introduced, posing an important impact on the life and leisure needs of the people. Since the government implemented the two-day weekend system, how to properly plan weekends has become a focus of many people, indirectly simulating the domestic tourism market.

- b. Stable income growth by National

The prosperity of a social economy promotes the boom of business and industry, accelerating the pace of people's life. Due to busy business and international meetings required to share new knowledge, all companies organize a variety of training to motivate their employees. The increase in income allows people to pursue leisure and recreation while meeting daily needs, making leisure travel a part of modern life, relieving stress from work and daily life.

- c. The government's recent proactive approach on developing Taiwan's tourism resources

The government's policy in recent years has positioned "tourism" as a leading service industry for Taiwan's economic development. At the same time, "tourism" was also listed as one of the six major emerging industries to be promoted, hoping that the industry will continue to drive the growth of Taiwan's overall economy and create more job opportunities. Meanwhile, with the competitiveness between companies in the industry becoming more intense as well as the increase in operating costs, operators are inclined to meet customer preferences by combining the tourism industry and food industry to increase the income generated by food and drink in hotels.

C. Hospitality industry

- a. Change in eating habits resulting in more people eating out, increasing market size

In recent years, Taiwan's economic structure and lifestyle of its people have changed and the proportion of single people and couples with dual income and no children continues to increase, resulting in the likelihood of them eating out in restaurants. With work hours and pace of life increasing, the frequency of people making meals at home has reduced. Consequently, the proportion of people eating out has increased, further boosting the consumption demand of the catering industry, injecting its growth momentum.

- b. Changes in dining habits

Taiwan's food culture has evolved from "eating to survive" in the early days to "pursuing delicious food." With the improvements in the overall economy, incomes have increased and dining habits have evolved to "high value refinements."

(2) Negative factors and the company's response:

A. Real estate development industry

a. Difficulties in acquiring land

As there is limited land in Taiwan and with the population naturally growing, land available for building houses is decreasing. Based on the fact that land supply does not meet the demand, costs for the acquisition of land will gradually increase.

The company's response to such factors:

Greater Taipei has always been the Company's first choice when launching construction projects, thanks to its dense population, well-developed public construction and transportation as well as being Taiwan's administrative and economic center with excellent industrial and commercial development. At Shihlin, we adhere to honest management by acquiring, analyzing and studying real estate market information. After careful evaluation, we plan and develop the most suitable projects to precisely execute the construction planning and cost control in order to build quality development projects.

b. Continuous increase of building and labor costs

With increasing raw materials and transportation costs, building costs continue to rise, leading to a high rise in housing prices. The large number of building projects initiated in emerging markets has also contributed to the rise in consumption of raw materials, putting a greater impact on the global market. At present, the shortage of labor and professional workers still exists and is impossible to be addressed in the near future. It has posed a number of negative factors to the real estate as a whole.

The company's response to such factors:

To cope with the constant increase of costs in the future, we will reinforce land development and product planning in order to increase the added value of our products. Meanwhile, we will also improve operating procedures, strengthen internal management and shorten construction period to help reduce the impact from rising costs.

B. General hotel industry

a. The tourism industry has peak and off-peak seasons, which is not conducive to investment and operations within the industry

Most tourist destinations have peak and off-peak seasons or even peak and off-peak days. To negate this, we take into full account factors such as hotel occupancy rates, number of rooms, off-peak and peak seasons, traffic, and weather and plan a flexible price adjustment system to accommodate the differences in off-peak and peak seasons. By balancing demand and supply, and without affecting the customer service quality, we are able to balance overall revenue.

The company's response to such factors:

(I) Adopt promotional strategies and develop demand for off-peak periods to increase customer base.

(II) Add ancillary services to shorten customer waiting time.

(III) Build a friendly reservation system to put production capacity into full use.

(IV) Cross-industry alliance promotion.

b. International hotel chain expansion in Taiwan, increasing the supply of hotel rooms

Benefiting from various tourism policies initiated by the government, the number of tourists visiting Taiwan has continued to hit record highs in recent years, further driving the growth in tourism hotels. According to the Tourism Bureau, M.O.T.C, the number of general hotels has been growing year by year. Consequently, the hotel occupancy rate for general hotels in Taiwan is only approximately 50% and the annual growth rate of foreign visitors and domestic visitors is estimated at 15%, showing an excess supply. Unless the future occupancy rate can keep up with hotel room supply, room demand will not grow as fast as supply under the current plan.

The company's response to such factors:

Maintaining our existing stable customer base is our priority. We provide quality service to enhance satisfaction in our existing customer base. At the same time, we expand new operating locations to meet the needs of different customer by providing even more comprehensive facilities and services to further strengthen customer's recognition and trust for the Company. Meanwhile, we will continue to shape our brand image and reputation through various marketing strategies and increase customer return rate. By doing this, we will stabilize customer base and reduce market risk, while adhering to the objective of sustainable management and maximizing customer satisfaction.

C. Catering industry

a. Rising consumer food safety awareness

With major food safety incidents such as the recent tainted starch and gutter oil, food safety issues have become a focus of concerned for consumers. At the same time, in light of the cancer statistics published each year and the fact that there are more young cancer patients, people have begun to emphasize the importance of food hygiene and health, leading to increased food safety awareness. As a result, the main consideration for food is no longer low price, but food safety.

The company's response to such factors:

With increased food safety awareness, quality and hygiene have become the primary factor for customers' consumption. Consequently, we demand our primary food suppliers to provide an inspection report made by external inspection agencies or FDA food import permits or other qualified inspection certificates at least once a year to strictly control food safety and quality. We are a highly regarded company for our strict, safe and quality services, and our orientation towards food safety awareness and health reflect positively on the Company.

b. High hospitality personnel turnover leads to difficult cultivation

Catering industry is both a labor-intensive and a people-oriented service industry. Although a number of operators are able to replace manpower with automation equipment, to be able provide food customer service, smooth operating procedures and service quality, a large number of personnel is essential. However, business hours in the catering industry are usually long and irregular, with peaks at night, on weekends or holidays. As a consequence, service personnel must make shift and vacation arrangements, with unorthodox working hours and holidays, service personnel are less willing to stay long periods in the same job. In addition, personnel recruitment is difficult as working under busy and hot conditions also make job seekers less willing to take on these jobs. Therefore, high labor demand and high turnover rates have become a burden for restaurant operators.

The company's response to such factors:

The Company has established inclusive training courses, arranging internal and external education and training to develop the professional capabilities and core competencies of employees. Through the setting up of a functional qualification system, we have created a systematic and transparent promotional channel. Consequently, by following this system, employees can be fast-tracked for promotion or see their roles upgraded, building a sense of accomplishment in their careers. Through the above measures, we continue to improve the promotion channel and motivate the work performance of employees, aiming to retain talent and reduce personnel turnover.

**(II) Usage and manufacturing processes for the company's main products:**

1. Real estate development industry

(1) Usage for the Company's main products: Construction of residential housing, commercial buildings, and their rental or sale operations.

(2) Manufacturing processes

“Market Research” → “Land Development” → “Planning & Design” → “Marketing Planning” → “Construction Work” → “Completion of Work & Delivery” → “After-sales Service”

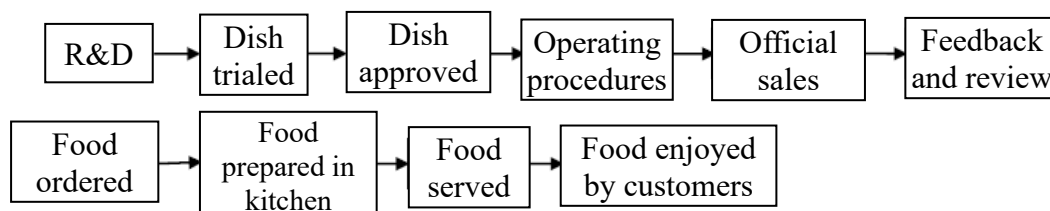
2. General hotel industry

Our main products are guest room rentals, catering and providing meeting venues. Our objective is to maximize customer satisfaction.

3. Hospitality industry

(1) Usage for the Company's main products: The Company provides customers with a comfortable dining environment and high quality service where consumers can enjoy safe, fresh and delicious foods.

(2) Manufacturing processes



**(III) Supply status for the company's major raw materials:**

1. Real estate development industry

Major raw materials	Supply status
Land	The Company retains land development professionals and has well established development channels through which to locate suitable land, as well as using land agents and various other channels. By taking these approaches, we buy land for our own or joint constructions with landowners, and there is no shortage of land supply.
Construction project	Construction projects are contracted by the Company through tender to effectively grasp progress and quality.
Building materials	Construction materials are carefully selected from quality foreign and domestic suppliers. Most of our major bulk building materials are supplied by companies listed on TSEC or TPEx, ensuring a stable source and quality of supply.



2. General hotel industry

The Company's hotel management is based on leasing guest rooms and providing food and drink. The main raw materials for our food and beverage services are customer supplies and fresh ingredients, of which there is a stably supply.

3. Hospitality industry

Main raw materials include seafood, rice, noodles, fruits, vegetables and drinks. We maintain a longstanding business relationship with vendors who currently supply our main raw materials. Our supply chain is stable and there is no shortage or supply discontinuity of materials.

(IV) A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount and proportion in either of the two most recent fiscal years:

1. Information on major suppliers in the most recent two fiscal years:

Unit: NTD thousand

	2023				2024				As of the previous quarter of 2025 (Note 2)			
Item	Name	Amount	Ratio to net annual purchase (%)	Relation to the issuer	Name	Amount	Ratio to net annual purchase (%)	Relation to the issuer	Name	Amount	Ratio to net procurement in current year to the end of the previous quarter (%)	Relation to the issuer
1	Company D	220,636	14	None	Company D	469,947	25	None	Company D	122,870	44	None
2	Company E	252,265	16	None	Company F	191,346	10	None	-	-	-	-
3	Company F	177,597	11	None	Company A	339,771	18	None	-	-	-	-
4	Company A	340,000	21	None	-	-	-	-	-	-	-	-
	Others	634,425	38	None	Others	860,073	47	None	Others	156,959	56	None
	Net purchase	1,624,923	100	-	Net purchase	1,861,137	100	-	Net purchase	279,829	100	-

Note 1: A list of any suppliers accounting for 10 percent or more of the company's total procurement amount and proportion in either of the two most recent fiscal years. Where the company is prohibited by contract from revealing the name of a supplier, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: As of the publication date of this annual report, the financial information for the first quarter of 2025 has not been audited or reviewed by CPAs.

Note 3: D –F are the suppliers of construction projects.

2. Information on major sales customers in the most recent two fiscal years:

Unit: NTD thousand

	2023				2024				As of the previous quarter of 2025 (Note 2)			
Item	Name	Amount	Ratio to annual net sales (%)	Relation to the issuer	Name	Amount	Ratio to annual net sales (%)	Relation to the issuer	Name	Amount	Ratio to net sales in current year to the end of the previous quarter (%)	Relation to the issuer
-	-	-	-	-	-	-	-	-	Customer A	50,798	21	None
-	-	-	-	-	-	-	-	-	Others	188,112	79	None
(Note 3)	Net sales	609,213	100	-	Net sales	2,591,833	100	-	Net sales	238,910	100	-

Note 1: A list of any clients accounting for 10 percent or more of the company's total sales amount and proportion in either of the two most recent fiscal years. Where the company is prohibited by contract from revealing the name of a client, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: As of the publication date of this annual report, the financial information for the first quarter of 2025 has not been audited or reviewed by CPAs.

Note 3: The increase in sales value in 2024 from 2023 is mainly due to the completion of construction projects in 2024, which was transferred to revenue.

Note 4: Due to the fact that the sales locations were transferred to revenue in Q1 2025, customer A was an individual.

Note 5: Due to the nature of the industry, the Company's sales targets are mainly different individuals, so there is no customer accounting for more than 10% in the last two years.

**III. The number of employees employed for the two most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels: (based on the combined number of employees)**

March 31, 2025

Year		2023	2024	Current year as of March 31, 2025
Number of employees	Direct personnel	155	184	171
	Indirect personnel	107	116	112
	Total	262	300	283
Average age		40	40.5	41.3
Average years of service		4.3	5.3	5.9
Education levels (%)	Doctor	—	—	—
	Master	5%	5%	5%
	College	76%	75%	74%
	High school	17%	18%	19%
	Below high school	2%	2%	2%

Note: Information on the current year as of the publication date of the annual report shall be fill in.

**IV. Information on environmental protection expenditures:**

- (I) According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made: Not applicable.
- (II) Set forth the company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced: Not applicable.
- (III) Describe the process undertaken by the company on environmental pollution improvement in the most recent two fiscal years and up to the publication date of the annual report. If there had been any pollution dispute, its handling process shall also be described: None. The construction projects of the Company's investments are contracted by construction companies. Environmental maintenance issues in the process of construction production are overseen by the construction company. However, the Company adheres to the concept of "it is everyone's responsibility to protect the environment," and strictly requires contractors to protect the environment when carrying out construction. Therefore, there has been no occurrence of any pollution dispute for the most recent two fiscal years and up to the publication date of the annual report.
- (IV) Describe any losses suffered by the company in the most recent two fiscal years and up to the prospectus publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations

found in environmental protection inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

- (V) Explain the current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming two fiscal years: As there have been no occurrence of environmental pollution issues in the production process of construction projects, in addition to normal environmental expenditures for waste removal, it is expected that there are no significant environmental expenditures in the coming year.

## V. Labor relations:

- (I) **Setting forth all employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees:**

### 1. Employee benefit measures:

The Employee Welfare Committee was established in Shilin Development Co., Ltd. It is well rounded and excellent in employee welfare. Therefore, it was awarded the Happy Enterprise Award in 2019. Setting forth all employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees:

Bonuses/gifts	<ul style="list-style-type: none"> <li>● Festival bonuses (Mid-Autumn Festival, Dragon Boat Festival, Mid-autumn Festival Festival), employee performance appraisal bonuses (project bonuses) and employee remuneration (paid according to the Company's profitability)</li> <li>● Dragon Boat Festival vouchers, Labor Day vouchers, and birthday vouchers</li> <li>● Scholarships for children of trade union, and childbirth gifts for employees</li> <li>● Employee wedding subsidy, childbirth subsidy, funeral subsidy, and travel subsidy (depending on the Company's revenue)</li> </ul>
Activities	<ul style="list-style-type: none"> <li>● Year-end banquet or spring party and lottery draws</li> <li>● Birthday (quarterly)</li> <li>● Organize employee networking activities from time to time to promote employee friendships</li> <li>● Employee outdoor activities</li> </ul>
Insurance	insurance (labor/health/group insurance/labor retirement)
System type	Flexible working hours, employee training subsidies, comprehensive education and training
Health Care	<ul style="list-style-type: none"> <li>● Annual employee health checkup</li> <li>● Employees over 45 years old are provided with one annual health examination subsidy for every three years</li> </ul>
Others	<ul style="list-style-type: none"> <li>● Uniforms are provided to employees at the site, the customer service department, and the development department.</li> <li>● Free books are provided to employees for reading.</li> </ul>

Shilin Development values the physical and mental health of all employees. Regular tracking of employee health status provides the basis for self-health management and creates a safe and worry-free working environment. The Company provides comprehensive health checkups that are better than the statutory standards every year. Employees who have served for one year and are over 45 years old (inclusive) are provided with one high-level health checkup every three years. This is a common problem for modern people, such as hypercholesterolemia or coronary heart

disease. High-level checkups can achieve the prevention and treatment effect.

<b>Total number and cost of employee health checkup</b>	
<b>General health examination</b>	
<b>Checklist</b>	1. Assessment of medical history, lifestyle habits, and self-reported symptoms. 2. Physical examination including height, weight, waist circumference, vision, color vision, hearing, blood pressure, and general systemic evaluation. 3. Chest X-ray (standard large film). 4. Urinalysis. 5. Hemoglobin and white blood cell count tests. 6. Blood tests for glucose and lipid profile (including total cholesterol, triglycerides, high-density lipoprotein [HDL], and low-density lipoprotein [LDL]). 7. Electrocardiogram (ECG). 8. Fecal occult blood test. 9. Pap smear (for female participants). 10. Other examinations as designated by the central competent authority.
<b>Number of examinees (persons)</b>	13
<b>Examination cost (NTD Thousand)</b>	26
<b>Special health examination</b>	
<b>Checklist</b>	High-level physical examination, blood examination, imaging examination, and heart examination
<b>Number of examinees (persons)</b>	5
<b>Examination cost (NTD Thousand)</b>	75
Remarks: 1. Special Health Examination: Employees who have served for more than one year and are aged 45 or above (inclusive) are eligible for a subsidized health examination once every three years. The examination items may be selected by the employee.	

2. Continuing education and training: In 2024, the Company arranged a total of 8 education and training courses.

Date	Name of course	Hours of courses
2024.02.29	Practical Writing: Key Points for Drafting Official Memos and Letters (Lecturer: Kuo, Tsung-Fu, Senior Manager, Legal Affairs Office)	1.5 hours
2024.03.28	Sustainable Tools for the Development and Construction Industry: Building Energy Rating System (BERS) and Low-Emission Building Rating (LEBR) System (Lecturer: Chen, Yi-Lun, Consultant, Taiwan Green Building Design Consulting Co., Ltd.)	1.5 hours
2024.04.12	Design and Construction Considerations for Deep Foundation Excavation in Urban Areas (Lecturer: Ho, Shu-Gen, Chief Engineer, SINO Geotechnology, INC.)	2 hours
2024.07.05	Relax and Sleep Well (Lecturer: Chang, Chun-Chi, Psychotherapist, Taipei Veterans General Hospital, Hsinchu Branch)	1.5 hours
2024.08.29	Adventure Through Peru: A Journey Through the Lens (Lecturer: Lin, Hsin-Cheng, President)	2.5 hours
2024.09.26	Architectural Insights and Reflections from Southern Taiwan (Lecturer: Lin, Chi-Chin, Architect)	1.5 hours
2024.10.25	Education and training for new employees (Lecturers: President, Administration Department, Audit Department, Accounting Department)	1.5 hours
2024.12.06	Take Better Photos! Complete Guide to Mobile Photography Skills (Speaker: Longs, Photographer / Digital Creator)	1.5 hours

3. Retirement system:

There are employee retirement provisions stipulated in the Company's Work Rules. These provisions are formulated in accordance with the Labor Pension Act. The years of service are carried out under the defined allocation system, and the Company contributes not less than 6% of the employee's monthly wage to their personal retirement account. At present, no retirement has been applied.

4. Status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees:

The Company holds labor-management meetings according to the provisions stipulated in the Labor Standards Act. Appointed labor-management meeting representatives also adhere to the spirit of coordination and cooperation to strengthen labor-management relations to protect the rights and interests of labors. The communication channel between labor and management is smooth and the relationship is harmonious.

**(II) Describe any losses suffered by the company up to the prospectus publication date due to labor disputes, and disclose an estimate of possible expenses that could be incurred currently and, in the future, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:**

In the most recent year, the Company did not suffer any losses due to labor disputes, and there are no potential factors for labor disputes. It is expected that, with the Company's ongoing effort to facilitate and implement various employee benefit measures, there should not be any losses due to labor disputes.

## **VI. Cyber security management:**

### **(I) The Company's cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management**

#### **1. Cyber security risk management framework**

The Administration Department of the Company is temporarily responsible for information security management related affairs.

#### **2. Cyber security policies**

- (1) The company conducts information security and personal data protection education and training and activities on an irregular basis.
- (2) Outsourcing vendors need to sign a non-disclosure agreement to ensure that those who use the Company's information services to provide information services or perform related information business have the responsibility and obligation to protect the Company's information assets that they acquire or use, thereby protection information from unauthorized access, modification, destruction, or improper disclosure.
- (3) Proper backup and disaster recovery have been built for important information systems or equipment
- (4) Antivirus software is installed on all PCs with virus pattern being checked on a regular basis, and any use of unauthorized software is prohibited.
- (5) The employees are required to take responsibility for properly keeping and using their account ID, password, and permissions and changing their password regularly.

#### **3. Cyber security management**

The Company has established an information security management policy to ensure the confidentiality, integrity, and availability of its internal information systems and data. These measures are designed to protect the Company from various security threats and cyberattacks, maintain business continuity, and uphold customer trust. Through the continuous refinement and enhancement of information security measures, the Company ensures stable operations even in the face of potential threats, instilling full confidence in employees and customers regarding its information security practices. The relevant preventive measures are as follows:

- (1) The Company has implemented an information storage and off-site backup plan to ensure that critical data and information can be swiftly recovered and business continuity maintained in the event of catastrophic events (such as fire, flooding, or cyberattacks). Backup data centers are located in different geographic regions to reduce the risk of simultaneous impact on both primary and backup sites. Daily scheduled backups are performed to automatically transfer critical data to the off-site data center after business hours. Regular checks are conducted on backup files to verify their integrity and availability, ensuring the usability of backup data.
- (2) The Company's server room is located within its dedicated facility in the building and is configured and managed in accordance with international standards to ensure the security and stability of hardware and data.
- (3) Access Control: All employees are required to use unique user accounts and passwords for identity verification. Strict controls are enforced on visitor access to Company systems. Unauthorized visitors are prohibited from accessing any sensitive information or systems, safeguarding Company data security.
- (4) Software and Hardware Control & Data Protection: The use of unauthorized software is strictly prohibited. Important data is regularly backed up, and periodic recovery drills are conducted to ensure data can be restored effectively in the event



of an emergency.

- (5) Network Security Measures are implemented to prevent unauthorized network access and cyberattacks, including the installation and configuration of firewalls and anti-virus software. Virus definitions and security patches are updated promptly to ensure ongoing protection.
- (6) Employee Training: Information security awareness is promoted through internal communication channels and announcements, enhancing all employees' understanding and vigilance regarding cybersecurity.
- (7) Emergency Response: Employees are required to promptly report any information security incidents. The Management Department will respond quickly and effectively to manage and mitigate the impact of information security events.
- (8) Continuous Improvement: The Company is committed to continuously improving and optimizing its information security management system.

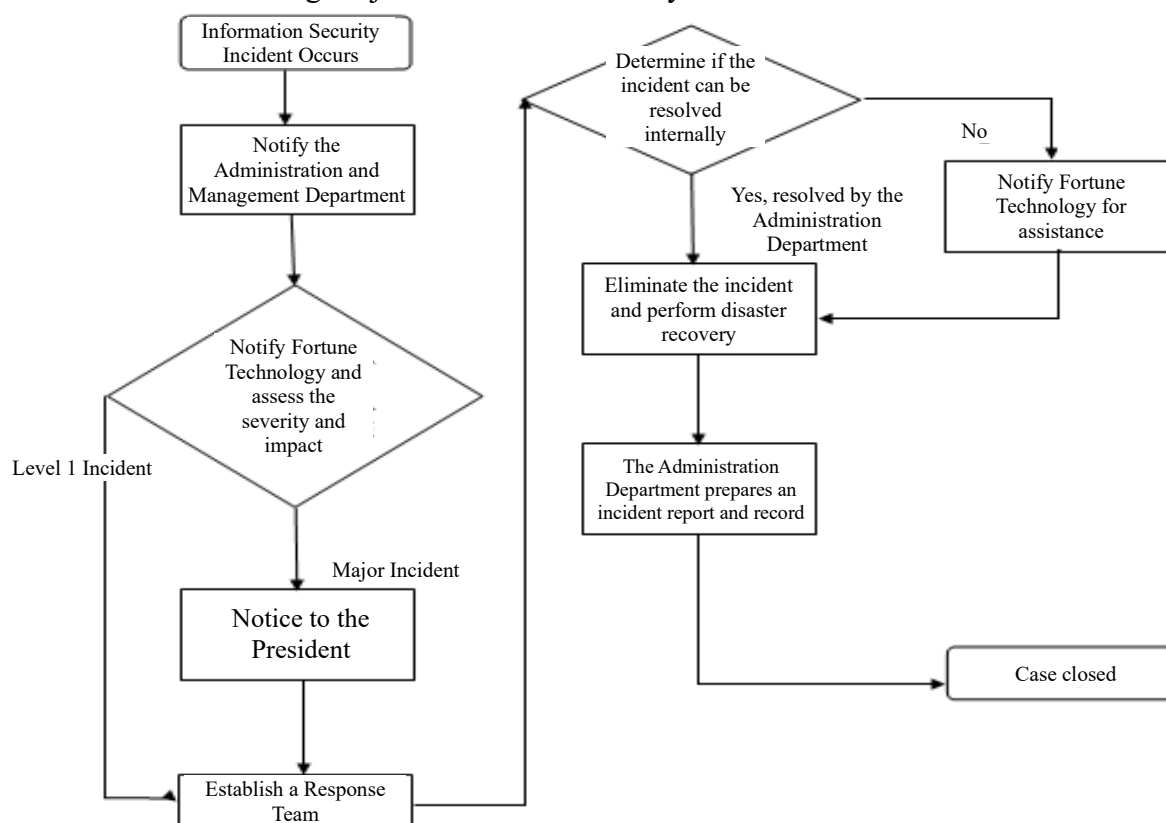
Through these regulations and initiatives, the Company aims to establish a robust information security framework, safeguard its information assets, and ensure the stable operation of its business.

Information Security Goals
<ul style="list-style-type: none"> <li>● Enhance Employee Information Security Awareness: Conduct information security seminars, drills, and awareness campaigns on an ongoing basis to raise employees' vigilance against potential security threats.</li> <li>● Strengthen Infrastructure Security: Implement a strict password policy requiring the use of strong passwords and regular mandatory updates.</li> <li>● Data Protection: Establish and maintain an off-site backup system, and regularly test data backup and disaster recovery plans to ensure rapid restoration of data in the event of loss or cyberattack.</li> <li>● Internal Network Security Assessment: Implement network segmentation and isolation to separate internal network operations from general network activities, thereby reducing potential attack surfaces.</li> <li>● Establish an Information Security Management System: Continuously improve information security policies and procedures to ensure compliance with the latest regulations and standards.</li> <li>● Promote an Information Security Culture: Conduct regular information security training programs to strengthen employees' security awareness and incident response capabilities.</li> </ul>

Information security management training and training courses:

Position	Name of course	Training unit	Training hours
Specialist, Administration Department (Information Security Personnel)	ISF Basic Information Security Course	UCOM Education and Training Center	7 hours
	ISO/IEC 27001:2022 Information Security Management System Core Concepts and Clause Interpretation Training Course	UCOM Education and Training Center (SGS)	16 hours

## Procedures for Handling Major Information Security Incidents:



To ensure the security of customer information, we strictly adhere to the policies of the “Personal Data Protection Act.” We treat customers’ relevant information as confidential documents, and in the pre-sale contract, we include a consent form for the collection, processing, and utilization of personal data, as well as a confidentiality clause.

If other departments of the Company need customers’ telephone numbers, we first obtain the customers’ consent before providing them. If anyone other than the customers themselves (such as designers) requests information about purchased properties, we first obtain the customers’ consent before providing it. In 2024, Shihlin Development did not have any information leakage, theft, or infringement/loss of customer information.

- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.**

## VII. Important Contact:

Nature of contract	Parties involved	Contract start/end date	Main details	Restricted terms
Appointment guarantee contract	First Commercial Bank	2024.1.14-2026.1.14	The first secured corporate bonds in 2020 were issued for NTD 1 billion, and the First Commercial Bank was entrusted as the guarantor. The guarantee scope is the principal amount of all accrued interest based on the coupon rate of the bonds and the issuance period.	None
Appointment guarantee contract	Hua Nan Commercial Bank Ltd.	2022.1.12-2027.1.12	The first secured corporate bonds in 2021 were issued for NTD 1.2 billion, and Hua Nan Commercial Bank Ltd. was entrusted as the guarantor. The guaranteed scope includes the principal amount and all accrued interests calculated based on the coupon rate of the corporate bonds and the issuance period.	None
Appointment guarantee contract	First Commercial Bank	2024.08.15-2028.08.15	The first secured corporate bonds in 2024 were issued for NTD 600 million, and the First Commercial Bank was entrusted as the guarantor. The guaranteed scope is the principal amount of all accrued interest based on the coupon rate of the bonds and the issuance period.	None

## Five. Review and analysis of financial status and operating results and risks

### I. Financial status:

Unit: NTD thousand

Year \ Item	2024	2023	Difference	
			Amount	(%)
Current assets	7,962,703	7,947,077	15,626	0.20
Financial assets	75,797	93,681	(17,884)	(19.09)
Investments accounted for using the equity method	17,301	22,173	(4,872)	(21.97)
Property, plant and equipment	317,856	358,676	(40,820)	(11.38)
Intangible assets	612	811	(199)	(24.54)
Other assets	1,352,469	1,360,203	(7,734)	(0.57)
Total assets	9,726,738	9,782,621	(55,883)	(0.57)
Current liabilities	4,437,935	5,162,371	(724,436)	(14.03)
Non-current liabilities	3,665,699	3,166,709	498,990	15.76
Total liabilities	8,103,634	8,329,080	(225,446)	(2.71)
Equity attributable to owners of the parent company	1,526,398	1,366,352	160,046	11.71
Share capital	2,263,791	2,263,791	0	0.00
Capital surplus	17,484	17,484	0	0.00
Retained earnings	(553,298)	(710,645)	157,347	22.14
Other equity interest	(201,579)	(204,278)	2,699	1.32
Non-controlling interests	96,706	87,189	9,517	10.92
Total equity	1,623,104	1,453,541	169,563	11.67

Main reasons for the significant change in assets, liabilities and equity in the most recent two fiscal years: (change ratio reaching 20% or more and changes amounting to NTD 10 million), their effects and future plans:

1. Increase in retained earnings: Mainly due to the completion of construction projects and the transfer of profits in the current period.

## II. Operating Results:

### (I) Comparative analysis of operating results:

Unit: NTD thousand

Year \ Item	2024	2023	Increase or decrease amount	Change ratio
				(%)
Operating revenue	2,591,833	609,213	1,982,620	325.44
Operating costs	1,864,832	305,387	1,559,445	510.65
Gross profit	727,001	303,826	423,175	139.28
Operating expenses	502,902	359,123	143,779	40.04
Net operating profit	224,099	(55,297)	279,396	505.26
Non-operating income and expenses	(54,746)	(57,614)	2,868	4.98
Net income (loss) before tax	169,353	(113,911)	282,264	249.99
Less: Income tax expense	2,086	1,986	100	5.04
Net profit for the period	167,267	(114,897)	282,164	245.58

### (II) Analysis of changes in the increase or decrease ratio in the most recent two fiscal years:

1. Mainly due to the two construction projects completed in the current period, and the sales expenses were recognized in the operating revenue, cost and operating expenses. Therefore, the above items and the net profit for the current period have increased compared to the previous year.

### (III) Analysis of changes in gross profit before and after the period:

Unit: NTD thousand

Year \ Item	Net operating income	Operating costs	Gross profit	Gross margin (%)
2024	2,591,833	1,864,832	727,001	28.05
2023	609,213	305,387	303,826	49.87

Product \ Item		Net operating income	Operating costs	Gross profit
2024	Construction income	1,918,373	1,536,421	381,952
	Accommodation	421,891	172,937	248,954
	Food and drink service	156,655	144,413	12,242
	Membership service	68,942	0	68,942
	Others	25,972	11,061	14,911
	Total	2,591,833	1,864,832	727,001
2023	Construction income	0	0	0
	Accommodation	366,524	162,387	204,137
	Food and drink service	158,247	132,581	25,666
	Membership service	65,631	0	65,631
	Others	18,811	10,419	8,392
	Total	609,213	305,387	303,826
Increase (decrease) change		1,982,620	1,559,445	423,175

Instructions for significant changes in gross profit: (before and after the period reaches 20% or more, the impact

of price and volume changes on gross margin should be analyzed)

1. Construction revenue: The construction projects were completed in the current year, and the operating revenue was recognized, resulting in a significant increase in the operating gross profit from the previous year.
2. Hotel rooms: The pandemic has eased in the current year and the tourism has been booming. The number of hotel rooms has increased compared to the previous year, resulting in an increase in gross profit compared to the previous year.
3. Catering service: The decrease in gross profit was mainly due to the increase in related operating costs, manpower, and raw materials.

### III. Cash flows:

#### (I) Analysis of changes in cash flows in the most recent fiscal year:

Unit: NTD thousand

Year \ Item	Cash inflows (outflows)		Increase (decrease) change	
	2024	2023	Amount	(%)
Operating activities	332,151	(1,402,644)	1,734,795	123.68
Investment activities	14,524	159,448	(144,924)	(90.89)
Financing activities	(532,406)	1,254,988	(1,787,394)	(142.42)

#### (II) Analysis of changes in the increase or decrease ratio in the most recent two fiscal years:

1. Operating activities: Mainly due to the completion of construction projects and the transfer of profit and loss, and the inventory is transferred to the cost of goods sold, resulting in a decrease in the inventory outflow from the previous period.
2. Investment activities: Mainly due to the construction industry actively investing in construction development projects and issuing corporate bonds, so the amount of money trust and corporate bond collateral paid is higher than the previous period.
3. Financing activities: Mainly due to the completion of construction projects, repayment of related construction and land financing.

#### (III) Improvement plan for insufficient liquidity:

The Company has no cash liquidity shortage, so it is not applicable.

#### (IV) Liquidity analysis for the coming year:

Unit: NTD thousand

Opening cash balance	Net cash flows from operating activities for the year	Net cash flows from other activities for the year	Cash surplus (deficiency) amount	Remedies for cash deficits	
				Investment plan	Financial plan
679,664	(623,545)	269,739	325,858	None	None

1. Cash flow analysis for the year: The cash flow from operating activities for the year was negative, mainly because the construction industry continued to invest in construction costs and development costs for unclosed construction sites.
2. Remedies and liquidity analysis for expected cash deficits: None.

### IV. Effect upon financial operations of any major capital expenditures during the most recent fiscal year:

None.

**V. The company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:**

December 31, 2024 Unit: NTD thousand

Descriptions Item	Original investment	Book value	Shareholding ratio (%)	Investment gain or loss recognized during the period	Policy	Main reasons for gain or loss	Improvement plan	Other future investment plans
Charter Leisure Co., Ltd.	21,662	50,867	43.30%	1,212	Diversified business	Operating profit	None	None
SURV Planning And Development Co., Ltd.	17,858	17,301	35%	(4,872)	Diversified business	New project under development	None	None
Huide Development Company Limited	115,000	116,263	100%	(268)	Diversified business	New project under development	None	None
Qun Xin Properties Co., Ltd.	350,000	115,373	79.31%	31,824	Diversified business	Operating profit	None	None
T-Design Co., Ltd.	19,800	(1,047)	33.00%	— (Note 1)	Diversified business	Operating loss	None	None

Note 1: The gain or loss of the investment company already includes its investment company, and to avoid confusion, it is not expressed separately.

## VI. Analysis and assessment of risks during the most recent fiscal year and as of the publication date of the annual report:

### (I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

#### 1. Changes in interest rates and interest expenditures

Unit: NTD thousand

Item \ Year	2024	As of March 31, 2025
Interest income	10,162	819
Interest expense	76,463	16,721
Net operating income	2,591,833	238,910
(Interest expense - interest income)/net operating income	2.56%	6.66%

Note: The financial information for the first quarter of 2025 has not been audited or reviewed by CPAs

#### Policy and response measures:

- A. In terms of interest rates, we pay attention to research reports published by domestic and foreign economic research institutions and banks. By doing this, we are able to take on board the future trend of interest rates. We also keep an active communication channel with banks that we have a business relationship with to obtain favorable terms on loans.
- B. By effectively using various types of financial instruments, we improve company financial planning to reduce the risk of interest rate changes.
- C. In the future, we will continue to adhere to a conservative manner and consider safe and reasonable return. In the meantime, the Company's idle funds are safeguarded by a reliable financial institution.

#### 2. Exchange gains and losses:

Unit: NTD thousand

Item \ Year	2024	As of March 31, 2025
Net exchange (losses) gains	142	20
Net operating income	2,591,833	238,910
Net exchange (losses) gains/net operating income	0.01%	0.01%

Note: The financial information for the first quarter of 2025 has not been audited or reviewed by CPAs

#### Policy and response measures:

- A. The Company collects information on exchange rate changes at all times to make judgement on their status in order to make timely hedges to avoid risks. This way, we can reduce adverse impact of exchange rate changes on the Company's profit or loss.
- B. For our foreign exchange positions, the Company takes reference from professional consulting services provided by financial institutions to fully master the exchange rate trend. Additionally, the Company decides the favorable time to convert the Taiwan dollar depending on the actual capital needs.  
The Company's payments and receipts are mainly in New Taiwan dollars, and



exchange rate judgements are carried out with reference to professional reports published by research institutions for hedging purposes.

3. Changes in the inflation rate, and response measures to be taken in the future:

As there is a rising trend for international raw material and material prices in recent years, we are at the same time under pressure to increase raw material and material costs. Based on such notion, we have been proactively seeking multiple sources of supply and continues to grasp the pricing ability of the market to reduce the pressure of additional costs brought by inflation. In the meantime, we also convince our customers to accept the rate of product price increase so as to reduce the pressure of cost increase borne by the Company.

**(II) In the most recent fiscal year and as of the publication date of the annual report, the company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:**

1. Engaging in high-risk investments or highly leveraged investments

We abide by prudent and sensible management philosophy, and aside from focusing on long-term investments in the Company's related businesses, the Company has not engaged in any high-risk or high-leverage investments since 2024.

2. Loaning to other parties

The Company and its subsidiaries make loans to others in accordance with the Operational Procedures for Loaning Funds to Others. As of December 31, 2024 and the date of publication of the annual report, the Company made no loans to others.

3. Making endorsements/guarantees

Making endorsements/guarantees is handled in accordance with the Operating Procedures for Making Endorsements/Guarantees of the Company and its subsidiaries. As of December 31, 2024, and the publication date of the annual report, the Company made no endorsements/guarantees.

Loaning funds to others, endorsements/guarantees and derivative transactions of the Company and its subsidiaries are carried out in accordance with the policies and measures provided in the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" and the "Regulations Governing the Acquisition and Disposal of Assets." In the future, the Company will continue to follow related regulations in a strict manner in order to protect the best interests of the Company.

4. Engaging in derivative transactions

In accordance with Article 7 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, if a company does not intend to engage in derivative product transactions, it may submit this to the Board of Directors for approval and obtain shareholders' consent at the shareholders' meeting, exempting it from the need to establish operating procedures for derivative product transactions. The Company's Board of Directors approved the exemption from the Regulations on March 27, 2019, and was discussed and approved in the Shareholders' Meeting on June 18, 2019 to exempt the Derivative Trading Operating Regulations.

**(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work:**

Not applicable.

**(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:**

The Company abides by domestic and foreign laws and regulations, while also keeping a close eye on domestic and foreign product development trends as well as regulatory changes. This enables us to adopt appropriate policies and make action plans for changes in the market. Therefore, changes in important domestic and foreign policies and laws did not pose significant impact on the Company's financial operations in the most recent fiscal year.

**(V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:**

We pay close attention to technological change in the industry in which we operate. In order to quickly grasp the industry dynamics, we designate dedicated personnel or project teams to evaluate the impact of the study on the future development and financial operations. Moreover, by constantly improving our own R&D capabilities, we protect our innovative concepts and designs by applying for patents, and are also proactively expanding our market applications in the market. Therefore, technology and industrial change will pose positive impact on the Company.

**(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:**

The Company has been focusing on managing its business in the industry since establishment, and has sound business results and positive reputation. There is no report in the market that would damage the Company's corporate image. Therefore, there has not been occurrence of corporate image change that resulted in corporate crisis management.

**(VII) Expected benefits and possible risks associated with any mergers and acquisitions, and mitigation measures being or to be taken:**

There have been no mergers or acquisitions in the most recent fiscal year and as of the prospectus publication date.

**(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:**

There has been plant expansion in the most recent fiscal year and as of the prospectus publication date.

**(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:**

There are no risks associated with any consolidation of sales or purchasing of suppliers and customers.

**(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:**

No major quantity of shares belonging to a director of the Company has been transferred or has otherwise changed hands.

- (XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken:**

None.

- (XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report:**

None.

- (XIII) Other important risks, and mitigation measures being or to be taken: Information security risk evaluation analysis and mitigation measures being or to be taken:**

The Company strives for protecting the confidential information of the Company, customers, and employees. Not only have anti-virus systems been installed for information security, but company information is also backed up off-site. Moreover, the use of data and security maintenance are strictly managed and firewalls and electronic files encryption system are built, aiming to reduce the risk of company information security.

## **VII. Other important matters:**

None.

## **Six. Special items to be included:**

### **I. Information related to the company's affiliates:**

**(Please refer to the MOPS → Basic Information → Electronic Books → Affiliated Enterprises' Three Reports at [https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10))**

### **II. Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:**

None.

### **III. Other matters for which supplementary explanation is required:**

None.

### **IV. If any of the situations listed in Article 36, paragraph 2 subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:**

None.

**Shihlin Development Company Limited**

**Chairman: Hsu, Yu-Shan**