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# FOUNDING CONSTRUCTION DEVELOPMENT CORP.

# 2024 ANNUAL REPORT

Published on APRIL 20, 2025

#### **Spokesperson**

Name: Lo-Fang Tsao

Title: Executive Vice President Tel: 886-2-2702-5887Ext224

E-mail: <u>develop@founding.com.tw</u>

#### **Deputy Spokesperson**

Name: Yen-Fen Cheng

Title: Assistant Vice President Tel: 886-2-2702-5887Ext217

E-mail: <u>tinacheng@founding.com.tw</u>

#### Headquarter

Address: 3F., No. 294, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)

Tel: 886-2- -2702-5887

#### **Stock Transfer Agent**

Taishin International Bank Stock Affairs

Address: B1, 96th, Jianguo North Road, Jhongshan District, Taipei City 104, Taiwan (R.O.C.)

Tel: 886-2-2504-8125

Website: www.taishinbank.com.tw

#### **Auditors**

Deloitte Touche Tohmatsu Limited

Auditors: Ming-Chong, Hsieh, I-Chen Lu,

Address: 20F., No. 100, Songren Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)

Tel.: 886-2-2725-9988

Website: <a href="https://www2.deloitte.com/tw/tc.html">https://www2.deloitte.com/tw/tc.html</a>

#### **Overseas Securities Exchange**

N/A

#### **Corporate Website**

http://www.founding.com.tw

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#### I. Letter to Shareholders

Dear shareholders,

below is a summary report on the operation performance of the Company in the past year.

#### 1. Operating Performance in 2024

#### (1) Performance of Business Plans

Starting 2020, the government has successively set policies, such as "Actual Price Registration 2.0", "House and Land Transactions Income Tax 2.0", "The Equalization of Land Rights Act", and "Non-self use House Tax" to cool down the housing market and to prevent market bubbles. In July, 2023, the eight banks with government-owned shareholdings offered the "Preferential Housing Loans for the Youth" with lenient requirements, and the constructions costs were increased by inflation, both stimulating housing demand. The Cathay Real Estate Index of 2024 has showed a rise of both price and sales volume compared to that of 2023. The increase in the balance of residential purchase loans was driven by a significant increase in new home lending, and the "Preferential Housing Loans for the Youth" caused the banks in Taiwan to be overflowing with housing loans, which means the ratio of banks' total real estate lending to their balance of deposits was close to 30% as required by the Banking Law. This has forced the Central Bank to decide on its seventh round of market control, imposing the heaviest property flipping rules in history at its September supervisory meeting. Since then the market has faced a plummeting demand and volume contraction.

The economic situation, fluctuation of stock markets and regulatory restrictions all have direct impacts on the overall operation of construction companies. Total consolidated revenue for 2024 was NT\$2,235,793 thousand, a decrease of NT\$1,528,045 thousand over NT\$3,763,838 thousand in 2023. Consolidated net profit was NT422,963 thousand in 2024, a decrease of NT\$466,580 thousand over NT\$889,543 thousand in 2023. Facing rigorous market challenges, we will still uphold a conscientious attitude and adjust countermoves at any time in order to create the greatest interests for our shareholders.

#### (2) Budget Implementation

According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company is not required to prepare financial forecasts for 2024.

#### (3) Financial Results and Profitability Analysis

Unit: NT\$ thousand

	2024	2023	+/(-)	+/(-) %
Operating Revenue	2,235,793	3,763,838	(1,528,045)	(40.60)
Operating Costs	1,536,030	2,532,524	(996,494)	(39.35)
Gross Profit	699,763	1,231,314	(531,551)	(43.17)
Operating Expenses	221,526	228,923	(7,397)	(3.23)
Net Operating Income	478,237	1,002,391	(524,154)	(52.29)
Net Profit	422,963	889,543	(466,580)	(52.45)
EPS	1.48	3.12	(1.64)	(52.56)

	2024 (consolidated)	2023 (consolidated)
Debt to asset ratio (%)	18.67	19.00
Long-term capital to property, plant and equipment (%)	234.49	229.42
Current ratio (%)	599.63	647.03
Quick ratio (%)	291.74	313.64
Interest Coverage Ratio (x)	66.49	288.14
Return on assets (%)	3.60	7.27
Return on shareholders' equity (%)	4.38	9.52
Ratio of income before tax to paid-in capital (%)	17.83	36.75
Profit margin (%)	18.91	23.63
Adjusted EPS (NT\$)	1.48	3.12

#### (4) Research and Development Status

#### (i) Architectural Design and Planning:

We make cautious assessment on location of products, characteristics of surroundings, life styles and budget of target consumers in order to produce designs that satisfy the needs of our customers.

#### (ii) Construction Project and Management:

For different cases, we devise the most suitable construction method and project management process in order to improve the quality of our products and reduce construction costs. We monitor construction schedule and cost control to strengthen the competitiveness of our products.

#### (iii) Market Research:

We make analysis and research on the real estate market and use such result as references for product positioning and formulation of marketing strategies to achieve sellout goals. Also, we focus on government construction rules and regulations, research of urban renewal and leisure industry with an eye to strengthening the foundation of our business with diverse approaches.

#### 2. Business Plan in 2025

#### (1) Operating Philosophy

The Company upholds the values of honesty, quality and service. With an honest and responsible mind, we design safe, solid, personalized and technologized products under quality assurance requirements during the process, and provide the best customer service as our vocation. We will continue to strengthen our capacity in research and development, innovation, and comprehensive quality improvement with a goal to achieve business sustainability.

- (2) Anticipated Volume of Sales and Basis
  - (i) Sales of Completed Projects: Cosmos Technology, Founding Li Yuan, Star Technology, Li Ren Condominium
  - (ii) Cases anticipated to finish in 2024 and 2025: Meditation Garden
- (3) Important Production and Marketing Policies

#### (i) Production Strategy

We successively undertake land developments based on its potential value, evaluate urban renewal areas priorly-demarcated by government, and actively participate in the selection of these government-led urban renewal projects. Our purpose is to increase land acquisitions, and analyze and follow urban development plans so as to seize market niches. We also make complete programs, strictly select building materials and focus on quality to improve the added value of our products on the basis of site specificity and consumer needs. Real estate is highly influenced by government policy; therefore, we will continually focus on country's major policies, adjust business development strategies and pay attention to change in law and research, in order to find countermeasures as early as possible.

We have extended business to hotel operation and management, and have hotel branches in New Taipei City, Taichung and Tainan. Domestic travel has continually created additional sources of stable income.

#### (ii) Sales Strategy

The Central Bank has imposed the seventh round of selective credit control, and the housing market has seen a trend of transaction volume downturn and price stability. The housing market has been under pressure due to the government policy and the growth momentum has slowed down. These control policies have curbed investments; investors and homebuyers have become more cautious in a wait-and-see atmosphere. The real estate market is currently sideways.

Based on the observation of transaction types and price change in the real estate market, buyers will take transaction type and house size into consideration for future purchase. We grasp market needs, adjust sales strategies, reinforce quality management, and seek stable and sustainable business operation.

In general, the price-volume trend is influenced by many factors, so we need to perennially observe the market development in order to grasp the overall trend and potential change.

3. Future development strategy, impact of external competitive environment, regulatory environment, and macroeconomic environment.

#### (1) Impact of External Competitive Environment

Domestic land prices and green architecture costs have continually been rising, and the Central Bank has tightened land purchase loan and construction financing for developers. In the short term, anti-flipping policies remain unrelenting, such as that the loan-to-value ratio on a second mortgage is decreased to 50%, and the mortgage interest rate is rising. Whether the Central Bank's control over lending on the capital side will be loosened and whether interest rates will be lowered will be the key points of observation in the future.

Domestic economic indicators have shown a steady economic growth and no risks of economic recession. However, due to the Central Bank's control policies, domestic banks' real estate lending standards have been tightened, which elevated overall construction costs for developers. Our company is committed to steady management and the debt ratio is relatively low and the own funds are relatively abundant compared to peers, which means it has competitive advantages in the industry.

Since the nature of the real estate industry is strongly regional, the competitiveness of individual products and the price comparison effect become relatively obvious among regions. We make effective market segmentation, overall planning and added values of products and accentuate product differentiation through online marketing to elevate competitiveness and profitability with a sound financial control system.

#### (2) Impact of Regulatory Environment

The government continually promote urban planning and reconstruction of old and unsafe buildings. According to the National Audit Office, the average age of national houses is around 32 years by the end of 2023, and there are around 4.83 million 30-year-old houses, which is more than half of 9.19 million houses nationwide. Taipei City has the highest proportion of old houses, accounting for 72.32% of the city's housing stocks. The average age of city houses is 37.78 years, the highest in the country. This is followed by Tainan City and Kaohsiung City, the number of old houses accounted for about 54% of the total number of old houses in each city.

Starting March 2023, the Taipei City government has launched 8 urban renewal projects. The sixth project, Disaster Preventive Urban Renewal, which was announced in March, 2024 is aimed at offer GFA concession (30% of bonus GFA) to buildings with the following conditions: 1. Base area over 1,000 square meters and the ID value less than 0.35 by legal assessment; or 2.Usage license got before the Announcement of Seismic Design Specifications on Feb 15, 1974. The government actively encourages old building renewal and renovation through legislation by offering reconstruction incentives. Cases with the Urban Renewal Review Committee can get GFA concession of up to twice the floor area standard of each building base.

In response to Net Zero Initiative, the Country made an official announcement of "Taiwan's Pathway to Net-Zero Emissions in 2050" in March 2022, to demonstrate determination to promote net-zero transformation. The Architecture and Building Research Institute, Ministry of Interior has been responsible for Pathways to Net-Zero Emissions and set three-phase goals:

- (a) By 2030, publicly-owned new buildings shall be Energy Efficiency Class 1 or near-zero carbon buildings.
- (b) By 2040, 50% of existing buildings to be upgraded to Energy Efficiency Class 1 or near-zero carbon buildings.
- (c) By 2050, 100% of new buildings and more than 85% of existing buildings shall be near-zero carbon buildings.

The Company's building projects mainly locate in Taipei City and New Taipei City. Taipei City announced Taipei City Self-Government Ordinance for the Management of Net-Zero Emissions in July 2024. The Draft of New Taipei City Self-Government Ordinance for Climate Change Response Action has been under discussion in the New Taipei City Council.

Since changes of regulations have impact on the operation of the construction industry, the company will keep watching and conducting research on legislative changes and will seek countermeasures as soon as possible so that the Company can retain profits and safeguard the interests of our shareholders.

#### (3) Impact of Macroeconomic Environment

Even though the global inflation is easing, the world economic shakes off recession worries and continues to heat up. Europe and the U.S. enter an interest-rate cutting cycle. Inflation has been under primary control, and there are no hard landing risks for U.S. economy. However, followed by the return of Donald Trump, his tariff policy and immigration policy will make a huge shift in U.S. domestic and foreign policy. It is possibly that commodity prices will be pushed up by stage, leading inflation in service industry. Geographical hotspots have increased, causing a great deal of uncertainty and instability in the global economy and politics. The global economy will still experience high pressure in 2025.

As the locomotive of the eurozone economy, Germany's internal domestic situation is grim. Germany expects the economy will grow only 0.2% in 2025, and the Banque de France expects the economy will grow 0.9%; both are revised downwards from the original forecast. The economic growth is subject to downwards risks, showing the sluggish economic growth in Europe.

Asia will continue to exploit labor cost advantages, manufacturing competitiveness, and consumer market advantages. Especially India and Southeast Asian Nations have robust economic growth and now become bright spots in the world economy.

The future development strategy of the Company will still mainly focus on Build to Order, supplemented by joint construction and urban redevelopment. House prices nationwide are rising up, especially those of buildings in CBDs surge. On the other hand, because the land supply us limited and the original base period for house prices of buildings in the outskirt area is higher than that in CBDs, the growth is lagging. The Company will primarily focus on the traditional downtown areas

of Taipei City, New Taipei City, and Tainan City, and secondarily on urban land readjustment areas within those cities. Also, the Company will pay more attention to the product design due to increasing construction costs, and accentuate product differentiation to keep competitiveness, profitability and sustainability with a sound financial and construction project control system.

We look forward to shareholders' support and advice, and wish everyone good health and all the best.

Sincerely,

LIU, HSIN-HSIUNG Chairman

# **II.** Corporate Governance Report

# **2.1 Directors and Management Team**

### 2.1.1 Directors

April 12, 2025

Title	Nationality/ Registration	Name			Term (yrs)	Date First Elected	Shareh when E		Current Sh	areholding	Spouse of Shareh		Shareholding by Nominee Arrangement	Experience (Education)	Other Position		irectors, or Superviso vithin Two Degrees of		Remarks
	of Place		Age		(315)		Shares	%	Shares	%	Shares	%	Shares %	(Zuneumon)		Title	Name	Relation	
Chairman	R.O.C	Sytain Corp  Representative: Liu, Hsin-Hsiung	M 71-80	6/9/2023	3	6/9/2020 12/14/1992	25,718,571	9.02%	6,683,941	2.34%	5,446,997	1.91%		Bachelor's Degree President: Chi-Long Construction Co., Ltd.	Chairman: Founding Construction Corp. Director: Syntain Corp.	President Representative Vice Chairman	Liu, Hua-Hsing Liu. Fang-Wen Liu, Min-Liang	Sibling Father- Daughter Father-Son	
		Sytain Corp.		6/9/2023	3	6/9/2020	25,718,571	9.02%	22,918,571	8.03%							, ,		
Vice Chairman	R.O.C	Liu, Min-Liang	M 41-50			6/9/2011			7,997,932	2.80%	2,247 ,000	0.79%		Bachelor's Degree	Vice Chairman: Founding Construction & Development Co., Ltd. Director: May-Hsiung Investment Co., Ltd. Owner: Syntain Corp. Supervisor: Fushin Hotel Co., Ltd.	Chairman	Liu, Hsin-Hsiung	Father-Son	
		Sytain Foundation		6/9/2023	3	6/9/2020	940,000	0.33%	940,000	0.33%									
Director	R.O.C	Representative: Liu, Fang-Wen	F 41-50			8/282008			8,398,837	2.94%				Bachelor's Degree Director of May-Hsiung Investment Co., Ltd.	Chairman: May-Hsiung Investment Co., Ltd Supervisor: Syntain Co., Ltd, and Fulongchang Investment Co., Ltd.	Chairman	Liu, Hsin-Hsiung	Father- Daughter	
		Wenrui Investment Ltd		6/9/2023	3	6/6/2014	549,209	0.19%	549,209	0.19%									
Director	R.O.C	Representative: Chiang, Guang-Hui	M 61-70			6/6/2014			675,985	0.24%	215,652	0.08%		College Degree Chief of Ruiyang Sub- District, Neihu	Director: Wen-Rui Investment Ltd. Representative: Wen-De Elderly Long-term Care Center				
Director	R.O.C	Liu, Hua-Hsing	M 61-70	6/9/2023		6/9/2011	4,835,089	1.70%	4,005,089	1.40%	364,028	0.13%		Bachelor's Degree Specialist at Central Trust of China	Consultant: Founding Construction & Development Co., Ltd.	Chairman	Liu, Hsin-Hsiung	Sibling	
Director	R.O.C	Ho, Ming-Hui	M 51-60	6/9/2023	3	4/30/2002	41,855	0.01%	41,855	0.01%	-	-		Master's Degree GM in Taihsin Management and Technology Consultant Co., Ltd.					
Independent Director	R.O.C	Lee. Shu-Lan	F 41-50	6/9/2023	3	4/7/2008	13,680	0.00%	13,680	0.00%	721	0.00%		Bachelor's Degree Sales Assistant Manager: Taiwan Securities Co., Ltd.	CFO: EBM Technologies				-
Independent Director	R.O.C	Hung, Lung-Ping	M 61-70	6/9/2023	3	6/9/2020	196,760	0.07%	200,760	0.07%	721	0.00%		Bachelor's Degree Manager: Pei-Sheng United Accounting Firm	Manager: Chuan-Hsin Accounting Firm Director: Shan-Hsin Consulting Ltd.				Supervisor (Newly Appointed) on 4/30/2008
Independent Director	R.O.C	Lan, You-Liang	M 81-90	6/9/2023	3	6/9/2023-	-	-	-	-	-	-		Bachelor's Degree Manager: Central Trust of China	-				Supervisor (Newly Appointed) on 6/9/2011

Note: The director, Liu, Hua-Hsing stepped down as the president on June  $30^{\text{th}}$ , 2023

#### Major shareholders of the institutional shareholders

Dec 31, 2024

Name of Institutional Shareholders	Major Shareholders
Syntain Corporation	Liu, Shu-Hung (30.83%), Liu, Fang-Wen (25.27%), Liu, Min-Liang (24.57%), Liu, Zi-Yan (7.60%), Liao, Shu-Mei (4.87%), Liu, Hsin-Hsiung (3.90%) Liu, En-Fei (1.86%), Huang, Dai-Xuan (0.60%), Liu, Xin-Cheng (0.50%)
Syntain Foundation	Liu, Hsin-Hsiung (30.00%), Liu, Fang-Wen (16.67%), Liu, Min-Liang (16.67%), Liu, Shu-Hung (16.66%) Liu, Hua-Hsing (10.00%), Liu, Hsin-Yi (10.00%)
Wenrui Investment Ltd	Chiang, Guang-Hui (46%), Chiang, Jei (24%), Lin, Shu-Mei (10%), Chiang, Pei (10%), Chiang, Hsin (10%)

Major institutional shareholders of institutional shareholders: None

#### **Directors**

#### (1) Professional qualifications and independence analysis of directors

Criteria	Professional Qualification and Experience (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as
Name  Liu, Hsin-Hsiung	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company, Positions: President of Chi-Long Construction Co.,	N/A	an Independent Director
(Representative of Syntain Corp.)	Ltd., and Director of Syntain Crop. Not been a person of any conditions defined in Article 30 of the Company Law.  Has work experience in the areas of commerce, law, finance, or	IVA	Α
Liu, Min-Liang (Representative of Syntain Corp.)	counting, or otherwise necessary for the Business of the Company. Positions: Director of May-Hsiung Investment Co., Ltd., Owner of Syntain Corp., Director of Hsin-Long-Hsing Investment Co., Ltd., and Supervisor of Fushin Hotel Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Law.	N/A	x
Liu, Fang-Wen (Representative of Syntain Foundation)	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Positions: Director of May-Hsiung Investment Co., Ltd., Supervisor of Syntain Corp., and Fulongchang Investment Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Law.	N/A	x
Chiang, Guang-Hui (Representative of Wenrui Investment)	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Positions: Director of Wenrui Investment, Chief of Ruiyang Sub-District, Neihu, and Representative of Wen-De Elderly Long-term Care Center. Not been a person of any conditions defined in Article 30 of the Company Law.	N/A	х
Liu, Hua-Hsing	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Position: Specialist at Central Trust of China. Not been a person of any conditions defined in Article 30 of the Company Law.	N/A	х
Ho, Ming-Hui	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company, Positions: GM in Taihsin Management and Technology Consultant Co., Ltd., and Representative of Fushin Hotel Co., Ltd Not been a person of any conditions defined in Article 30 of the Company Law.	N/A	x
Lee. Shu-Lan	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Current Position: CFO of EBM Technologies. Not been a person of any conditions defined in Article 30 of the Company Law.	including but not int limited to whether they, spouses, relatives within the second degree of kinship serve as a director, supervisor or employer of the Company or affiliates; did not serve as a director, supervisor or employer of a Company with which the Company has a specific relationship; the person herself and spouse hold 14,401 shares (0.01%) of the Company. No remuneration for commercial, legal, financial and accounting services provided to the Company or affiliates in the past two years.	x
Hung, Lung-Ping	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Positions: Manager of Pei-Sheng United Accounting Firm, Manager of Chuan-Hsin Accounting Firm, and Director of Shan-Hsin Consulting Ltd. Not been a person of any conditions defined in Article 30 of the Company Law.	An independent Director who has met the independence criteria: including but not int limited to whether they, spouses, relatives within the second degree of kinship serve as a director, supervisor or employer of the Company or affiliates; did not serve as a director, supervisor or employer of a Company with which the Company has a specific relationship; the person himself and spouse hold 204,792 shares (0.07%) of the Company; No remuneration for commercial, legal, financial and accounting services provided to the Company or affiliates in the past two years.	x
Lan, You-Liang	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Positions: Manager of Pei-Sheng United Accounting Firm, Manager of Central Trust of China. Not been a person of any conditions defined in Article 30 of the Company Law.	An independent Director who has met the independence criteria: including but not int limited to whether they, spouses, relatives within the second degree of kinship serve as a director, supervisor or employer of the Company or affiliates; did not serve as a director, supervisor or employer of a Company with which the Company has a specific relationship; the person himself and spouse hold 0 shares of the Company; No remuneration for commercial, legal, financial and accounting services provided to the Company or affiliates in the past two years.	x

Note 1: Professional Qualifications and Experiences: Specify the professional qualifications and experiences of individual director and supervisor. If the person is a member of the Audit Committee with accounting or financial expertise, their accounting or financial background and work experience shall be specified. Also state whether he/she has been a person of any conditions defined in Article 30 of the Company

Law. Note 2: For independent directors, the independence criteria must be specified, including but not int limited to whether they, spouses, relatives within the second degree of kinship serve as a director, supervisor or employer of the Company or affiliates; the proportion of shares held by the independent director, spouses, relatives within the second degree of kinship (or in the name of others); whether the independent director serves as a director, supervisor or employer of a Company with which the Company has a specific relationship (refer to Subparagraphs 5 to 8, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Companies); and the amount of remuneration received for commercial, legal, financial and accounting services provided to the Company or affiliates in the past two years.

#### (2) Diversity and independence of the board of directors

#### A. Diversity

The Company advocates and respects the board diversity policy, accepting personnel with different ages, gender, background and experiences. To strengthen corporate governance and promote the robust development of the board composition and structure, we believe that the diversity policy will help enhance the overall performance of the Company. Currently the Company is made up of 9 directors, and the board diversity is shown as below:

• Female Directors: 22%; Male Directors: 78%

• Employee Directors: 11%; Independent Directors: 33%

• Age Range and the Number of Directors: over 70-2;  $61\sim70-4$ ;  $51\sim60-1$ ;  $41\sim50-2$ 

• Term of Office and the Number of Directors: over 9 years-4; 3~9 years-5

• The diversity of the board of directors is shown as below:

						Age			Т	erm of Offi	ce				Core Competence			
Name	Nationality	Gender	Employee Directors	31 ~ 40	41 ~ 50	51 ~ 60	61 ~ 70	70 +	≦3 years	3~9 years	≧9 years	Management	Leadership	Industry Knowledge	Finance & Accounting	Legal	Crisis Management	Risk Management
Liu, Hsin- Hsiung (Representative of Syntain Corp.)	R.O.C	М						V				V	V	V		V	V	V
Liu, Min-Liang (Representative of Syntain Corp.)	R.O.C	М			v							V	V	V			V	v
Liu, Fang-Wen (Representative of Syntain Foundation)	R.O.C	F			V							v	v	v	v			
Chiang, Guang-Hui (Representative of Wenrui Investment)	R.O.C	М					V					V	V		V	V		V
Liu, Hua-Hsing	R.O.C	М					v					V	v	v	V		V	v
Ho, Ming-Hui	R.O.C	М	V				v					V	v				V	v
Lee. Shu-Lan	R.O.C	F				v					v				V			
Hung, Lung- Ping	R.O.C	М					v			v		V	v		V		V	v
Lan, You-Liang	R.O.C	М						V	V			V	V		V		V	v

The Company cares about the composition of the board of directors, and aims to lower the age of directors. Now we have 6 directors over 60 and 3 directors under 60. To bring innovation into the board of directors, we will strive to reduce the average board age. Currently less than 1/3 of board directors are female and the Company will hold board member election in 2026.

#### B. Independence

The Company is composed of 9 directors, and 3 of whom are independent directors (1/3 of the board of directors). 1 director is an employee director. The number of directors who have a marital relationship, or who are a relative within the second degree of kinship to any other director of the Company shall not exceed 1/2 of the total number of board of directors. At present, 4 directors of the Company are relatives within the second-degree of kinship to other directors; therefore, the board of directors satisfied the independence requirement.

### 2.1.2 Management Team

April 12, 2025

Title	Nationality	Name	Gender	Date Elected	Shareh	olding	Spouse &		1	g by Nominee gement	Experience ( Education )	Other Position	Managers W Two I	ho are Spou Degrees of K		Remark(s) (Note)
				Elected	Shares	%	Shares	%	Shares	%	(Eddedition)		Title	Name	Relation	(rvoic)
President	R.O.C	Tsao, Lo-Fang	M	1/1/2021	55,307	0.02%	-	-			National Taiwan University Executive VP,					
VP. Sales& Marketing Dept.	R.O.C	Cheng, Jing-Hung	М	10/1/2005	261,661	0.09%	18,637	0.01%			High School Diploma Assistant VP, Sales & Marketing Dept.					
VP. Sales& Marketing Dept.	R.O.C	Mo, Jung-Fa	М	1/1/2007	183,540	0.06%					High School Diploma Assistant VP, Sales & Marketing Dept.					
VP. Development Dept.	R.O.C	Huang, Wen-Chu	F	7/1/2023	100,175	0.04%					College Degree Assistant VP, Department Dept					
Assistant VP Administration Dept.	R.O.C	Liu, Yen-Hui	F	3/1/2004	216,162	0.08%					High School Diploma Assistant VP, Administration Dept.					
Assistant VP Audit Office	R.O.C	Liao, Wan-Ching	F	7/1/2010	145,498	0.05%					Bachelor's Degree Manager, Audit Office					
Assistant VP Finance Dept.	R.O.C	Cheng, Yen-Fen	F	1/5/2013	162,568	0.06%					Bachelor's Degree Manager, Finance Dept.					
Assistant VP Sales & Marketing Dept.	R.O.C	Hsu, Yang-Ting	М	1/5/2013	120,000	0.04%					National Open University Manager, Sales & Marketing Dept.					
Assistant VP. Engineering Dept.	R.O.C	Liu, Wei-Chih	М	4/1/2025	40,900	0.01%					College Degree Manager, Engineering Dept					
Corporate Governance Officer	R.O.C	Hsu, Wei-Lun	F	3/17/2021	87,700	0.03%					Bachelor's Degree Manager, Finance Dept.					

2.1.3 Where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed: None

#### 2.2 Remuneration of Directors and Management Team

#### 2.2.1 Remuneration of Directors and Independent Directors

Dec 31, 2024 / Unit: NT\$ thousands

		Base Compo	ensation (A)	Severanc	Remun e Pay (B)		ectors nsation(C)	Allowa	nces (D)	Remur (A+B+C-	of Total neration +D) to Net ne (%)	Salary, B	Relevant Rem		ceived by Dir			Employees	(G)	Compe (A+B+C+D	of Total ensation +E+F+G) to acome	Remuneration from ventures other than
Title	Name	The company	Companies in the consolidated financial	The company	Companies in the consolidated financial	The	Companies in the consolidated financial	The company	Companies in the consolidated financial	com	he pany	consol financial	statements	The company	Companies in the consolidated financial	subsidiaries or from the parent company						
			statements		statements		statements		statements		statements		statements		statements	Cash	Stock	Cash	Stock		statements	
Chairman	Syntain Corp. Representative: Liu, Hsin-Hsiung	1,150	1,150	12	12	360	360	15	15	1,537 0.36	1,537 0.36	-	-	-	-	-	-	-	-	1,537 0.36	1,537 0.36	None
Vice Chairman	Syntain Corp. Representative: Liu, Min-Liang	3,035	3,035	40	40	360	360	15	15	3,450 0.82	3,450 0.82	-	-	-	-	-	-	-	-	3,450 0.82	3,450 0.82	None
Director	Syntain Foundation Representative: Liu, Fang-Wen	-	-	-	-	360	360	15	15	375 0.09	375 0.09	-	-	-	-	-	-	-	-	375 0.09	375 0.09	None
Director	Wenrui Investment Representative: Chiang, Guang-Hui	-	-	1	-	360	360	15	15	375 0.09	375 0.09	-	1	ı	-	-	-	-	-	375 0.09	375 0.09	None
Director	Liu, Hua-Hsing	-	-	1	-	360	360	15	15	375 0.09	375 0.09	-	-	1	-	-	-	-	-	375 0.09	375 0.09	1,500
Director	Ho, Ming-Hui	-	-	1	-	360	360	12	12	372 0.09	372 0.09	-	1,880	1	-	-	-	-	-	372 0.09	2,252 0.53	None
Independent Director	Lee, Shu-Lan	-	-	1	-	360	360	119	119	479 0.11	479 0.11	-	-	1	-	-	-	-	-	479 0.11	479 0.11	None
Independent Director	Hung, Lung-Ping	-	-	-	-	360	360	122	122	482 0.11	482 0.11	-	-	ı	-	-	-	-	-	482 0.11	482 0.11	None
Independent Director	Lan, You-Liang	-	-	-	-	360	360	16	16	376 0.09	376 0.09	-	-	-	-	-	-	-	-	376 0.09	376 0.09	None

<sup>1.</sup> Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: The Company evaluates the performance of directors, the level of participation and contribution in the operation of the Company, and references the operational performance of the Company and standards adopted by enterprises of the same industry. The remuneration proposal is discussed and advised by the Remuneration Committee, and later submitted to the Board of Directors for resolutions.

<sup>2.</sup> In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being non-employee consultant: None

#### 2.2.2 Remuneration of the President and Vice Presidents

Dec 31, 2024 / Unit: NT\$ thousands

		Salaı	ry (A)	Severano	ce Pay (B)	Bonus and	Allowance ©		Employee Co	empensation (D)			ensation (A+B+C+D) Income	Remuneration from ventures other than
Title	Name	The company	Companies in the consolidated	The company	Companies in the consolidated	The company	Companies in the consolidated		he pany	Companies in t financial	he consolidated statements	The company	Companies in the consolidated	subsidiaries or from
		The company	financial statements	The company	financial statements	The company	financial statements	Cash	Stock	Cash	Stock	The company	financial statements	the parent company
President	Tsao, Lo-Fang	1,584	1,584	127	127	770	770	101	_	101	_	2,582	2,582	None
Tresident	18a0, LO-Pang	1,564	1,364	127	127	770	770	101	-	101	_	0.61	0.61	None
VP	Chang Line Hune	924	924	107	107	1,427	1,427	95		95		2,553	2,553	None
VP	Cheng, Jing-Hung	924	924	107	107	1,427	1,427	93	-	93	-	0.60	0.60	None
VP	Mo, Jung-Fa	924	924	105	105	368	368	95	_	95		1,492	1,492	None
VF	Wo, Julig-Fa	924	924	103	103	308	308	93	-	93	-	0.35	0.35	None
VP	Su, Yen-Ting	785	785	16	16	79	79					880	880	None
VP	Su, Ten-Ting	763	763	10	10	19	19	-	-	-	-	0.21	0.21	None
VP	Huang, Wen-Chu	872	872	84	84	392	392	85		85		1,433	1,433	None
VP	riuang, wen-Chu	0/2	0/2	64	64	392	392	63	-	63	-	0.34	0.34	inone

Note: Su, Yen-Ting, VP of Engineering Dept. has retired since Sep 30, 2024.

### 2.2.3 Managerial officers with the top five highest remuneration amounts

Dec 31, 2024 / Unit: NT\$ thousands

		Salaı	y (A)	Severano	ee Pay (B)	Bonus and A	Allowance (C)		Employee Co	mpensation (D)			ensation (A+B+C+D) Income	Remuneration from
Title	Name	The company	Companies in the consolidated	The company	Companies in the consolidated	The company	Companies in the consolidated		he pany	Companies in t	he consolidated statements	The company	Companies in the consolidated	ventures other than subsidiaries or from the parent company
		The company	financial statements	The company	financial statements	The company	financial statements	Cash	Stock	Cash	Stock	The company	financial statements	the parent company
President	Tsao, Lo-Fang	1.584	1,584	127	127	770	770	101	_	101	-	2,582	2,582	None
Trestaem	rsao, no rang	1,50	1,50	127	127	,,,	,,,	101		101		0.61	0.61	rone
VP	Cheng, Jing-Hung	924	924	107	107	1,427	1,427	95	_	95		2,553	2,553	None
,,	Cheng, Jing-Hung	724	724	107	107	1,427	1,427	75		)3		0.60	0.60	rone
Assistant VP Administration	Liu, Yen-Hui	985	985	20	20	445	445	100	_	100	_	1,550	1,550	None
Dept.	Era, Ten Irai	703	703	20	20	115	113	100		100		0.37	0.37	rone
VP	Mo, Jung-Fa	924	924	105	105	368	368	95		95		1,492	1,492	None
**	wo, Jung-1 a	724	724	103	103	300	308	93	-	93	-	0.35	0.35	rvone
Assistant VP	Cheng, Jing-Hung	852	852	93	93	425	425	100	_	100		1,470	1,470	None
Finance Dept.	eneng, ving riung	552	032	,,,	, ,	.23	.23	130		.00		0.35	0.35	rone

#### 2.2.4 Distribution of Employee Compensation

Dec 31, 2024 / Unit: NT\$ thousands

	T'AL.	Nama	Employee C	ompensation	Total	Ratio of Total Amount
	Title	Name	Stock	Stock Cash		to Net Income (%)
	President	Tsao, Lo-Fang				
	VP, Sales& Marketing Dept.	Cheng, Jing-Hung				0.19
	VP, Sales& Marketing Dept.	Mo, Jung-Fa				
	VP, Engineering Dept.	Su, Yen-Ting				
Manager	VP, Development Dept.	Huang, Wen-Chu	_	811	811	
Wanager	Assistant VP, Administration Dept.	Liu, Yen-Hui	-	011		
	Assistant VP, Audit Office	Liao, Wan-Ching				
	Assistant VP, Finance Dept.	Cheng, Yen-Fen				
	Assistant VP, Sales & Marketing Dept.	Hsu, Yang-Ting				
	Officer, Corporate Governance	Hsu, Wei-Lun				

# 2.2.5 Comparison of Remuneration for Directors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, President and Vice Presidents

The ratios of remuneration paid to directors, president and vice presidents of the Company and the companies in the consolidated financial statements in the last two years, to net income were 4.41% and 2.97%, respectively, in 2024 and 2023.

The directors' travel expenses are paid according to the number of meetings attended by the directors, and the remuneration is set at not more than 2% of the directors' remuneration if there is any profit for the year. Remuneration of directors, president and vice presidents include salary, allowance, bonus, employee compensation and so on. The Company determines the remuneration based on the position held, education, experience, job tenure and responsibility, and references the standards adopted by enterprises of the same industry. Bonuses awarded to the president, vice president and employees are subject to the results of the company operations, but not to future risks.

#### 2.3 Implementation of Corporate Governance

#### 2.3.1 Operations of the Board of Directors

2.3.1.1 A total of 4 (A) meetings of the Board of Directors were held in the previous period. The attendance record of director was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)	Remarks
Chairman Representative	Syntain Co., Ltd. Liu, Hsin-Hsiung	4	0	100	
Vice Chairman Representative	Syntain Co., Ltd. Liu, Min-Liang	4	0	100	
Director Representative	Syntain Foundation Liu, Fang-Wen	4	0	100	
Director Representative	Wenrui Investment Chiang, Guang-Hui	4	0	100	
Director	Liu, Hua-Hsing	4	0	100	
Director	Ho, Ming-Hui	3	1	75	
Independent Director	Li, Shu-Lan	4	0	100	
Independent Director	Hung, Lung-Ping	4	0	100	
Independent Director	Lan, You-Liang	4	0	100	

#### Other mentionable items:

- 1. If any of the following circumstances occurs, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified: None
  - (1) Matters referred to in Article 14-3 of the Securities and Exchange Act.
  - (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors.
- 2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: For the Manager and Employee Compensation Distribution Proposal discussed on March 14, 2024, director Liu, Min-Liang, then was a principal of the Company, and thus recused from the proposal discussion and voting. For the Manager Performance Bonus and Annual Bonus Distribution Proposal discussed on Nov 11, director Liu, Min-Liang, then was a principal, and thus recused from the proposal discussion and voting.
- 3. TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out "Implementation Status of Board Evaluations." : Please refer to the table on the next page.
- 4. Measures taken to strengthen the functionality of the board: The Company has established independent director positions, an Audit Committee, and a Remuneration Committee to assist the board in carrying out its monitoring duties. Both committees, with professional teamwork and detachment, periodically report their activities and resolutions to the Board of Directors to help with business decisions.

#### 2.3.1.2 Implementation Status of Board Evaluation

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Items
Annual	2024.1.1~ 2024.12.31	Board of Directors	Self-Evaluation of Board of Directors	The degree of participation in the Company's operations; improvement in the quality of decision making by the Board of Directors; composition and structure of directors; election and continuous training of directors; internal control
Annual	2024.1.1~ 2024.12.31	Individual Board Members	Self-Evaluation of Directors	Grasp of the Company's goals and missions; recognitions of directors' duties; the degree of participation in the Company's operations; management of internal relationships and communications; professions and continuous training of directors; internal control
Annual	2024.1.1~ 2024.12.31	Functional Committee	Self-Evaluation of Directors	The degree of participation in the Company's operations; recognitions of the functional committee's duties; improvement in the quality of decision making by the functional committee; composition and election of the functional committee; internal control

The Company conducted the self-performance of Board of Directors, that of Directors, and that of Functional Committee in 2025, and submitted the elevation report to the Board meeting on March 10, 2025.

The Performance Evaluation Result of Board of Directors in 2024 is as follows:

- 1. Average score of self-performance evaluation of Board of Directors: 4.820 (out of 5)
- 2. Average score of self-evaluation of Directors: 4.807 (out of 5)
- 3. Average score of self-performance evaluation of Audit Committee: 4.939 (out of 5)
- 4. Average score of self-performance evaluation of Remuneration Committee: 4.982 (out of 5)

#### 2.3.2 Operations of the Audit Committee

A total of 4 (A) meetings of the Audit Committee were held in the previous period. The attendance record of independent director was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)	Remarks
Independent Director	Lee, Shu-Lan	4	0	100	
Independent Director	Hung, Lung-Ping	4	0	100	
Independent Director	Lan, You-Liang	4	0	100	

#### Other mentionable items:

- 1. If any of the following circumstances occurs, the dates of the Audit Committee meetings, sessions, contents of motion, all independent directors' opinions, dissenting opinions, qualified opinions and significant advice of independent directors, resolution of the Audit Committee meetings, and the company's response should be specified: None
  - (1) Matters referred to in Article 14-5 of the Securities and Exchange Act.
  - (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.
- 2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
- 3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.):
  - (1) Communications between the independent directors and the Company's chief internal auditor:
    - A. The independent directors review internal audit reports and audit trail reports on a monthly basis.
    - B. For every attendance at the meetings of the Audit Committee, the Company's chief internal auditor reports to the independent directors, communicates the execution conditions and results, and answers impromptu questions raised by independent directors.
  - (2) Communications between the independent directors and CPAs:
    - A. The Company's CPAs review quarterly corporate financial reports and communicate to the Audit Committee major transactions and other matters required by law and regulations after the review.
    - B. The Company's CPAs execute audit operations on corporate financial reports, and communicate respectively to the Audit Committee the audit plans, risks, key audit matters, execution conditions and results at and after the audit planning stage.
  - (3) The independent directors express no opinions on the matters communicated between themselves, the Company's chief internal auditor and CPAs.

# 2.3.3 Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

			Implementation Status	Deviations from "the Corporate Governance
Evaluation Item	Yes N		Abstract Illustration	Best-Practice Principles for TWSE/TPEx
		No	Abstract mustration	Listed Companies" and Reasons
1. Does the company establish and disclose the Corporate	V		The Company has established the Corporate Governance Best-Practice	None
Governance Best-Practice Principles based on "Corporate			Principles based on "Corporate Governance Best-Practice Principles for	
Governance Best-Practice Principles for TWSE/TPEx Listed			TWSE/TPEx Listed Companies".	
Companies"?				
2. Shareholding structure & shareholders' rights				
(1) Does the company establish an internal operating procedure	V		(1) The Company has designated a spokesperson and a deputy	None
to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?			spokesperson to handle shareholders' suggestions and litigation and the like.	
(2) Does the company possess the list of its major shareholders	V			None
as well as the ultimate owners of those shares?	V		(2) The Company possesses the list of its major shareholders based on the Register of Shareholders provided by the stock transfer agent.	None
(3) Does the company establish and execute the risk management	V		(3) The Company has established relevant management operations with its	None
and firewall system within its conglomerate structure?	,		affiliates.	Trone
(4) Does the company establish internal rules against insiders	V		(4) The Company has established "Operating Procedures for Handling	None
trading with undisclosed information?			Internal Material Information and Preventing Insider Trading" to forbid	
			insiders trading on undisclosed information.	
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board develop and implement a diversified policy	V		(1) The composition of the board of directors shall be determined by	None
and specific managerial goal for the composition of its			taking diversity into consideration. Board members shall have the	
members?			necessary knowledge, skill, and experience to perform his/her duties.	
(2) Does the company voluntarily establish other functional		V	. ,	Future actions will be carried out in
committees in addition to the Remuneration Committee and			conduct a needs assessment when necessary.	accordance with the company's development
the Audit Committee?				needs and legal regulations.
(3) Does the company establish a standard to measure the	V		(3) The company has formulated rules and procedures for evaluating the	None
performance of the Board and implement it annually, and are			Board's performance and conducted the evaluation in 2024. The	
performance evaluation results submitted to the Board of			Performance Evaluation Results are as follows (out of 5): Directors	
Directors and referenced when determining the remuneration			(4.820), Board of Directors (4.807), Audit Committee (4.939), and	
of individual directors and nominations for reelection?			Remuneration Committee (4.982), and the elevation results were	
			submitted to the Board meeting on March 10, 2025.	
(4) Does the company regularly evaluate the independence of	V		(4) The Company self-evaluates the independence and eligibility of CPAs	None
CPAs?			annually and assesses the CPA's audit experiences, and training hours	
			based on AQI. The Company's CPAs comply with the independence	
			evaluation standards, and the evaluation results were submitted to the	
			Board of Directors for deliberation and passed on March 10, 2025.	

			Implementation Status	Deviations from "the Corporate Governance
Evaluation Item	Yes	No	Abstract Illustration	Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
4. Does the company appoint a suitable number of competent personnel and a manager responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to the board meetings and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		The Company has appointed a managerial officer for corporate governance matters, and the officer has completed studies in conformity with rules last year.	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company has a designated section on its website for stakeholders.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has designated Taishin Securities Co. Ltd. Stock Affairs to deal with shareholder affairs.	None
<ul><li>7. Information Disclosure</li><li>(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?</li></ul>	V		(1) The Company has set up a corporate website to disclose information regarding the Company's financial standings.	None
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(2) The Company has assigned a dedicated unit to handle information collection and disclosure, and has established a spokesman system according to relevant regulations.	None
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V		(3) The Company has reported, announced, and filed both financial statements and monthly operating status according to relevant regulations.	None
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the execution of customer relations policies, and purchasing insurance for directors and supervisors)?	V		<ol> <li>The Company has established intact benefits system and compliance procedures for employee rights and wellness, and sustained long-term relationships with investors by spokesperson and those with suppliers. The Company has smooth communication channels with financial institutions, creditors, employees, customers, and suppliers, and discloses sufficient information (e.g., acquisition/disposals of assets, endorsement/guarantee matters) on MOPS for stakeholders' interests.</li> <li>The Company has arranged training programs for directors.</li> <li>Directors' attendance rates are high.</li> </ol>	None

				Implementation Status	Deviations from "the Corporate Governance		
Evaluation Item	<b>V</b>	NI.	A 1 4 4 T11 4 4	Best-Practice Principles for TWSE/TPEx			
		Yes	No	Abstract Illustration	Listed Companies" and Reasons		
				(4) The Company has purchased liability insurance for directors and			
				managers.			
Ģ	9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock						
	Exchange, and provide the priority enhancement measures: Improved the company website to offer more information on corporate governance.						

Note: Evaluation of Auditor Independence

Evaluation Standards	Evaluatio	on Result
Evaluation Standards	Yes	No
Direct or indirect substantial financial interest between the CPA and the Company		V
Borrowing/lending of fund or guarantees between the CPA and the Company		V
Substantially close business relationship and potential employment relationship between the CPA and the Company		V
Whether the CPA and audit team members have held the position as director, managerial officer, or any position materially critical to the audited case in the most recent 2 years		V
Whether the CPA has offered non-audit services that may possibly influence the audited case		V
Whether the CPA has served as a broker who buys/sells the Company's stocks or other securities		V
Whether the CPA has served as the Company's defender or coordinated conflicts between the Company and the third party		V
Whether the CPA has kinships with the Company's directors, managerial officers, or any position materially critical to the audited case		V
Whether the CPA has completed finance and tax compliance audit reports on time for the Company and the investees	V	
Whether the CPA has timely offered finance and tax consulting services to the Company	V	
Whether the CPA has provided Audit Quality Index (AQI)	V	

Evaluation result: The Company has appointed Ming-Chong, Hsieh and I-Chen, Lu of Deloitte Touche Tohmatsu Limited for attestations of financial statements, and confirmed that both CPAs have met independence and eligibility standards.

#### 2.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

The Remuneration Committee of the Company is composed of three members, including Lee Shu-Lan, Hung, Lung-Ping, and Liu, Chia-Yuan. The Committee assists the Board in discharging its responsibilities relating to the Company's compensation and benefits policies, and the evaluation of the directors' and executives' compensation.

#### 2.3.4.1 Information of Remuneration Committee Members

December 31 2024

Criteria Name (Note 1)	Professional Qualification and Experience (Note 2)	Independence Criteria (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Lee. Shu-Lan	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Current Position: CFO of EBM Technologies. Not been a person of any conditions defined in Article 30 of the Company Law.	An independent Director who has met the independence criteria: including but not int limited to whether they, spouses, relatives within the second degree of kinship serve as a director, supervisor or employer of the Company or affiliates; did not serve as a director, supervisor or employer of a Company with which the Company has a specific relationship; the person herself and spouse hold 14.401 shares (0.01%) of the Company. No remuneration for commercial, legal, financial and accounting services provided to the Company or affiliates in the past two years.	х
Independent Director Hung, Lung-Ping	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Positions: Manager of Pei-Sheng United Accounting Firm, Manager of Chuan-Hsin Accounting Firm, and Director of Shan-Hsin Consulting Ltd. Not been a person of any conditions defined in Article 30 of the Company Law.	Company or affiliates; did not serve as a director, supervisor or employer of a Company with which the Company has a specific relationship; the person himself and spouse hold 204,792 shares (0.07%) of the Company; No remuneration for commercial, legal, financial and accounting services provided to the Company or affiliates in the past two years.	x
Other Liu, Chia-Yuan	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the Business of the Company. Positions: CTO of Yang-Ming Marine Transport Corp., and President of All Ocean Transportation Inc. Not been a person of any conditions defined in Article 30 of the Company Law.	Has met the independence criteria: including but not int limited to whether they, spouses, relatives within the second degree of kinship serve as a director, supervisor or employer of the Company or affiliates; did not serve as a director, supervisor or employer of a Company with which the Company has a specific relationship; the person himself and spouse hold 1,867 shares (0%) of the Company; No remuneration for commercial, legal, financial and accounting services provided to the Company or affiliates in the past two years.	

- Note 1: Please specify the relevant work experiences, professional qualifications and the state of independence of each individual member of the remuneration committee.
- Note 2: Professional Qualifications and Experiences: Specify the professional qualifications and experiences of each individual member of the remuneration committee.
- Note 3: Independence Criteria: Specify the independent criteria that the remuneration commit members have met, including but not int limited to whether they, spouses, relatives within the second degree of kinship serve as a director, supervisor or employer of the Company or affiliates; the proportion of shares held by the independent director, spouses, relatives within the second degree of kinship (or in the name of others); whether the independent director serves as a director, supervisor or employer of a Company with which the Company has a specific relationship (refer to Subparagraphs 5 to 8, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Companies); and the amount of remuneration received for commercial, legal, financial and accounting services provided to the Company or affiliates in the past two years.

#### 2.3.4.2 Attendance of Members at Remuneration Committee Meetings

There are three members in the Remuneration Committee.

Term of Office: from August 11, 2023 to June 8, 2026. A total of two (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)	Remarks
Convener	Lee, Shu-Lan	2	0	100	Independent Director
Committee Member	Hung, Lung-Ping	2	0	100	Independent Director
Committee Member	Liu, Chia-Yuan	2	0	100	

#### Other mentionable items:

- 1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
- 2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified:

  None.

### 2.3.4.3 Responsibilities of Remuneration Committee

- 1. Set and review periodically the performance evaluation of the directors and managers, and the policy, system, standards and structure of salary and renumeration.
- 2. Periodically evaluate and set and salary and renumeration of the board directors and managers.

### 2.3.4.4 Remuneration Committee Meetings

Date	Major Resolutions	Resolution Result	Follow-up Actions
	1. Proposal of Distribution of 2023 director and	Unanimous consent	Proposed to the board meeting and
Mar. 14,	employee compensation	of the Committee	got unanimous consent by directors
2024	2. Proposal of Distribution of 2023 manager		
	compensation		
No. 11	1. Distribution of 2024 manager performance	Unanimous consent	Proposed to the board meeting and
Nov. 11,	bonus	of the Committee	got unanimous consent by directors
2024	2. Distribution of 2024 manager annual bonus		

# 2.3.5 Proposition of Sustainable Development and Deviations from the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies"

		Implementation Status <sup>1</sup>			Deviations from "the Corporate Social Responsibility Best-Practice Principles		
Evaluation Item	Yes	No			Abstract Explanation <sup>2</sup>	for TWSE/TPEx Listed Companies" and Reasons	
1. Does the company establish the governance structure of sustainable development and exclusively (or concurrently) dedicated first-line managers authorized and supervised by the board to be in charge of proposing such development?			The Company established the sustainability development team and instituted "Sustainable Development Best Practice Principles". The general manager is responsible for coordinated management and execution of the sustainable plans. The board of directors is the highest level unit of sustainability development and is responsible for review and supervision of the management policy and strategy, and institution and post-mortem of goals.				None
Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		audit comm manager is s and annual i The execution Date March 14 2024 Nov 11,	ttee is in charge erved as a conve eport to the boar on is as follows:  Meeting  Board  Meeting  Board	Risk Management Policies and Procedures". of reviewing the risk management and the gener, responsible for risk management coord of directors.  Purpose  Report "Risk Evaluations and Counterme initiated by related departments  Report of Risk Management and Execution	general dination	None
3. Environmental issues			2024	Meeting			
(1) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		(1) The Engineering Department monitors contractors for the following pollution preventions: air pollution, noise pollution, waste pollution and sewage pollution. The Company endeavors to build a "zero-pollution, zero-accident" workplace.				None
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(2) The Company implements environmental protection policies, and classifies, recycles and reuses waste by the nature in accordance with the waste control regulations of the Environmental Protection Administration. The Company also introduces concepts of green buildings and green building materials to each construction project.			None	
<ul><li>(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?</li><li>(4) Does the company take inventory of its greenhouse gas</li></ul>	V	V	(3) The Company complies with the air-conditioning temperature limit regulations of the Taipei City Government for office buildings, and at the same time implements smoke-free public places policy in accordance with the Tobacco Hazards Prevention Act.			None  Future actions will be carried out in	

				Implementation Status <sup>1</sup>	Deviations from "the Corporate Social Responsibility Best-Practice Principles	
Evaluation Item	Yes No			Abstract Explanation <sup>2</sup>	for TWSE/TPEx Listed Companies" and Reasons	
emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?				records the energy and resource efficiency, water consumption, and non-harmful waste caused by individual projects in the last two years.	accordance with the company's development needs and legal regulations.	
4. Social issues		-				
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1)	The Company is committed to upholding the basic human rights of employees and creating a workplace that fully protects human rights. The Company supports and complies with "Universal Declaration of Human Rights", "ILO Declaration on Fundamental Principles and Rights at Work", and obeys the labor-related regulations of our country to deter any human rights violations and abuses and to ensure all employees are treated fairly and with dignity. The Company enacts work rules and relevant human resources management rules in accordance with the Labor Standards Act to protect the rights and interests of its employees, and convenes labor-management conferences for the purpose of enhancing harmony in labor-management relations and creating a win-win vision for both sides.	None	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		(2)	The Company establishes various employee benefits measures in accordance with the Labor Standards Act and other relevant regulations, provides market-competitive benefits as incentives to employees, and issues performance bonuses on a periodic basis to share business profits with its employees.	None	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		(3)	The Company implements occupational safety and health measures and provides a safer working environment to our employees through occupational safety and health training. The Company also organizes family trips and various activities for employees from time to time to relieve work pressure and strengthen solidarity among the employees. There was no occupational accident in the current year. There was an electrical fire due to	None	
(4) Does the company provide its employees with career development and training sessions?	V			electrical faut in Fuward Hotel, Tainan and no injuries. We will pay more attention to the inspection and maintenance of facilities.		
(5) Do the company's products and services comply with relevant laws and international standards in relation to	V		(4)	programs that match employees' career development objectives.	None	
customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies			(5)	For the marketing and labelling of products and services, the Company has complied with relevant regulations and international principles. The company has set up a toll-free number: 0800-007819 for questions or	None	

			Implementation Status <sup>1</sup>	Deviations from "the Corporate Social Responsibility Best-Practice Principles	
Evaluation Item	Yes	No	Abstract Explanation <sup>2</sup>	for TWSE/TPEx Listed Companies" and Reasons	
implemented?  (6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		advice on products or services raised by consumers, and has accepted complaints through email, fax and phone anytime for consumer rights protection.  (6) Before dealing with suppliers, the Company adequately evaluates suppliers based on past history of whether suppliers have influenced the environment and society as one of the evaluation standards. The Company requests no prohibited and restricted substance in products and during production processes and take note of agreements related to compensation for breach of contract and cancellation of contract.	None	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?		V	The Company has prepared sustainability reports in accordance with regulations, but has not yet obtained the third-party validation.	The Company will conduct third-party validation depending on the company's development needs and laws and regulations.	

<sup>6.</sup> Describe the difference, if any, between actual practice and the sustainable development principles, if the company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies: No substantial difference.

# Climate-related information of listed and OTC companies

Issues	Implementation Status
Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The general manager serves as a conveyor of the sustainability development team, responsible for identifying, evaluating and handling climate risks and opportunities. He/she will need to submit a sustainability report on management of climate risks and opportunities on board meetings on a yearly basis, and the implementation effectiveness will be expectedly reviewed by board of directors in August 2025.

<sup>7.</sup> Other useful information for explaining the status of sustainable development practices: None

Issues		Implementation Status				
2. Describe how the identified climate	Risks and Opportunities	Financial Impact				
risks and opportunities affect the business, strategy, and finances of the	Rising costs of raw materials	In recent years, rising global raw material costs and transportation costs have affected business operation and will expectedly elevate a short-term procurement costs.				
business (short, medium, and long term).	Increasing severity of extreme weathers such as typhoons and flood	Increased global extreme weather events will likely cause more typhoons, rainstorms, and flood near office buildings and construction sites. This will also affect business operation and financial loss.				
3. Describe the financial impact of extreme weather events and transformative actions.	Adoption of incentive policies  Leverage of incentives in public sector	The government encourages enterprises and individuals to take actions to reduce greenhouse gas emissions, and the Company reduces its own environment through climate-related incentive policies and benefits from them.				
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	<ol> <li>The Sustainability Prome</li> <li>The Sustainability Prome</li> <li>Set execution strategies a</li> </ol>	nent policy, we conduct the followings:  otion Group evaluates ESG topics and climate risks at the same time.  otion Group meeting resolves critical ESG and climate risk issues.  and goals according to the approved ESG risks and climate risks.  and the execution status of climate risk on the board meeting in August, 2025.				
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Based on the identification of climate risks, we make scenario analysis on typhoon, flood and inundation caused by extreme weather conditions. To analysis shows that our projects are not directly located in, but 500 meters away from the potential flooding area of 350 millimeters of rainfall in 6 hour possibly affecting employee commuting and business Therefore, we consider this topic a climate risk and set countermeasures.					
6. If there is a transition plan for managing	Risks and Opportunities	Countermeasures				
climate-related risks, describe the	Rising costs of raw	1. Increase the ratio of local procurement of the supply chain to reduce costs such as transportation.				
content of the plan, and the indicators	materials	2. Sign long term contracts with suppliers to stabilize the costs of raw materials.				
and targets used to identify and manage physical risks and transition risks.		3. Optimize the design and construction metho, use more energy and material-saving skills to reduce materials waste and labor costs.				
	Increasing severity of extreme weathers such as typhoons and flood	Establish emergency response plans for typhoons and rainstorm to reduce instant risks.     Implement flood control on construction sites, procure and install waterproof gate, and periodically maintain underground pumping and drainage facilities.				
	Adoption of incentive policies  Leverage of incentives in public sector	Execute carbon footprint verification in accordance with laws and pay attention to carbon trading market.     Increase the ratio of local procurement tor reduce carbon emission from transportation.     Adopt green architecture standards for new construction projects and increase building efficiency to get relevant policy subsidy in order to elevate the brand value of corporation and social impact.				
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company has not yet o	onducted internal carbon pricing.				
8. If climate-related targets have been set,	* -	ted greenhouse gas inventory reviews, and will start inventory reviews and validations in accordance with rules. Through				
the activities covered, the scope of	energy-saving facilities and	the third-party validation of greenhouse gas, the Company sets scope 1 and scope 2 as the carbon reduction goals.				

Issues	Implementation Status
greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset	
should be specified.  9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.	The Company has not started greenhouse gas inventory reviews, and will start inventory reviews and validations in accordance with rules.

2.3.5-1 Information on greenhouse gas inventory: The Company does not yet have information on greenhouse gas inventory and validation.

2.3.5-2 Reduction goal, strategy and action plan on greenhouse gas inventory: None

# 2.3.6 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

				Implementation Status	Deviations from the "Ethical Corporate	
Evaluation Item	Yes No			Abstract Illustration	Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons	
Establishment of ethical corporate management policies and programs     (1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of	V		(1)	The Company conducts business activities in a fair and transparent manner to avoid making deals with unethical clients.	None	
Directors and management towards enforcement of such policy?  (2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2,	V		(2)	The Company formulates work rules for employee trainings sessions, promotes corporate ethical philosophies, and accepts operations of reports and complaints at anytime.	None	
Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?  (3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V		(3)	The company enhances management system and execution against unethical conduct, and penalizes employees that violate rules and regulations according to the seriousness of the violation.	None	
2. Fulfill operations integrity policy						
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(1)	The Company conducts business activities in a fair and transparent manner to avoid making deals with unethical clients, and pays special attention to whether suppliers have unethical records.	None	
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?		V	(2)	The Company has not yet established such unit on a full-time or part- time basis. The Audit Office is responsible for executing assessment operations periodically and non-periodically, and reporting to the Board of Directors.	The company will establish a full-time or part-time unit for future corporate development needs.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and	V		(3)	The company enhances management system and execution against unethical conduct, and penalizes employees that violate rules and	None	

				Implementation Status	Deviations from the "Ethical Corporate	
Evaluation Item		Yes No		Abstract Illustration	Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons	
implement it?  (4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management?  Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside	V		(4)	regulations according to the seriousness of the violation.  The company has set up an audit office to periodically and non-periodically execute assessment operations.	None	
accountants to perform the audits?  (5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		(5)	The Company advocates the ethical corporate philosophies and regulations at monthly meetings.	None	
<ol> <li>Operation of the integrity channel</li> <li>Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</li> </ol>	V		(1)	The Company has established reporting and punishment systems, and appointed appropriate persons for follow-up.	None	
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		(2)	The Company has set up employee reporting procedures, including SOPs for investigations, and relevant post-investigation confidentiality measures.	None	
(3) Does the company provide proper whistleblower protection?	V		(3)	The Company is responsible for maintaining the confidentiality of whistleblowers, and never takes retaliation actions against them.	None	
<ol> <li>Strengthening information disclosure         <ul> <li>Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?</li> </ul> </li> </ol>	V		(1)	The Company has built a corporate website and disclosed ethical corporate management policies on the website.	None	

<sup>5.</sup> If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established "Ethical Corporate Principles"; the practice of which is not significantly different from that of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies.

#### 2.3.7 Other Important Information Regarding Corporate Governance: None.

<sup>6.</sup> Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies): None

#### 2.3.8 Internal Control Systems

#### 2.3.8.1 Statement of Internal Control System

# Founding Construction Development Corp. Statement of Internal Control System

Date: March 10, 2025

Founding Construction Development Corp. (the "Company") states the following with regard to its internal control system of year 2024 based on the findings of its self-assessment:

- 1. The Company acknowledges that its Board of Directors and management are responsible for establishing, implementing, and maintaining an internal control system. The internal control system has been established and is a process designed to provide reasonable assurance of the effectiveness and efficiency of the Company's operations (including profitability, performance and safeguarding of assets); the reliability, timeliness, and transparency of the Company's reports and statements; and the compliance with applicable laws and regulations.
- 2. Any internal control system has inherent limitations. No matter how thoroughly designed, an effective internal control system can provide only reasonable assurance of accomplishing of the foregoing objectives. Moreover, the effectiveness of the internal control system may be subject to any change of environment or circumstance. Nevertheless, the Company's internal control system contains self-monitoring mechanisms which would enable the Company to take immediate remedial actions in response to any identified deficiency.
- 3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (the "Regulations"). The Regulations identify five key components of internal control during the management control process: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each such component includes several other elements. Please see details in the Regulations.
- 4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- 5. Based on the result of such evaluation, the Company believes that, on December 31, 2024, it has maintained an effective internal control system (which includes the supervision and management of the Company's subsidiaries) that can assure achievement in the foregoing objectives such as operational effectiveness and efficiency, reliability, timeliness, and transparency of reports and statements, and compliance with applicable laws and regulations.
- 6. This statement is an integral part of the annual report and prospectus of the Company and will be made public. Any falsehood, concealment, or other illegality in the content thereof will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- 7. This statement was approved by the Board of Directors on March 10, 2025, with a unanimous consent of all 9 Directors attending the meeting.

Founding Construction Development Corp.

Chairman: LIU HSIN-HSIUNG

President: TSAO, LO-FANG

2.3.8.2 The Company auditing its internal control system by a CPA shall disclose the CPA audit report: None

### 2.3.9 Major Resolutions of Shareholders' Meeting and Board Meetings

Item	Date	Major resolutions
Shareholders' Mee	ting	T
Shareholders'	June 20	1. Adoption of the 2023 business report and financial statements.
meeting	2024	2. Adoption of the 2023 Profit Distribution Statement
Board Meeting	T	
Board meeting	March 14 2024	<ol> <li>Proposal of the 2023 distribution of director and employee compensation.</li> <li>Proposal of the 2023 distribution of managerial officer's compensation.</li> <li>Approval of the 2023 business reports.</li> <li>Approval of the 2023 profit distribution.</li> <li>Approval of the 2023 distribution of cash dividend.</li> <li>Issues on the convention of the Shareholders' Meeting.</li> <li>Proposal of the 2024 distribution ratio of the director and employee compensation.</li> <li>Bank financing</li> <li>Submission of the Statement of Internal Control.</li> <li>Operations and executions of risk management</li> <li>Greenhouse gas inventory and verification plans and executions.</li> <li>Evaluation of CPA independence.</li> <li>Evaluation of CPA 's performance and review of the 2024 Audit Fee</li> </ol>
Board meeting	May 13 2024	Approval of the 2024 Q1 Consolidated Financial Statements     Bank financing
Board meeting	Aug 12 2024	Approval of the 2024 Q2 Consolidated Financial Statements     Bank financing
Board meeting	Nov 11 2024	<ol> <li>Approval of the 2024 Q3 Consolidated Financial Statements</li> <li>Proposal of the 2024 Manager Performance Bonus and Annual Bonus Distribution</li> <li>Proposal of the 2025 budget and business plans</li> <li>Bank financing</li> <li>Amendments to the "Procedures for the Preparation and Filing of Sustainability Reports</li> <li>Amendments to the "Guidelines for the Internal Control System"</li> <li>Amendments to the "Internal Control System" and "Internal Audit System"</li> <li>Proposal of Audit plans of second half of the year</li> </ol>
Board meeting	March 10 2025	<ol> <li>Proposal of the 2024 distribution of director and employee compensation.</li> <li>Proposal of personnel promotion and adjustment of salary.</li> <li>Approval of the 2024 business reports.</li> <li>Approval of the 2024 profit distribution.</li> <li>Approval of the 2024 distribution of cash dividend.         <ul> <li>Amendments to the Articles of Incorporation.</li> </ul> </li> <li>Amendments to Audit Committee Charter and Regulations Governing Procedure for Board of Directors Meetings.</li> <li>Issues on the convention of the Shareholders' Meeting.</li> <li>Proposal of the 2025 distribution ratio of the director and employee compensation.</li> <li>Bank financing</li> <li>Submission of the Statement of Internal Control.</li> <li>Evaluation of CPA independence and competence.</li> <li>Review of the 2024 Audit Fee</li> </ol>

Major resolutions at the 2024 Shareholders' Meeting and executions:

- (1) Adoption of the 2023 business report and financial statements.

  Execution: public announcement and registration were made in accordance with regulations.
- (2) Adoption of the 2023 profit distribution.

  Execution: The record date of ex-dividend was set to July 14, 2024 and the distribution day was set to Aug 2<sup>nd</sup>, 2024. (cash dividend NT\$1.2 per share)

# 2.3.10 Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors: None

#### 2.4 Information Regarding the Company's Audit Fee

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks	
Deloitte Touche	Deloitte Touche I-Chen Lu		2.740		2.740	None	
Tohmatsu Limited	Ming-Chong Hsieh	2024.1.1~2024.12.31	2,740	-	2,740	None	

# 2.4.1 Replaced the CPA firm for auditing and the audit fee paid in the replacing year is less than the audit fee paid in the previous year: None

#### 2.4.2 The audit fee of the current year is less than the year before by more than 10%: None

2.5 Replacement of CPA: None

2.5.1 Regarding the former CPA: N/A

2.5.2 Regarding the successor CPA: N/A

2.5.3 Reply of the former CPA to Article 10-6-1, and 10-6-2-3: N/A

#### 2.6 Audit Independence

The Company's Chairman, President, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates within the year.

#### 2.7. Changes in Shareholding of Directors, Managers and Major Shareholders

#### 2.7.1 Changes in Shareholding

			)24	As of April 12, 2025		
Title	Name	Holding +/(-)	Pledged Holding +/(-)	Holding +/(-)	Pledged Holding +/(-)	
Chairman	Syntain Corp.	-	-	-	-	
Representative of Chairman	Liu, Hsin-Hsiung	-	(2,500,000)	-	-	
Vice Chairman	Syntain Corp.	-	-	-	-	
Representative of Vice Chairman	Liu, Min-Liang	-	-	-	-	
Director	Syntain Foundation	-	-	-	-	
Representative of Institutional Director	Liu, Fang-Wen	-	-	-	-	
Director	Wenrui Investment	-	-	-	-	
Representative of Institutional Director	Chiang, Guang-Hui	(121,000)	-	-	-	
Director	Liu, Hua-Hsing	-	-	-	-	
Director	Ho, Ming-Hui	-	-	-	-	
Independent Director	Lee, Shu-Lan	-	-	-	-	
Independent Director	Chen, Bo-Yung	-	-	-	-	
Independent Director	Hung, Lung-Ping	-	-	-	-	
Major Shareholder	May-Hsiung Investment	-	(8,000,000)	-	-	

		20	)24	As of April 12, 2025		
Title	Name	Holding	Pledged Holding	Holding	Pledged Holding	
		+/(-)	+/(-)	+/(-)	+/(-)	
President	Tsao, Lo-Fang	i	-	-	-	
Vice President	Cheng, Jing-Hung	ı	-	-	-	
Vice President	Mo, Rong-Fa	ı	-	-	-	
Vice President	Su, Yen-Ting	ı	-	N/A	N/A	
Vice President	Huang, Wen-Chu	ı	-			
Assistant Vice President	Liu, Yen-Hui	ı	-	-	-	
Assistant Vice President	Liao, Wan-Jing	-	-	-	-	
Assistant Vice President	Cheng, Yen-Fen	-	-	-	-	
Assistant Vice President	Hsu, Yang-Ting	ı	-	-	-	
Assistant Vice President	Liu, Wei-Chih	N/A	N/A	-	-	
Corporate Governance Officer	Hsu, Wei-Lun	-	-	-	-	

# 2.7.2 Transfer of Shares: None

# 2.7.3 Shares Pledge with Related Parties: None

# 2.8 Relationship among the Top Ten Shareholders

April 12, 2025

-								A	pril 12, 2025
Name S		rent olding		s/minor's nolding	by No	nolding ominee gement	Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Mei-Hsiung Investment Co. Ltd	53,813,212	18.87	-	÷	-	-	-	-	
Representative: Liu, Fang-Wen							Liu, Hsin-Hsiung	Father-Daughter	
Syntain Corp.	22,918,571	8.03	-	-	-	-	-	-	
Representative: Liu, Min-Liang							Liu, Hsin-Hsiung	Father-Son	
Fu-Hsiung Investment	16,187,416	5.67	-	-	-	-	-	-	
Representative: Liu, Yue-Yun							Liu, Hsin-Hsiung	Siblings	
Fu-Long-Chang Investment	11,272,000	3.95	-	-	-	-	-	-	
Representative: Liu, Shu-Hung							Liu, Hsin-Hsiung	Father-Son	
Fu-Bang Investment	8,768,000	3.07	-	-	-	-	-	-	
Representative: Liu, Yen-Ling									
Liu, Fang-Wen	8,398,837	2.94	-	-	-	-	Liu, Hsin-Hsiung	Father-Daughter	
Liu, Shu-Hung	8,090,318	2.84	-	-	-	-	Liu, Hsin-Hsiung	Father-Son	
Liu, Min-Liang	7,997,932	2.80	2,247,000	0.79			Liu, Hsin-Hsiung	Father-Son	
Liu, Hsin-Hsiung	6,683,941	2.34	5,446,997	1.91	-	-	Liu, Min-Liang	Father-Son	
Chang-Fu Investment	6,429,555	2.25	-	-	-	-	-	-	
Representative: Lin, Hsiang-Min							-	-	

# 2.9 Ownership of Shares in Affiliated Enterprises

Unit: shares/ %

Affiliated	Ownership by the Company		Direct or Indirect Ownership by Directors/Managers		Total Ownership	
Enterprises (Note)	Shares	%	Shares	%	Shares	%
Chien Chiao Construction	15,000,000	100%	ı	ı	15,000,000	100%
FUSHIN Hotel	15,100,000	94%	900,000	6%	16,000,000	100%
Hsin-Long-Hsing Investment	30,000,000	100%	-	-	30,000,000	100%

Note: Long-term equity investment by the Company accounted for under the equity method.

# III. Capital Overview

# 3.1 Capital and Shares

# 3.1.1 Source of Capital

	ъ	Authoriz	zed Capital	Paid-In	Capital	Remark	k	
Month /Year	Par Value (NT\$)	Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital	Capital Increased by Assets Other than Cash	other
April, 1991	10	6,000,000	60,000,000	6,000,000	60,000,000	Initial Capital	None	-
Sept. 1994	10	12,000,000	120,000,000	12,000,000	120,000,000	Capital increase: NT\$60 million by cash	None	-
July, 1997	10	90,000,000	900,000,000	33,200,000	332,000,000	Capital Increase: NT\$200 million by cash and NT\$12 million by earnings MOF, Tai-Tsai-Cheng(1) - No.53242 (July 3, 1997)	None	-
June, 1998	By cash: 12 By Earnings 10	90,000,000	900,000,000	61,600,000	616,000,000	Capital Increase: NT\$200 million by cash and NT\$84 million by earnings and employee bonus MOF, Tai-Tsai-Cheng(1) - No.45729 (May 25, 1998)	None	-
July 1999	10	90,000,000	900,000,000	80,360,000	803,600,000	Capital Increase: NT\$187.6 million by earnings and employee bonus MOF, Tai-Tsai-Cheng(1) - No.54826 (June 3, 1999)	None	-
June 2000	10	160,000,000	1,600,000,000	108,888,000	1,088,880,000	Capital Increase: NT\$285.28 million by earnings and employee bonus MOF, Tai-Tsai-Cheng(1) - No.43092 (May 18, 2000)	None	-
Sep 2001	10	160,000,000	1,600,000,000	125,800,000	1,258,000,000	Capital Increase: NT\$169.12 million by earnings and employee bonus MOF, Tai-Tsai-Cheng(1) - No.142195 (July 2, 2001)	None	-
Nov 2002	10	160,000,000	1,600,000,000	115,800,000	1,158,000,000	Capital Reduction: NT\$100 million by repurchase and cancellation of treasury shares. MOF, Tai-Tsai-Cheng(3) –No. 0910149111 (Sep 2, 2002) and No.0910156253 (Oct 16, 2002)	None	-
Dec 2003	10	160,000,000	1,600,000,000	115,000,000	1,150,000,000	Capital Reduction: NT\$8 million by repurchase and cancellation of treasury shares. MOF, Tai-Tsai-Cheng(3) –No. 0920155800 (Nov 21, 2003)	None	-
August 2005	10	160,000,000	1,600,000,000	118,450,000	1,184,500,000	Capital Increase: NT\$34.5 million by capital surplus FSC, Jin-Kuan-Cheng(1) - No.0940125009 (June 28,2005)	None	-
August 2006	10	160,000,000	1,600,000,000	125,000,000	1,250,000,000	Capital Increase: NT\$65.5 million by earnings and capital surplus FSC, Jin-Kuan-Cheng (1) - No.0950126365 (June 26,2006)	None	-
August 2007	10	160,000,000	1,600,000,000	144,200,000	1,442,000,000	Capital Increase: NT\$192 million by earnings and employee bonus FSC, Jin-Kuan-Cheng (1) - No.0960032882 (June 28,2007)	None	-
June 2008	10	250,000,000	2,500,000,000	166,300,000	1,663,000,000	Capital Increase: NT\$221 million by earnings and employee bonus	None	-

						FSC, Jin-Kuan-Cheng (1) -No. 0970017707 (April 25, 2008)		
March 2009	10	250,000,000	2,500,000,000	165,928,000	1,659,280,000	Capital Reduction: NT\$3.72 million by repurchase and cancellation of treasury shares. FSC, Jin-Kuan-Cheng (3) -No. 0970070058 (Dec 22, 2009)	None	-
August 2009	10	250,000,000	2,500,000,000	177,775,293	1,777,752,930	Capital Increase: NT\$118,472,930 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 0980033683 (July 7, 2009)	None	-
August 2010	10	250,000,000	2,500,000,000	194,029,781	1,940,297,810	Capital Increase: NT\$162,544,880 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 0990033713 (June 30, 2010)	None	-
August 2011	10	250,000,000	2,500,000,000	211,770,994	2,117,709,940	Capital Increase: NT\$177,412,130 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 1000030070 (June 29, 2011)	None	-
July 2012	10	250,000,000	2,500,000,000	226,982,797	2,269,827,970	Capital Increase: NT\$152,118,030 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 1010028294 (June 26, 2012)	None	-
August 2013	10	250,000,000	2,500,000,000	243,169,643	2,431,696,430	Capital Increase: NT\$161,868,460 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 1020024518 (June 25, 2013)	None	-
August 2014	10	360,000,000	3,600,000,000	255,664,714	2,556,647,140	Capital Increase: NT\$124,950,710 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 1030023894 (June 24, 2014)	None	-
August 2015	10	360,000,000	3,600,000,000	271,335,579	2,713,355,790	Capital Increase: NT\$156,708,650 by earnings and employee bonus FSC, Jin-Kuan-Cheng (FA)-No. 1040024163 (June 26, 2015)	None	-
August 2016	10	360,000,000	3,600,000,000	285,244,944	2,852,449,440	Capital Increase: NT\$141,628,790 by earnings and employee bonus	None	-

Share Type		D		
	Issued Shares (Remarks)	Un-issued Shares	Total Shares	Remarks
Common Stocks	285,244,944	74,755,056	360,000,000	Listed Stocks

Information Related to Consolidated Tax Filing System: N/A

# 3.1.2 List of Major Shareholders

April 12, 2025

Shareholder's Name	Shareholding			
Shareholder's Name	Shares	Percentage		
Mei-Hsiung Investment	53,813,212	18.87		
Syntain Corp.	22,918,571	8.03		
Fu-Hsiung Investment	16,187,416	5.67		
Fu-Long-Chang Investment	11,272,000	3.95		
Fu-Bang Investment	8,768,000	3.07		
Liu, Fang-Wen	8,398,837	2.94		
Liu, Shu-Hung	8,090,318	2.84		
Liu, Min-Liang	7,997,932	2.80		
Liu, Hsin-Hsiung	6,683,941	2.34		
Chang-Fu Investment	6,429,555	2.25		

Note: List all shareholders with a stake of 5 percent or greater, or those who rank in the top 10 in shareholding percentage.

## 3.1.3 Dividend Policy and Implementation Status

## 3.1.3.1 Dividend Policy

Where the Company has a profit after tax at the end of each fiscal year, the Company shall offset the accumulative losses (including adjustment of retained profits) and set aside a legal capital reserve at 10% of the remaining profits first provided that the amount of accumulated legal capital reserve has not reached the amount of the paid-in capital of the Company, and then set aside or reverse the remains as special reserve in accordance with relevant laws, rules and regulations. With the balance after deductions in the preceding paragraphs together with retained profits from preceding years (including adjustment of retained profits), the Board of Directors are authorized to prepare proposal for profits earnings distribution and adopt a resolution by a majority vote at a meeting of the Board of Directors attended by two-thirds or more of all the Directors to distribute dividends and bonuses in whole or in part in cash, and then report such distribution to the shareholders' meeting. Where distributing surplus profits by issuing new shares in accordance with the preceding paragraph, it shall be adopted by the resolution of the shareholders' meeting in accordance with Article 240 of the Company Act. About the distribution of dividends of the Company, the ratio for dividend in cash shall not be lower than 30% of total distribution.

## 3.1.3.2 Proposed Distribution of Dividend

The proposal for a cash dividend of NT\$1 per share will be discussed and approved at the annual general shareholders meeting on June 20, 2025.

# 3.1.4 The impact of the stock dividends proposed in the current Shareholders Meeting on the Company's operating performance and earnings per share: N/A

#### 3.1.5 Compensation of Employees and Directors

A. Information Related to Compensation of Employees and Directors in the Articles of Incorporation

The Company shall set aside 0.6% to 3% of the profits (before tax and before compensation distribution to the employees and Directors in any fiscal year) as employee compensation. The Board of Directors may resolve to distribute employee compensation in shares or cash. Employees of parents or subsidiaries of the Company meeting certain specific qualifications may be entitled to receive employee compensation. The Board of Directors may resolve to set aside not more than 2% of such profits for compensation for Directors.

- B. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period
- ①The amount of employee and Director compensation is calculated respectively as 0.6% and 0.63% of the amount of annual profits that might be distributed based on past experience of the Company.
- ② The calculation of the number of shares as employee compensation is determined based on the closing price of the day immediately before the date of the resolutions of the Board of Directors to issue new shares. The amount which is less than the value of one share should be distributed in cash.
- ③ If there is any difference between the actual distributed amount and the assessed figure, it shall be dealt with the rules of changes in accounting estimates and be carried into account for the year in which the resolutions of shareholders' meeting are made.

- C. Distribution of Remuneration Resolved by the Board of Directors
- ① Remuneration to employees and directors paid in cash or with stock dividends. If it is different from the estimated amount of the expense recognition year, the difference amount, cause, and treatment should be disclosed: Proposed remunerations to employees and directors are NT3.10 million and NT\$3.24 million respectively, which are not different from the estimated amount of expense recognition year.
- ② The amount of stock dividends distributed to employees and their ratio to the net income and total remuneration to employees on the only and Individual Financial Report: None
- D. Information of 2023 Distribution of Compensation of Employees, and Directors (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) and, if there is any discrepancy between the actual distribution and the recognized employee, or director compensation, additionally the discrepancy, cause, and how it is treated: The actual employee bonus and remuneration of directors, both paid by cash, were NT\$6.35 million and NT\$3.24 million respectively, and there was no discrepancy between the actual distribution and the recognized amount.
- 3.1.6 Buy-back of Treasury Stock: None
- 3.2 Bonds: None
- 3.3 Preferred Stocks: None
- 3.4 Global Depository Receipts: None
- 3.5 Employee Stock Options, New Restricted Stock Award Shares Issued to Employees: None
- 3.6 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None
- 3.7 Financing Plans and Implementation: None

## IV. Operational Highlights

#### 4.1 Business Activities

## 4.1.1 Business Scope

#### A. Main Business and its Weight

- ① Contracted construction of residential properties, hotels, industrial factories, and commercial buildings for rent, sale, etc.
- ② Interior design and construction.
- 3 Introduction of house rental and sale, and agent service for sales of overseas real estate.
- ④ Operation and management of hotels and catering services.

The Company is mainly engaged in rental and sales of residential properties, hotels, commercial buildings and industrial factories built by construction companies contracted by the Company. The Company has actively participated in hotel operations in recent years, though construction revenue is still the main source of revenue of the Company.

#### B. Current Products (Services)

The main products of the Company are industrial office buildings, residential and commercial buildings, hotels and multi-dwelling units. The Company has also recently undertaken a couple of hotel operations.

#### C. New Products (Services) Planned to be Developed

- ①Reconstruction of old communities: To take active participation in urban renewal programs to accelerate the reconstruction of old communities in prime downtown areas.
- ② Multifunctional business hotels: Mixed-use hotels satisfying the diversified demands of worldwide businesspersons and providing cost-effective options for accommodation and catering services.
- 3 Construction, operation, and management of service apartments.
- (4) Construction of residences and suites near every major science park in Taiwan.

## 4.1.2 Industry Overview

#### A. Current Status and Future Development

The condition of the housing market has changed rapidly. Affected by the international situation and economic market policy, domestic demand industries slowed down from 2023. Despite the abundance of private funds, the Central Bank has controlled concentration of real estate lending, leading a tight construction funding which affected developers' business operation and unfavored the real estate market. Preferential Housing Loans for the Youth and first purchase loans both help to increase trading volume.

Trading volume in the housing market remained stable in the first half of 204 and gradually tightened in the second half of 2024. The commercial market was conservative, and self-use demand became mainstream. Trading hours are longer and the outskirt area turned into the center of the city. The housing market in Taiwan was influenced by several factors, such as the change of the economic environment, the trend of interest rate, inflation that affect the purchase demand. The strength and control of government policy also directly affected the market equilibrium. The change of the population structure, such as declining birthrate and aging population, might lead to a lower demand of housing in a long term. Therefore, the market might enter an adjustment phase, the growth rate of housing price slows down and the housing price starts to decline.

As the economic environment grows stably, the tourism market of Taiwan begins to revive. International business contacts become more frequent, driving demand for international business travels which will benefit the hotel and F&B business operation.

#### B. Relevance of Upstream, Midstream and Downstream

Starting this year, Ministry of the Interior, Water Resources Agency and Public Construction Commission, respectively launch low-carbon building certification programs to promote carbon reduction policies and requirements for the construction industry. Buildings and public construction with high emissions will bear the brunt of the aforementioned programs. The recent development of smart technology has been reflected in applications of construction materials and facilities; the use of environmentally friendly and energy-saving construction materials, and the procurement of green power and charging station of electric vehicles have greatly improved the quality of architectural buildings to help provide customers with more complete

and convenient services to meet the needs of modern life.

The hotel supply chain including upstream suppliers, such as suppliers of food and beverage ingredients, room amenities, hardware and software, in conjunction with marketing channel partners such as online booking platforms, provides more comfortable and convenient, exquisite services to improve consumer satisfaction.

#### C. Product Trends and Competition

Actively-traded products in the market are mostly small size, low total price and high unit price ones and characterized by low total price, low cost and good liquidity, attracting first-time buyers and investors.

In 2024, Taiwan's real estate market showed a trend toward diversified product development and fierce industry competition. We will substantially observe the change of the market demand and adjust product strategy to keep competitive edge.

The hotel and F&B industries grow stably and actively expand to satisfy future needs, yet simultaneously face a shortage of manpower as well. To respond to the workforce shortage issue, it is the hotel's priority to expand recruitment channels, actively retain employees and increase service efficiency by high-tech hardware.

### 4.1.3 Research and Development: None

#### 4.1.4 Long-term and Short-term Business Development Plans

#### A. Short-term Business Development Plan

Costs of land and building materials remain high, anti-flipping policy is hardly loosened in a short period of time, especially banks have tightened standards for construction and land development loans. Since the Amendment of the Equalization of Land Rights Act was launched, private entities need to obtain the approval for the acquisition of residential buildings, which prompts a drop in transaction volume of the luxury housing market. Also, restrictions on the transfer and resale of the agreements on the sale of pre-sale or new-built houses are a catalyst of rigid demand of self-use housing, significantly changing the overall structure of the market. The Youth Housing Mortgage Program, a program with better discounts than the home loan program for government employees and teachers, has the most influence on the transaction price and volume of the housing market and will stabilize the confidence of self-use buyers. Developers also try to adopt "Two Low , One High" sales strategy, which means low price, low self-prepared funds, and high price-performance ratio in response to the small-unit wave in Taiwan.

The hotel has strengthened its online booking platform to increase the occupancy rate of domestic and overseas visitors, and to enhance the convenience and comfort of the hotel location for domestic and foreign business travelers, providing a quality accommodation environment and services.

#### B. Long-term Business Development Plan

The Company actively searches and develops metropolitan districts with development potentials to build commercial buildings, high-grade residences, business suites and high-quality industrial office buildings in order to offer a diversified portfolio of professional fields and enhance the competitive advantage of the Company.

In this high inflation era, the hotel industry is facing more challenges. The long-term development trend should be incorporated with local characteristics to create distinctive and customized services for market differentiation and competition.

#### 4.2 Market and Sales Overview

### 4.2.1 Market Analysis

#### A. Sales (Service) Region

Projects are mainly located in Greater Taipei Area and Tainan. Major projects in the last three years are listed as follows:

Year	Project	Sales Region	Household numbers	Year of Completion	Building Type
2024	Asia Pacific Center	Tu-Cheng, New Taipei City	22	2029	Factory and office building
2024	Tai Tung Smart Tech Park	Hsin Chuang, New Taipei City	44	2029	Factory and office building
2023	Founding Forest Cottage	East District, Tainan City	30	2027	Condominium
2021	Meditation Garden	Wen Shan District, Taipei City	40	2025	Condominium
2020	Li Ren Condominium	North District, Tainan City	27	2024	Condominium
2020	Star Technology	Neihu, Taipei City	24	2024	Factory and office building
2020	Founding Li-Yuan	Sang-Chong, New Taipei City	98	2023	Condominium

#### B. Market Share

In 2024, there was a burst of construction projects. According to 591's new construction project survey, the total sales countrywide was NT\$2.56 trillion, and the supply of the Company constituted a market share of approximately 0.14%.

#### C. Future Demand & Supply and Growth of Market

① Supply: According to the official website of Ministry of the Interior, the number of licensed residential households in the country hit a 10-year high. The statistics show that a house selling spree driven by limited LTV (loan-to-value) ratio or high interest rates started to impact the market one year after the house handover.

Starting 2024, there were many new hotels opening, making more supplies in the hospitality market.

② Demand: Take an overview of economic and consumption aspects, most of the consumers in the real estate market are still self-owned home buyers. First-time buyers target on low-price and small-space product. Home changers care more about the environment and planning of the building.

As the domestic prices soar and Yen steadily depreciates, people are willing to travel abroad, which cuts the accommodation demands for domestic hotels, especially those in Hualien and Taitung.

③ Growth: The economic situation is unclear and anti-flipping rules continue, both generating unfavorable impacts on the market. Even though the market is deserted, the rigid demand of self-use, low price small units is still strong. The housing price keeps high; while the total price is difficult to soar and the unit price remains unchanged, the saleable area will tend to be reduced. The market of office buildings remains the same mainly because of the business expansion and old building obsolescence.

As the demand of international business travels and domestic tourism was back to the original level, the hotel industry expects a steady growth in the future.

#### D. Competitive Niches

The competitive niches of the Company are as follows:

- ① Development of Lands at Advantageous Locations: The sound land development strategies lay the groundwork for the stable growth of the Company.
- ② Attribute-Based Product Planning: Starting from a human centered approach, the Company designs appropriate, reasonable, convenient and comfortable space for use in response to the trend of aging population and lower birth rate.
- ③ Intelligent Architectural Design: The combination of intelligent building and IoT has become a modern architectural trend. The location, planning, hardware and software facilities, and energy-saving building materials are all the keys to success.
- Strict Management of Construction: The Company strictly monitors the quality of each construction project, effectively controls the construction period, and continues to research and develop new construction techniques and new technologies.

- © Thorough After-Sales Services: The Company proactively maintains good interactions with our customers and provides satisfactory after-sales service at any time.
- © Sound Financial Management: The Company relies on a stable financial structure, flexible capital deployment and a steady corporate structure for each construction project. With a full grasp of the market trend, the Company is able to devise a large-scale development strategy to take the preemptive opportunities.
- ② In addition to strengthening the location advantage of the hotels, the Company will also enhance the maintenance and renewal of hotel facilities, implement new technology application, improve the overall service quality, and provide guests with a home-away-from-home accommodation and dining experience.

#### E. Favorable and Unfavorable Factors of Development Prospect and Countermeasures

#### ① Favorable Factors

The government has launched many discounted mortgage programs and subsidy policies which encourage self-use group, especially first-time buyers, helping to stabilize the demand of the housing market. Urban renewal projects and infrastructure such as MRT extension line, elevate the potential of the area development and grab buyers' attention.

The location of the hotel is close to the city center or exhibition center, providing accommodation convenience and comfort for tourists and business travelers.

#### ② Unfavorable Factors

That house prices keep rising becomes a burden for buyers, especially youngers and mid-income group, and might deter the willingness to purchase. The trend of declining birthrate and growing elderly population might decrease the long-term housing demand, affecting the stability of the real estate market. To curb speculation, the government implements stricter market control policy. The banks' tightened lending policy also reduces home buyers' financing ability.

In high inflation era, the cost of workforce and food continue to rise up, and Taipower electricity tariff increase every two years, resulting in significant increases in hotel business operation. Labor shortage crisis also disfavors hotel business operation.

## ③ Countermeasures of the Company

In the face of the above-mentioned disadvantages, the Company will take relevant countermeasures to strengthen its competitiveness as follows:

- a. Prudently choosing districts for project development;
- b. Emphasizing the quality of construction and shortening the work schedule of construction;
- c. Improving the competitiveness of products;
- d. Designing small-sized and low total priced products;
- e. Maintaining a safety stock of land;
- f. Increasing the brand value of the Company;
- g. Providing comprehensive customer services;
- h. Strengthening the development of domestic tourism market and employee training to improve the overall quality of hotel services and competitiveness.
- i. Elevate the overall quality of hospitality service and enhance the hotel competitiveness.
- j. Implement energy-saving and carbon reduction and sustainability development strategies.

#### 4.2.2 Important Uses and Production Processes of Main Products

The Company is mainly engaged in the construction of public housing, industrial and commercial buildings, business hotels, tourist hotels and their rental or sales business, and the development of urban renewal projects. The important uses and production processes of main products are as follows:

#### A. Important Uses of Main Products

- ① Industrial and Commercial Buildings: office spaces and buildings;
- ② Housing: residences, shops and business suites;
- 3 Hotels: business hotels and tourist hotels.

- B. Production Processes of Main Products
  - ① Market Survey: Conducting routine survey on each factory, residential, built house, and pre-sale house case, and price inquiry of lands and houses.
  - ② Land Development: Searching for lands with development value according to the result of market surveys.
  - 3 Planning and Design: Positioning new products and designing products based on market surveys;
  - Sales Marketing: Pricing products and conducting commission sales or self-sales;
  - © Construction: Strictly supervising the contractors' construction in accordance with permit drawings in order to ensure construction quality;
  - © Completion and Handover: After obtaining user licenses, assisting customers to complete the procedures of acceptance and transfer of property rights, and ensuring the rights and interests of customers;
  - ② After-Sales services: Establishing a customer-oriented professional service and assisting customers in forming administration committees.

## 4.2.3 Supply Status of Main Materials

- A. Acquisition of Lands: The Company undertakes land development through brokerage relationships, bids of state-owned and private lands, or self-development. Based on the analysis of market surveys, we look for reasonably priced, well-located lands with appreciation potential. Projects will be carried out mainly as Build to Order, combined with joint construction and urban renewal.
- B. Construction Projects: Construction projects are undertaken by our re-invested subsidiary, Chien-Chiao Construction Co., Ltd, so that we can effectively control the schedule and quality of the projects.
- C. Construction materials: All construction materials are carefully selected from good domestic and foreign suppliers, and the main bulk of construction materials is mostly supplied by listed companies to ensure the source of supply and the stability of quality.

#### 4.2.4 Major Suppliers and Clients

A. Major Suppliers in the Last Two Calendar Years (Please refer to the table on the next page)

Main Suppliers of the Company for Land Projects and Construction Projects:

- ① Land Projects: The Company is a construction company; the transaction counterparties are unspecified individuals or companies, so there is no main fixed supplier.
- ② Construction Projects: After careful evaluation and price negotiation of projects, we select class A constructers to control the project schedule and quality. At present, the reputation and degree of cooperation of our main contractors are excellent, and the quality and progress of their projects are also well controlled.

Suppliers commanding 10%-plus share of annual order volume: If there is no high acquisition cost of land, the actual amount depends on the case and progress of the construction in the current year, and the proportion of the project in a single case is small for a large number of Chien Chiao's suppliers.

B. Major Clients in the Last Two Calendar Years (Please refer to the table on the next page)

In the recent two years, the Company has mainly been operating leasing and selling of residential and industrial office buildings. Most of the transaction counterparties are unspecified individuals or companies, so there is no fixed selling target, depending on the actual transactions.

	2023		2024			2025 (As of March 31)						
Item	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Mr. Chang	722,432	52.17%	None	Tiwan Shihlin District Count	529,890	41.24%	None	-			
	Others	662,280	47.83%		Others	754,891	58.76%		Others			
	Net Total Supplies	1,384,712	100.00%		Net Total Supplies	1,284,781	100.00%		Net Total Supplies			

Note 1: Major suppliers refer to those commanding 10%-plus share of annual order volume. Note 2: 2024~Q1 financial reports have not been completed as of the publication date of the annual report.

#### Major Clients in the Last Two Calendar Years

Unit: NT\$ thousands

	2023			2024			2025 (As of March 31)					
Item	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1									-			
2												
	Others	3,763,838	100%		Others	2,235,793	100%		Others			
	Net Total Sales	3,763,838	100%		Net Total Sales	2,235,793	100%		Net Total Sales			

Note 1: Major clients refer to those commanding 10%-plus share of annual order volume Note 2: 2024~Q1 financial reports have not been completed as of the publication date of the annual report.

## 4.3 Human Resources

	Year	2023	2024	Data as of April 20, 2025
Number of	Employees	236	237	233
Employees	Total	236	237	233
	Average Age	41.41	43.91	44.43
	Average Years of Service	5.29	6.09	6.18
	Ph.D.	0%	0%	0%
	Masters	1.27%	2.11%	%
Education	Bachelor's Degree	67.37%	64.56%	65.56%
	Senior High School	25.00%	26.58%	26.97%
	Below Senior High School	6.36%	6.75%	6.22%

## **4.4 Environmental Protection Expenditure**

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions):

Disposition Date	Disposition Ref. No.	Articles of Law Violated	Content of Disposition	Fine	Countermeasures
March 6, 2024	Lao-Chih- Shao-Zi No. 1130202951	Subparagraph 1, Article 6 of Occupational Health and Safety Act	Failure to comply with the standards for construction safety and health equipment	120,000	Interface coordination personnel continue to communicate closely with on-site supervisors.
March 27, 2024	Fei-Zi No.40-113- 030053	Subparagraph 2, Article 27 of Waste Disposal Act	Construction vehicles entering and exiting the site have caused road pollution due to mud carried on their tires	6,000	Improve road cleaning to reduce surface contamination.
April 22, 2024	Fei-Zi No.40-113- 040055	Subparagraph 2, Article 27 of Waste Disposal Act	Failure to assign personnel for cleaning during construction resulted in waste polluting the roadway and sidewalks	6,000	To prevent the recurrence of such incidents.

#### 4.5 Labor Relations

## 4.5.1 Employee Welfare

Provision and Implementation of Employee Benefits, Advanced Studies, Training, and Retirement Plans; Labor-Management Agreement and Measures of Employee Rights Protection

#### A. Employee Benefits

- ① Employee Benefits: The Company has, in accordance with relevant laws, established the Employee Welfare Committee which is responsible for coordinating various employee welfare activities. The Company also allocates funds required for welfare activities in accordance with relevant laws and regulations.
- ② Labor Insurance and Health Insurance: All employees of the Company have enrolled or cancelled insurance policies in accordance with relevant government regulations.
- 3 Employee Training: The Company enables its employees to learn from work and satisfy their high thirst for knowledge.
- Staff Uniform: The Company customizes winter and summer uniforms for employees.
- ⑤ Distribution of Employee Compensation.
- © Wedding and funeral subsidies, and education scholarships for children
- ② Other Benefits: Bonuses for dragon boat festival, mid-autumn festival, and lunar new year; allowances for personal birthday and childbirth; year-end party giveaways; year-end bonus; and lending of books, magazines and audio-visual materials.

#### B. Retirement Plan and Implementation

The Company makes monthly contributions to the labor retirement reserve funds in accordance with relevant laws and deposits those funds in the labor retirement reserve fund account, and formulates the employee retirement regulation to protect employees' retired lives. The employee retirement regulation and the standards for payment of labor pension are handled in accordance with the worker retirement regulation of the Company.

#### C. Labor-Management Agreement:

The Company's labor relations measures have been implemented in accordance with relevant laws and regulations. The Company does not form labor unions or enter collective bargaining agreements with employees; instead, it holds seasonal labor-management meetings to facilitate two-way communication, fostering a harmonious labor-management relationship.

#### 4.5.2 Labor Disputes

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions): No loss incurred due to labor disputes. The Company will improve consultation with human resources and legal counsels, set out clear labor contracts, ameliorate the working environment, and strengthen the labor-management relationship.

## 4.6 Cyber Security Management

**4.6.1** Structure of cyber security risk management, cyber security policy, concrete management project, and resources input in cyber security management: To ensure the security of the Company's data, information system, appliance and network, and enhance information security management for reliable information service, the Company has formulated Information Security Policy, including 1. Stipulating the Company's information security management institution to regulate the employee conducts; 2. Building an information security management system to implement information security protection and management measures; and 3. Offering information security education and training to raise awareness of the entire employees about the information security. On the division of power and responsibility, the information system section is responsible for the information security policy, plans, measures, discussion on skill norms, and research, set-up and evaluation of the security skills. Audit operations are responsible by the information office and audit office. In addition, department of management is responsible for the safety management of staff, while the information office is responsible for the safety management of outsourced workers.

Resources input for the cyber security management

Items	Amount (\$)
Security Health Check	367,500
Replacement of Computer Equipment	400,000
Antivirus Software	37,500
Server, Firewall and Hardware Warranty Contract	50,000
Update of Backup Euipment	15,000

Every season, the Company offers information security management courses and training, disseminates the responsibility of information security to employees, and raises awareness of cyber crisis and information security to prevent risks of data breach.

Date	Training	Training Format	Method
March 8, 2024 June 7, 2024 Sep 11, 2024 Dec 2, 2024	Dissemination of ERP password setting principles	All-staff training	Signature on the Announcement
Feb 15, 2024 May 16, 2024 Aug 14, 2024 Nov 20, 2024	Information security promotion and case studies	All-staff training	Signature on the Announcement
Jan 10, 2024 Dec 19, 2024	Information security training	All-staff training	Seminar

**4.6.2** Any losses and possible impacts suffered by the company in the most recent fiscal year and up to the annual report publication date due to major cyber security incidents, and countermeasures thereof. Specify reasons if incidents cannot be evaluated: None

## **4.7 Important Contracts**

Agreement	Counterparty	Period	Major Contents	Restrictions
Long-Term Debt Contract	Chang Hwa Bank, Yong-Chun Branch	2016.05.23-2036.05.23	Collateral: Fushin Hotel- Taipei	-
Long-Term Debt Contract	First Bank, Ren-Ai Branch	2010.11.23-2025.11.23	Collateral: Fuward Hotel Tainan	-
Long-Term Debt Contract	Hua-Nan Bank, Nan-Neuihu	2018.02.26-2033.07.27	Collateral: Fushin Hotel-Tainan	-
Long-Term Debt Contract	Branch	2020.09.30-2025.09.30	Collateral: 3 <sup>rd</sup> floor of White House Building	-
Construction Contract	Chien-Chiao Construction	2020.05-Completion	Contracting: Star Technology	-
Construction Contract	Chien-Chiao Construction	2020.08-Completion	Contracting: Li Ren Ming Di	-
Construction Contract	Chien-Chiao Construction	2022.01-Completion	Contracting: Meditation Garden	-
Construction Contract	Chien-Chiao Construction	2023.08-Completion	Contracting: Founding Forest Cottage	-
Construction Contract	Chien-Chiao Construction	2024.05-Completion	Contracting: Tai Tung Smart Tech Park	
Construction Contract	Chien-Chiao Construction	2024.11-Completion	Contracting: Asia-Pacific Tech Center	
Joint Construction Contract	Mr. Lin	2007.11-Handover	Project: Wen-De Section	-
Joint Construction Contract	Tai Tung Communication Co, Ltd Ching Tung	2021.09-Handover	Project: Hsin Gong Section	-
Joint Construction Contract	Tung Fu Hsin Investment Co., Ltd Hui Sheng Investment Co., Ltd Fu Yun Investment Co., Ltd Mr. Cheng and Mr. Wu	2022.06-Completion of Urban Renewal	Urban Renewal Project: Da-Long Section	-
Lease Contract	Starts International Taiwan Inc.	2023.06.29-2025.03.28	Lease Undertaking: De Hui Section	
Lease Contract	Chunghwa Post Co., Ltd.	2022.03.28-2027.03.28	Fushin Hotel- Taichung	-
Lease Contract	Parkinsys Technology Corporation	2024.07.01-2025.06.30	Tao-Yuan Section serves as parking lot	-
Maintenance Contract	Unitech Computer Co., Ltd	2025.01.01-2025.12.31	Server maintenance service	

### V. Review of Financial Conditions, Financial Performance, and Risk Management

## 5.1 Analysis of Financial Status

Unit: NT\$ thousands

Year	2024	2023	Difference		
Item	2024	2023	Amount	%	
Current Assets	7,327,155	7,150,604	176,551	2.47	
Fixed Assets	4,565,341	4,691,537	(126,196)	(2.69)	
Other Assets	34,997	26,729	8,268	30.93	
Total Assets	11,927,493	11,868,870	58,623	0.49	
Current Liabilities	1,221,936	1,105,130	116,806	10.57	
Long-term Liabilities	1,006,028	1,150,784	(144,756)	(12.58)	
Total Liabilities	2,227,964	2,255,914	(27,950)	(1.24)	
Capital stock	2,852,450	2,852,450	-	-	
Capital surplus	21,130	21,130	-	-	
Retained Earnings	6,825,949	6,739,376	86,573	1.28	
Total Stockholders' Equity	9,6699,529	9,612,956	86,573	0.90	

Analysis:

Others and intangible assets: increased compared to the previous period, primarily due to an increase in current deferred tax assets and net defined benefit assets. There was no material impact.

## 5.2 Analysis of Financial Performance

Unit: NT\$ thousands

Y	ear 2024	2022	Difference		
Item	2024	2023	Amount	%	
Gross Sales	2,235,793	3,763,838	(1,528,045)	(40.60)	
Less: Sales Returns	-	-	-	-	
Sales Allowances	-	-	-	-	
Net Sales	2,235,793	3,763,838	(1,528,045)	(40.60)	
Cost of Sales	(1,536,030)	(2,532,524)	(996,494)	(39.35)	
Gross Profit	699,763	1,231,314	(531,551)	(43.17)	
Operating Expenses	(221,526)	(228,923)	(7,397)	(3.23)	
Net Operating Income	478,237	1,002,391	(524,154)	(52.29)	
Non-operating Income and Expenses	30,369	45,959	(15,590)	(33.92)	
Income Before Tax	508,606	1,048,350	(539,744)	(51.49)	
Tax Benefit (Expense)	(85,643)	(158,807)	(73,164)	(46.07)	
Net Profit for the Year	422,963	889,543	(466,580)	(52.45)	

## Analysis:

- (1) Gross sales, cost of Sales, gross profit, operating income, tax expenses: Gross sales and costs declined compared to last year, resulting in lower income before tax and a decrease in tax expense. Non-operating income and expenses also declined, primarily due to a reduction in dividend income and gains on the valuation of financial assets.
- (2) Sales forecast and basis of estimation: The Company's products are factories, office and residential buildings, and we expect to sell 8 factories and 37 residences in 2024. The estimated sales volume was based on the Company's operational strategies, goals, budget, the macroeconomic environment and historical sales data.
- (3) Potential influence on future business finance and response: The operating result of the Company varies depending on the change of the macroeconomic conditions. The Company endeavors to improve financial structures, operating performance and profitability, and aims to reduce average collection days and accounts receivable days and raise ROE and profit ratio.

#### 5.3 Analysis of Cash Flow

### 5.3.1 Cash Flow Analysis for the Current Year

- A. Operating Activities: The number of property transfers decreased, resulting in lower cash inflow compared to last year.
- B. Investing Activities: The Company purchased investment properties, leading to a cash outflow from investing activities.
- C. Financing Activities: The completion and hand-over of projects enabled the Company to repay short-term and long-term borrowings and distribute cash dividends, leading to a cash outflow from financing activities.

#### 5.3.2 Remedy for Cash Deficit and Liquidity Analysis: N/A

## 5.3.3 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Estimated Cash and Cash Equivalents,	Estimated Net Cash Flow from Operating	Estimated Cash	Cash Surplus (Deficit)	Leverage of Cash Surplus (Deficit)		
Beginning of Year (1)	Activities (2)	Outflow (Inflow) (3)	(1)+(2)-(3)	Investment Plans	Financing Plans	
3,258,287	(370,727)	(860,222)	2,027,338	-	-	

## 5.4 Major Capital Expenditure Items: None

## 5.5. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

#### **5.5.1 Investment Policy:**

- A. To vertically-integrate resources and control the construction quality, the company invested in Chien-Chiao Construction Co. Ltd., to create the greatest investment synergy.
- B. To pursue corporate sustainability, the company has extended business to hotel operation and management, in anticipation to generate additional sources of stable income.

#### 5.5.2 Main Causes for Profits or Losses:

In 2024, the Company recognized the investment profit of NT\$163,25 thousand from the subsidiary, Chien-Chiao Construction, the investment profit of NT\$49,729 thousand from the subsidiary, FUSHIN Hotel, the investment profit of NT\$17,177 thousand from the subsidiary Hsin-Long-Hsing Investment; Chien-Chiao Construction recognized the investment profit of NT\$2,815 thousand from FUSHIN Hotel. Chien-Chiao Construction's net profit of the year was NT\$8,851 thousand. Partially completed projects from prior periods are being sold in the current period, and the related sales revenue is recognized by the Company as investment income in accordance with the equity method. Hotel operations are showing better performance. The net profit of FUSHIN Hotel is NT\$49,830 thousand.

## **5.5.3** Improvement Plans

The Company maintains a cautious stance on investment and continually reviews the financial status and operational performance of subsidiaries to stay informed and adjust operation strategies and focus accordingly.

#### 5.5.4 Investment Plans for the Coming Year: None

#### 5.6 Analysis of Risk Management

## 5.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

The increase in interest rates has led to a significant increase in buyer's costs; therefore the Company coordinates with banks to provide preferential interest rates for helping to reduce their acquisition costs.

The Company is in a domestic demand industry; changes in foreign exchange rates do not have a great impact on the Company.

High inflation has led to a significant increase in the cost of raw materials, weakened private consumption, economic growth has been revised downward, and the housing market has been disrupted in terms of confidence, causing investors to keep withdrawing from the market and owner-occupiers to take longer time to evaluate the purchase of real estate, which has dampened buying sentiment. The Company will timely adjust sales strategies in response to the market change.

## 5.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The Company has cautious financial management, no high-risks, high-leverage investments, nor derivatives transactions. For lending and endorsement guarantees, the Company has comprehensive policies and internal control procedures. The Company did not have lending or endorsement guarantees in 2023 and has not had any to date.

## 5.6.3 Future Research & Development Projects and Corresponding Budget

The Company combines architecture with technology and environmental protection, building a living environment that meets modern living safety standards.

## 5.6.4 Effects of and Response to Changes in International and Domestic Policies and Regulations Relating to Corporate Finance and Sales

The government continues to curb real estate speculation, and the Central Bank tightens loan-to-value ratios and borrower criteria. These measures will increase the down payment for home purchasers. Additionally, the loan interest rates continue to rise. The Company's countermeasure is to consult with the lending bank and coordinate the implementation of individual customer housing loans based on construction financing.

Carbon fee is another focus. The industries to be influenced primarily are those closely related to the construction industry: steel industry, petrochemical industry and cement industry. The Company evaluates improvement of manufacturing process and shifts to low-carbon fuels and renewable energy to directly or indirectly decrease carbon emission, so that low carbon integration can be considered during the design phase of building projects and bring positive effect to the environment sustainability.

## 5.6.5 Effects of and Response to Changes in Technology (including cyber security risks) and the Industry Relating to Corporate Finance and Sales

The Company closely pays attention to relevant technology changes in the industry, grasps the market trends and evaluates the impact on the business. The changes in technology (including cyber security risks) and in the industry have no significant impacts on the business operation.

## 5.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The Company always adheres to the principles of integrity and honesty and cares about the corporate image. There are no changes in corporate image on corporate risks.

## 5.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None

- 5.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None
- 5.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration: None
- 5.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None
- 5.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights: None

#### 5.6.12 Litigation or Non-litigation Matters

If there has been any material impact upon shareholders' equity or prices of the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute, whether it is finalized or pending, involving a company director, supervisor, general manager, de facto responsible person, or major shareholder with a stake of more than 10 percent, the fact of the litigation, the amount of subject matter, the date of the litigation commencement, the principal parties involved in litigation and the disposition of the matter as of the printing date of the annual report: None.

## 5.6.13 Other Major Risks

Information security risks: In order to implement the management of information security, the Company has enacted the "Regulation for Computer Control" and its related operating guidelines, based on which we execute the information work plan. We have also set up the "Information Security Self-Checklist" to strictly manage the use and security maintenance of data, built firewall, and controlled and recorded the access right of personnel to reduce the information security risk of the Company.

Climate change risks: Climate change risks that the construction industries face include extreme weather, the rising sea level, typhoons, flood, drought etc. Extreme weather might cause damage of construction structures, equipment failure, and traffic disruption. The rising sea level might cause shoreline erosion. Typhoons and flood might damage to hydro facilities and interior facilities of buildings. Drought might foundation settlement and land subsidence.

Construction industries may take the following measures in response to the climate change risks:

- 1. Reinforce the vibration resistance, wind pressure capacity and drainage capacity of structures to respond to the impacts of the extreme weather.
- 2. Follow higher building design standards to respond to natural disasters such as typhoons and flood.
- 3. Strengthen the management of infrastructure, including checking the drainage system and fixing broken hydro facilities, to reduce the impact of flood.
- 4. Develop water-saving skills for drought conditions to reduce foundation settlements and land subsidence.

#### **5.7 Other Important Matters:** None

## VI. Special Disclosure

## **6.1 Summary of Affiliated Companies:**

Please refer to the Market Observation Post System <a href="https://mops.twse.com.tw/mops/#/web/home">https://mops.twse.com.tw/mops/#/web/home</a>
MOPS—Company—Download Electric Documents—Related Party Three-Statement Section

- **6.2 Private Placement Securities in the Most Recent Years**: None
- **6.3 Special Notes:** None
- 6.4 Situations with Major Impacts on Shareholder Equity or Share Prices of the Company: None