

# Zongtai Real Estate Development CO., LTD.

【2023 Annual Meeting of Shareholders】 Stock Code : **3056**

## Meeting Handbook



Meeting Date : June 19, 2023 (AM 10:30)

Meeting ADD : No. 239, Sec. 2, Dunhua Rd., Beitun Dist.,  
Taichung City 406040, Taiwan (R.O.C.) 【Palazzo Colonna】

Convening method : physical shareholders meeting

## **Notice to Readers**

**This English version handbook report is a summary translation of the Chinese version.**

**And is not an official document of the shareholders' meeting.**

**If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.**

## Table of Contents

<b>I. Meeting Procedure</b>	<b>1</b>
<b>II. Meeting Agenda</b>	<b>2</b>
1 Report Matters	3
2 Acknowledged Matters	5
3 Matters of Discussion	6
4 Extemporaneous Motion	7
5 Adjournment	7
<b>III. Attachments</b>	<b>8</b>
Attachment 1. Business Report of 2022	8
Attachment 2. Audit Committee's Review Report	14
Attachment 3. Comparison Table of Amendment to regulations for Board of Directors meetings	15
Attachment 4. Comparison Table of Amendment to regulations shares repurchase to transfer them to employees	19
Attachment 5. Independent Auditors' Report and 2022 Consolidated Financial Statements	22
Attachment 6. Independent Auditors' Report and 2022 Parent Company Only Financial Statements	33
Attachment 7. Profit Distribution Table for 2022	44
Attachment 8. Comparison Table of amendment to Articles of Incorporation	45
Attachment 9. Comparison Table of amendment to Procedure of Acquisition or Disposal of Assets	46
<b>IV. Appendices</b>	<b>47</b>
Appendix 1. Rules of Procedure for Shareholders Meetings	47
Appendix 2. Articles of Incorporation (Before Amendments)	54
Appendix 3. The impact of the free allotment proposed by the Shareholders' Meeting on the Company's operating performance, earnings per share and shareholder return on investment	59
Appendix 4. Current Shareholding of All Directors	60
Appendix 5. Progress of Shareholders' Proposals	61

## **I. Meeting Procedure**

### **Zongtai Real Estate Development Co.,Ltd.**

#### **Procedure for the 2023 Annual Meeting of Shareholders**

1. Call the Meeting to Order
2. Chairman Remarks
3. Report matters
4. Acknowledged matters
5. Matters for Discussion
6. Extemporary Motion
7. Adjournment

## II. Meeting Agenda

### **Zongtai Real Estate Development Co.,Ltd.**

### **2023 Annual Shareholders' Meeting Agenda**

**Time** : 10:30 a.m. on Monday, June 19, 2023

**Place** : No. 239, Sec 2. Dunhua Rd, Beitun Dist., Taichung City  
(Palazzo Colonna)

**Chairman** : Liu, Wei-Ju

1. Call the Meeting to Order
2. Chairman Remarks
3. Report matters
  - 1) Business Report of 2022
  - 2) Audit Committee's Review Report
  - 3) To report 2022 employees' profit sharing and Directors' compensation
  - 4) To report distribution in cash dividend of 2022 Profits
  - 5) Amendment to regulations for Board of Directors meetings
  - 6) Amendment to regulations shares repurchase to transfer them to employees
4. Acknowledged matters
  - 1) Business Report and Financial Statements for 2022
  - 2) Proposal for Distribution of 2022 Profits
5. Matters for Discussion
  - 1) Amendment to Articles of Incorporation
  - 2) Issue new shares through capital increase from earnings
  - 3) Amendment to Procedure of Acquisition or Disposal of Assets
6. Extemporary Motion
7. Adjournment

## 1 Report Matters

- 1) Business Report of 2022 for approval  
Explanation: Business Report of 2022 is attached as pp. 8~13 (Attachment 1).
- 2) Audit Committee's Review Report for approval  
Explanation: The company's Consolidated Financial Statement was audited by CPA Shu-Chin, Chiang, and CPA Dong-Yun, Zeng of Deloitte & Touche. The Consolidated Financial Statement, Business Report and Profit Distribution Table were presented to the audit committee for review report. Audit Committee's Review Report is attached as pp. 14 (Attachment 2).
- 3) To report 2021 employees' profit sharing and Directors' compensation for approval  
Explanation: (1) According to Article 18 of the Article of Incorporation, if the company makes a profit, it shall appropriate 0.1% ~ 5% of profit for employee remuneration and no more than 2% for directors' remuneration.  
(2) The Board of Directors approved 0.3% of the profit will be allocated as 2022 employees' remuneration amounted to NT\$8,184,810 and 0.6% of the profit will be allocated as 2022 directors' remuneration amounted to NT\$16,369,620 on March 14, 2023. The remuneration for both employees and directors is to be distributed in cash.
- 4) To report distribution in cash dividend of 2022 profits for approval  
Explanation: (1) In accordance with Article 18-1 the Company's Articles of Incorporation, where all or part of the dividend and bonus distribution is paid in cash, such distribution may be adopted in a Board of Directors' meeting as special resolution before reporting to the shareholders' meeting.  
(2) The meeting of the Board of Directors on March 14, 2023 resolved the shareholders' bonus is NT\$ 995,269,703 (NT\$4.1 per share for the distribution of cash dividend). The total amount of cash dividend distributed to individual shareholders is rounded up to the dollar and the remaining cash dividend is listed in corporate other income.  
(3) Should The company buy back its shares or employee stock options that make cancellation of shares or issuance of new shares and affect the number of outstanding shares, the

Board of Director shall be authorized to adjust the cash dividend to be distributed to each common share based on the NT\$ 995,269,703 total amount of earnings resolved to be distributed and the number of actual common shares outstanding on the record date for the distribution, the ex-dividend date and other relevant issues.

- 5) Amendment to regulations for Board of Directors meetings for approval  
Explanation: Amended by the meeting of the Board of Directors on March 14, 2023, the comparison table of amended rules is attached as pp. 15~18(Attachment 3).
- 6) Amendment to regulations shares repurchase to transfer them to employees for approval  
Explanation: Amended by the meeting of the Board of Directors on March 14, 2023, the comparison table of amended rules is attached as pp. 19~21(Attachment 4).

## 2 Acknowledged Matters

Proposal 1 (Proposed by the Board of Directors)

Subject : Acknowledging the 2022 Business Report and Financial Statements

Explanation : 1. The company's Business Report and Consolidated Financial Statements and Financial Statements have been completed. Consolidated Financial Statements and Financial Statements as stated above were audited by CPA Shu-Chin, Chiang, and CPA Dong-Yun, Zeng of Deloitte & Touche.

2. The proposal was approved by the meeting of the Audit Committee and the Board of Directors on March 14, 2023.

3. The Business Report of 2022 and Consolidated Financial Statements and Financial Statements are attached as pp. 8~13, 22~32, and 33~43 (Attachment 1, 5, and 6).

4. The agenda has been proposed for acknowledgment.

Proposal 2 (Proposed by the Board of Directors)

Subject : Acknowledging the Proposal for Profit Distribution for 2022

Explanation : 1. After the finalization of the tax and earnings of 2022, the after-tax net profit is NT\$2,208,899,738. After setting aside the 10% of earnings for the legal reserve of NT\$220,889,974, and adding beginning retained earnings of NT\$980,351,795, the distributable net profit is NT\$2,968,361,559.

2. The meeting of the Board of Directors on March 14, 2023 approved the shareholders' bonus is NT\$ 1,990,539,403 (NT\$4.1 per share for the distribution of cash dividend and distribute stock dividends of NT\$4.1 per share). The profit distribution table is attached as pp. 44 (Attachment 7).

3. The agenda has been proposed for acknowledgment.



### 3 Matters of Discussion

Proposal 1 (Proposed by the Board of Directors)

Subject : Amendment to Articles of Incorporation. Please proceed to discussion.

Explanation : 1. In response to change of the Company's name for its development of businesses, the name change and amendment to partial articles of the Company's Articles of Incorporation have been proposed.  
2. The name will be "Fu Hua Innovation" Co., Ltd.  
3. The comparison table of amended rules is attached as pp. 45 (Attachment 8).  
4. Proposed for the referendum.

Resolution :

Proposal 2 (Proposed by the Board of Directors)

Subject : Proposal for the issue new shares through capital increase from earnings. Please proceed to discussion.

Explanation : 1. For the business development in the future, the Board of Directors is proposed to appropriate NT\$995,269,700 from 2022 distributable earnings to increase the capital to issue 99,526,970 new shares of common stock, with a denomination of NT\$10 per share.  
2. Calculation is made based on the name of the shareholders and the number of shares they hold listed in the register of shareholders on the base date, 410 shares gratuitously allotted for every thousand share of the issue new shares through capital increase from shareholder's dividend.  
3. If the new shares distributed to shareholders from this capital increase are less than one full share, shareholders may apply to the stock transfer agent of the Company within 5 days from the date for book closure to combine fractional shares into full shares. The Company adopt non-physical issuance, those shares which cannot be consolidated within one share will used as transfer fee. The Chairman shall be authorized to designate specific persons for purchase of remaining shares by cash at par value.  
4. Rights and obligations of these newly issued shares is as same rights and obligations as those of the original common shares.  
5. The Board of Directors will be fully authorized for handling such matter by approval of the Company's shareholders meeting. After the competent authority approved will set record date of distribution.  
6. In case that the aforesaid dividend rate has to be adjusted thereafter due to the changes in the number of shares outstanding

caused by the factors such as the law change or adjustment of competent authority or share repurchase, cancellation of shares, and capital increase, the Shareholders' Meeting is proposed to authorize the Board of Directors to handle it at the sole discretion.

7. If any of the above-mentioned issues related to the issuance of new shares are changed upon the approval of the competent authority or due to other factors, the Shareholders' Meeting is proposed to authorize the Board of Directors to handle them.
8. Proposed for the referendum.

Resolution :

Proposal 3 (Proposed by the Board of Directors)

Subject : Amendment to Procedure of Acquisition or Disposal of Assets.  
Please proceed to discussion.

Explanation : 

1. Per suggestion by the auditors, amendment to provisions concerning level of authority under these Procedures for Disposal is therefore proposed.
2. The comparison table of amended rules is attached as pp. 46 (Attachment 9).
3. Proposed for the referendum.

Resolution :

#### **4 Extemporary Motion**

#### **5 Adjournment**

### **III. Attachments**

#### Attachment 1. Business Report of 2022

### **Business Report of 2022**

#### I. 2022 annual operation report

According to statistics of Ministry of the Interior, registration number of building transaction for the year ended December 31, 2022 was 318,101, although it was 30,093 (-8.6%) less than 2021. The house transaction volume has been exceeding 300,000 for 4 years. However, a reduction of over 30,000 buildings as compared with last year, indicating changes in the demand for domestic real estate procurement.

The monthly performance showed that the number of houses traded in the second half of 2022 were stable, but lower than in the first half. Such results inferred that the reduction in traded houses was caused by interest rates lifting by foreign and domestic central banks since 2022. As a result, consumers were sitting on the fence since they were unable to predict the trend of the interest rates lifting and worried about future loan burden from the high interest rates. In addition, consumers are sitting on the fence for the new policies to be transparent before arranging house and real estate purchase. These include the Policy of “House and Land Transactions Income Tax 2.0”, effective since July 2021, and the Policy of “Prohibition of Contact Exchange and Resale for Pre-sale House”, expected to be implemented in the future.

Real estate has become a first choice for asset allocation by its anti-inflation advantage as large economies around the world started to focus on inflation issues in view of global rapid raw materials increase recently.

However, in terms of transaction prices, the unit price of domestic real estate transactions continued to rise in 2022, mainly due to unsolved inflation issues around the world during recent years. Along with the land transaction prices hitting new highs, developers reflected the rising costs of developers in the selling price, however, real estate has become the first choice for asset allocation due to its features and advantages of value preservation and anti-inflation. Hence, domestic real estate transactions showed an increase in price but a decrease in volume in 2022.

In 2022, number of building ownerships registered at the first time was 130,922, increased by 4.1% compared to 2021, the number concentrated in the

Six Special Municipalities. Among that, Taichung City had 24,391 first time ownership registered buildings, accounted for 18.6% which was the largest, New Taipei City had 19,228, accounted for 14.7%, which was the second largest, Taoyuan City had 18,799, accounted for 14.4%, which was the third largest. In 2022, Taichung City was the only county/city hitting over 20,000 for initial registration of constructional improvements ownerships, accounting for a 34.2% increase compared to 2021. The results indicated that the pre-sale housing market in Taichung City was in a rage. The Equalization of Land Rights Act to be launched around the corner was a policy of regulating real estate market transactions after the financial restriction control by the competent authorities. Once implemented, the housing development and transactions would be affected. The Company should also devote in other relevant industries other than its core business to maintain a positive development.

The projects completed and hand overed in 2022 was “Good together MELODY” & “Get together”, the projects under construction “The way home” in the year has already 100% sold out. It is expected that the land and construction cost increase will inevitably lead to high price in domestic real estate industry. Restricted by the control on the 40% loan for houses with a total price of over \$40 million in the central-region market by the competent authorities, the release of a large number of houses with high unit prices and low total prices will affect the actual quality of living and the willingness of high-end property owners to purchase. Hence, product positions should be rigorous and precise. The Company will carefully evaluate market dynamics to maximize the benefits for the Company and all shareholders and continue the brand concept to deepen the value of differentiation.

## 1 Operating plan

Construction business development targets are serperated into short-term, mid-term, long-term:

1.1 Short-term target: Project sales successfully

1.2 Mid-term target:

1.2.1 Increase value of brand

1.2.2 Expand field in business investment

1.2.3 Develop land with good prospect

1.2.4 Enhance residential brand recognition

1.3 Long-term target

1.3.1 Operating firmly, openly and clearly

With stable financial status and public transparent platform, create

a sustainable development business model.

### 1.3.2 Focus on main business, operate diversily

The Company has been actively engaging in other industries on the basis of its core business to broaden its revenue channels and increase its brand value.

### 1.3.3 Company culture, brand asset

Combine entrepreneurship with business culture, deepen brand with humanism, so that we make our brand one of the kind.

## 2 Operating plan outcome

Revenue in 2022 was NT\$ 8,697,505 thousand, increased by 138.46% compared to NT\$ 3,647,336 thousand in 2021, operating cost increase by 18.42%, other income (losses) increased by 260.40%, profit before tax was NT\$ 2,710,712 thousand, increased by 239.27% compared to NT\$ 798,982 thousand in 2021, net profit was NT\$ 2,208,900 thousand, increased by 247.66% compared to NT\$ 635,368 thousand in 2021.

## 3 Budget execution: Not applicable.

## 4 Financial income(losses) and profitability

### 4.1 Financial income(losses)

In thousand NT\$

Item	2022	2021	Percentage (%)
Operating revenue	8,697,505	3,647,336	138.46
Gross profit from operations	2,999,631	1,055,846	184.10
Operating net profit	2,687,985	792,676	239.10
Interest income	9,490	2,598	265.28
Interest expense	18,176	15,668	16.01
Profit before tax	2,710,712	798,982	239.27

### 4.2 Profitability

Analysis Item of the Year		2022	2021
Rate of Return on Assets (%)		10.82	3.41
Rate of Return on Equity (%)		35.28	12.51
Account for Capital (%)	Operating profit	110.73	37.60
	Profit before tax	111.66	37.90
Net profit rate (%)		25.39	17.42
Earning per share (NT\$)		9.81	3.01

Note : 1. Rate of return on assets = [Profit + Interest expense × (1 - Tax rate)] / Average assets

2. Rate of return on equity = Profit / Average total Equity

## 5 Research and Development

### 5.1 Production Policy:

#### 5.1.1 Develop aggressively, invest prudently

Deepen construction proficiency and analyze market trend;  
Expand development channel and enhance diversity.

#### 5.1.2 Plan on local basis and fulfill idea

Hold original intention and implement ideality; return to human nature and construct steadily.

Do further study in architecture and share blessedness by building up communities.

#### 5.1.3 Manage in project and divide in individual case.

Clear right and responsibility to stabilize finance, compliance and general and avoid rigidity.

#### 5.1.4 Make announcement for the brand and fulfill it

Ensure brand announcement in customers' shoe under supervision and fulfill it.

### 5.2 Sales strategy:

#### 5.2.1 Construction of humanity , brand of philosophy

Construction philosophy is based on humanity, brand idea is based on empathy.

#### 5.2.2 Public platform with honesty

Operate openly and transparently as a listed company, also recognized as an honest company with credibility.

#### 5.2.3 Reflect policy and improve real estate market

Keep track on changes of policy to shorten fluctuation, firmly operate business.

#### 5.2.4 Sensational Marketing, Cross-industry Alliances

Create recognition for sensational marketing and explore cross-industry alliance opportunities.

#### 5.2.5 Define Taichung, Track with the world

Macro constructure mind, build up the culture.

## II. Annual outlook

As the foreign and domestic economies were affected by inflation, central banks in various countries responded by raising interest rates. The government also implemented a number of policies to curb speculation in real estate. Viewing that these changes, consumers are lack of confidence, which led to a gradual decline in domestic real estate transactions during 2022.

Taichung City ranked the top for initial registration of constructional ownerships in Taiwan, accounting for a 34.2% increase compared to 2021. The results proved that the effect of the active continued development projects in recent years was seen and it has become a region of interest for consumers. With multiple efforts by the industry and the government, Taichung City is making rapid progress.

The captivating Shuinan Trade and Economic Park is already completed. The central park is becoming a famous hotspot for recreation; Shuinan Trade and Economic Park also collects buildings designed by well-known architects over the world, including Taichung Green Museumbrary designed by Sejima Kazuyo, Virtuosi Hall designed by Kuma Kengo; Also the construction of Central Taiwan Cinema Center, Taichung International Convention and Exhibition Center, and Shuinan Transit Center could enforce the functions of the area, Shuinan Trade and Economic Park is also the next key developing area in Taichung.

In terms of future market arrangements, the Company will continue to make an emphasis on strengthening its brand and enhancing product differentiation. In recent years, the Company has been implementing its brand statement in the code of conduct for internal staff when handling company affairs, which further become the word of mouth among consumers. In recent years, the Company has achieved good results in project sales, indicating the benefits from brand trust. In addition, with the advancement in digital tools, the Company has integrated architectural design and on-site engineering faster and more accurately to achieve the goal of improving the quality of construction. The Company has also been promoting the digitalization of our marketing business and extended its services with community management after property settlement so that residents can appreciate a comprehensive service from visiting the construction site to setting in their property.

The Company has been cooperating with industry, government, and academia to sparkle ideas for buildings, sustainability, and environmental

protection. Moreover, the Company promoted the life aesthetic village with heart for many years to maintain a good communication channel with the communities and residents and continued its services after property settlement. Holding the concept of “building forms culture”, the Company advocates buildings with localisms, internationalization, and a focus in health and sustainability by enhancing the people-centered building concepts originally implemented and providing residents with going green and multi-sensory experiences from the buildings. Transforming from hardware to soft services, the Company collaborated with well-known hotels, allowing consumers to experience exclusive community housekeeper services in the hotel before their property settlement.

Except to add features and trust, promoting product differentiation and comprehensive services can transfer into performance. All the employees of the Company will execute aggressively, operate stably, construct quality buildings with ZongTai’s honesty image and create profit.



Attachment 2. Audit Committee's Review Report

**Zongtai Real Estate Development Co. Ltd.**  
**Audit Report from Audit Committee**

2022 operation report, financial statement and proposal of earnings appropriation, etc. are composed by Board of Directors, Deloitte & Touche is appointed to audit financial statements and issue Independent Auditor's report. The above operation report, financial statement and proposal of earnings appropriation are reviewed and confirmed by the Audit Committee. The reports are based on Article 14-4 of Securities and Exchange Act and Article 219 of Company Act.

Sincerely,

2023 Shareholder's Meeting of Zongtai Real Estate Development Co. Ltd.

Zongtai Real Estate Development Co. Ltd.  
Convener of the Audit Committee: Tsao, Yong-Jen

March 14, 2023

Attachment 3. Comparison Table of Amendment to regulations for Board of Directors meetings

**Zongtai Real Estate Development Co.,Ltd.**

**Comparison Table of Amendment to regulations for Board of Directors meetings**

Amendments	Current Clauses	Description
<p>Article 2 Paragraph 1, 2 and 3 are omitted. All matters set out in the subparagraphs of Article 8, paragraph 1, shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion.</p>	<p>Article 2 Paragraph 1, 2 and 3 are omitted. All matters set out in the subparagraphs of Article 8, paragraph 1, <u>Unless there are emergency circumstances or some legitimate reason to do otherwise</u>, shall be specified in the notice of the reasons for calling a board of directors meeting; none of them may be raised by an extraordinary motion.</p>	<p>Amendment to partial contents of Article 2, Paragraph 4 herein is made following per 5 August 2022 Order No. Financial-Supervisory-Securities-Corporate-111038263.</p>
<p>Article 8 The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting: 1.The Corporation's business plan. 2.Annual financial reports and Q2 financial reports that be audited and attested by a certified public accountant (CPA). 3.Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system. 4.Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others. 5.The offering, issuance, or private placement of equity-type securities. 6.<u>Election or discharge of the Chairman and the Vice Chairman.</u> 7.The appointment or discharge of a financial, accounting, or internal audit officer. 8.A donation to a related party or a major donation to a non-related party, provided that a public-interest</p>	<p>Article 8 The matters listed below as they relate to this Corporation shall be raised for discussion at a board meeting: 1.The Corporation's business plan. 2. Annual financial reports and Q2 financial reports that be audited and attested by a certified public accountant (CPA). 3.Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system. 4.Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others. 5.The offering, issuance, or private placement of equity-type securities. 6.The appointment or discharge of a financial, accounting, or internal audit officer. 7.A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is</p>	<p>1.Amended following per 5 August 2022 Order No. Financial-Supervisory-Securities-Corporate-1110383263. Subparagraph 6 specifying that “In case the Company has no managing directors, election or discharge of the Chairman shall be proposed to the Board of Directors’ meeting for discussion” has been added with reference to provisions under the Company Act and order by the Ministry of Economic Affairs, which discharge of the Chairman and his/her election are matters of equal significance to the Company. Subparagraphs 6 to 8 in the existing Regulations have been reassigned as Subparagraphs 7 to 9. 2. Paragraph 2 is amended following Subparagraphs involved in Paragraph 1.</p>

Amendments	Current Clauses	Description
<p>donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>9. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting.</p> <p>The term "related party" in subparagraph 8 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>(The below is omitted.)</p>	<p>made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.</p> <p>8. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting.</p> <p>The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.</p> <p>(The below is omitted.)</p>	
<p>Article 13-1</p> <p>Minutes shall be prepared of the discussions at board of directors meetings. The meeting minutes shall record the following:</p> <ol style="list-style-type: none"> <li>1. Session (or year), time, and place of meeting.</li> <li>2. Name of the meeting chair.</li> <li>3. Attendance of directors at the meeting, specifying the names and number of members present, excused, and absent.</li> <li>4. Names and titles of those attending the meeting as nonvoting participants.</li> <li>5. Name of minutes taker.</li> <li>6. Matters reported on.</li> <li>7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other</li> </ol>	<p>Article 13-1</p> <p>Minutes shall be prepared of the discussions at board of directors meetings. The meeting minutes shall record the following:</p> <ol style="list-style-type: none"> <li>1. Session (or year), time, and place of meeting.</li> <li>2. Name of the meeting chair.</li> <li>3. Attendance of directors at the meeting, specifying the names and number of members present, excused, and absent.</li> <li>4. Names and titles of those attending the meeting as nonvoting participants.</li> <li>5. Name of minutes taker.</li> <li>6. Matters reported on.</li> <li>7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, supervisors, experts, or other</li> </ol>	<p>Text contents for the Subparagraph added per Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.</p>

Amendments	Current Clauses	Description
<p>persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 7, paragraph 5.</p> <p>8.Extraordinary motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.</p> <p>9.Other matters required to be recorded.</p> <p><u>Any of the following matters</u> in relation to a resolution passed at a meeting of the board of directors shall be stated in the meeting minutes and within two days of the meeting be published on <u>an information reporting website</u> designated by the <u>competent authority</u>:</p> <p><u>1.Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing.</u></p> <p><u>2.Any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board</u></p>	<p>persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 7, paragraph 5.</p> <p>8.Extraordinary motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, supervisors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.</p> <p>9.Other matters required to be recorded.</p> <p><u>Where there is any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing and is in relation to a resolution passed at a meeting of the Board of Directors shall be stated in the meeting minutes and within two days of the meeting be published on <u>the Market Observation Post System</u> designated by the <u>Financial Supervisory Commission</u>.</u></p> <p>(The below is omitted.)</p>	

Amendments	Current Clauses	Description
<u>directors without having been passed by the audit committee.</u> (The below is omitted.)		
Article 17 The Article was made on March 28, 2003. The 1 <sup>th</sup> to 7 <sup>th</sup> amendment is omitted. The 8 <sup>th</sup> amendment is dated March 24, 2021. <u>The 9<sup>th</sup> amendment is dated March 14, 2023.</u>	Article 17 The Article was made on March 28, 2003. The 1 <sup>th</sup> to 7 <sup>th</sup> amendment is omitted. The 8 <sup>th</sup> amendment is dated March 24, 2021.	The amendment date is added.

Attachment 4. Comparison Table of Amendment to regulations shares repurchase to transfer them to employees

**Zongtai Real Estate Development Co.,Ltd.**

**Comparison Table of Amendment to regulations shares repurchase to transfer them to employees**

Amendments	Current Clauses	Description
<p>Article 1 (<u>purpose</u>) For motivating employees and <u>enhancing their coherence</u>, the Company has promulgated its Regulations governing Repurchases of Own Shares for Transfer to Employees pursuant to Article 28-2, paragraph 1, subparagraph 1 of the Securities and Exchange Act and “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” issued by the Financial Supervisory Commission. Except as otherwise provided for in relevant laws and regulations, all shares repurchased by the Company for transfer to its employees shall be handled in accordance with the said Company Regulations.</p>	<p>Article 1 For <u>taking care</u> and motivating employees, the Company has promulgated its Regulations governing Repurchases of Own Shares for Transfer to Employees pursuant to Article 28-2, paragraph 1, subparagraph 1 of the Securities and Exchange Act and “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” issued by the Financial Supervisory Commission of <u>Executive Yuan</u>. Except as otherwise provided for in relevant laws and regulations, all shares repurchased by the Company for transfer to its employees shall be handled in accordance with the said Company Regulations.</p>	<p>Discretionary text amendments are made.</p>
<p>Article 4 (Qualification of Assignee) Any <u>full-time</u> regular employee of the Company or its domestic and oversea subsidiaries <u>whose employment has reached three months by the subscription reference date, or has special contributions to the Company and is reported to the Chairman and approved by the Chairman</u>, are qualified for subscriptions by the number and amount of shares available for subscription provided for in Article 5 of these Regulations.</p>	<p>Article 4 (Qualification of Assignee) Any full-time regular employee of the Company or its domestic and oversea subsidiaries are qualified for subscriptions by the number and amount of shares available for subscription provided for in Article 5 of these Regulations.</p>	<p>This Article is amended accordingly to specify the qualification of assignee.</p>
<p>Article 5 (Transfer Procedure) The number and amount of shares available for subscription by an employee will be determined based on level, years of service, performance evaluation results and other relevant standards, which are further described as follows: <u>1. The list of employees and number and amount of shares available for</u></p>	<p>Article 5 (Transfer Procedure) The number and amount of shares available for subscription by an employee will be determined based on level, years of service, performance evaluation results and other relevant standards, which are further described as follows: 1.The list of employees and number and amount of shares available for</p>	<p>This Article is amended accordingly to specify the number of shares under assignment and for strengthened corporate governance.</p>

Amendments	Current Clauses	Description
<p><u>subscription shall take into consideration the factors including total number and amount of repurchased shares held by the Company upon subscription reference date, cap for number of shares available for subscription by a single employee and more. After the number and amount of shares in the employee subscription has been approved by the Chairman, the list shall be submitted to the Salary and Remuneration Committee for review and then to the Board of Directors for approval.</u></p> <p>An employee unable to complete payments for share subscription is deemed to have abstained his/her rights to subscription; the Chairman may solicit other employees for subscriptions of outstanding number and amount of the said shares; where there are still outstanding shares, the shares shall be handled in accordance with Article 9 herein.</p>	<p>subscription shall be <u>suggested by the General Manager and reported</u> to the Chairman for approval.</p> <p>2. An employee unable to complete payments for share subscription is deemed to have abstained his/her rights to subscription; the Chairman may solicit other employees for subscriptions of outstanding number and amount of the said shares; where there are still outstanding shares, the shares shall be handled in accordance with Article 9 herein.</p>	
<p>Article 6 (Operational Procedure for this Repurchase of Shares for Transfer to Employees: )</p> <p>1. The conducts concerning repurchase of Company shares including public announcement, declaration and implementation by deadline in accordance with proposals resolved by the Board of Directors.</p> <p>2. <u>The Chairman under authorization of the Board of Directors shall adopt and announce</u> reference date for employee subscription, standards for share subscription availability, payment period, contents of rights, restrictions and other relevant operation matters.</p> <p>3. Count actual subscription payments received and transactions concerning registrations for share ownership transfers.</p>	<p>Article 6 Operational Procedure for this Repurchase of Shares for Transfer to Employees:</p> <p>1. The conducts concerning repurchase of Company shares including public announcement, declaration and implementation by deadline in accordance with proposals resolved by the Board of Directors.</p> <p>2. Reference date for employee subscription, standards for share subscription availability, payment period, contents of rights, restrictions and other relevant operation matters. <u>The Chairman is authorized to adopt and announce accordingly.</u></p> <p>3. Count actual subscription payments received and transactions concerning registrations for share ownership transfers.</p>	Discretionary text amendments are made.
<p>Article 9</p> <p><u>1. Taxation and fees incurred by the shares transferred under these Regulations shall be handled in accordance with laws and</u></p>	<p>Article 9</p> <p>This Article is Newly Added.</p>	Additions to partial articles are made.

Amendments	Current Clauses	Description
<p><u>regulations and relevant operations of the Company upon transfer.</u></p> <p>2. The treasury shares repurchased by the Company for transfer to employees shall be fully transferred within three years. The portion of shares unable to be transferred by transfer deadline will be considered unissued shares of the Company, which shall be cancelled through change registration pursuant to relevant laws and regulations.</p>	<p>The treasury shares repurchased by the Company for transfer to employees shall be fully transferred within three years. The portion of shares unable to be transferred by transfer deadline will be considered unissued shares of the Company, which shall be cancelled through change registration pursuant to relevant laws and regulations.</p>	
<p>Article 12</p> <p>These Regulations are effective following adoption in the 17<sup>th</sup> meeting of the Company's 8<sup>th</sup> Board of Directors on December 30, 2011. <u>The 1<sup>st</sup> Amendment is set to become effective following adoption in the 12<sup>th</sup> meeting of the Company's 12<sup>th</sup> Board of Directors on March 14, 2023.</u></p>	<p>Article 12</p> <p>These Regulations are effective following adoption in the 17<sup>th</sup> meeting of the Company's 8<sup>th</sup> Board of Directors on December 30, 2011.</p>	<p>The amendment date is added.</p>



## INDEPENDENT AUDITOR'S REPORT

Zongtai Real Estate Development Company Limited

### **Opinion**

We have audited the accompanying consolidated financial statements of Zongtai Real Estate Development Company Limited and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, notes to the consolidated financial statements as of 2022 and January 1 to December 31, 2021.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows as for 2022 and January 1 to December 31, 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended in 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and

we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended in 2022 are stated as follows:

#### Revenue Recognition

The main source of revenue of Zongtai Group comes from the sales of the real estate revenues. The revenue is only recognized after the completion of property rights transfer and final walk-through of property with clients. The sales of the real estate revenues accounts for the big share of the consolidated revenues and is considered as a significant item in the consolidated financial statements. Therefore, the aforementioned sales revenue is listed as a key audit item; please refer to Note 4 of the consolidated financial statements for the accounting policy for the recognition of sales revenue.

The main audit procedures that the auditors have implemented for the above-mentioned issues are as follows:

1. Understand and test the design of internal control and the effectiveness of implementation in the sales cycle.
2. Select the samples from the recognized sales of the real estate detail lists to check the corresponding documents of real estate handover and registration of property rights to ensure the appropriateness of the sales of real estate revenue recognition.

#### Inventory Impairment Assessment

Inventory of the Zongtai Group as of December 31, 2022-the balance of the construction industry was NT\$ 13,679,701 thousand yuan, accounting for 66% of the total assets. The Zongtai Group uses the profit rate of the construction project to assess whether there is impairment of inventory. Moreover, evaluated by the lower cost and net realizable value, the net realizable value is determined based on the recent transaction prices of development projects and the real market price of the near regions. Due to the above matters involve significant accounting estimates and judgments of the management, the assessment of the net realizable value of inventories is listed as a key audit item; please refer to Notes 4, 5 and 8 of the consolidated financial report for inventory information.

The main audit procedures that the accountant has implemented for the above-mentioned issues are as follows:

1. Review the newly added construction costs this year, selecting samples and check the relevant vouchers, and confirm that the above costs have been appropriately attributed to the construction project.

2. Review the year-round inventory impairment loss evaluation documents, to check whether the net realizable value is consistent with the supporting documents. Calculate the correctness of the estimated inventory impairment evaluation from the managerial level for verification

### **Other Matter**

Zongtai Real Estate Development Co., Ltd. has prepared the parent company only financial statements for the years of 2022 and 2021, and the audit report with unqualified opinion issued by the auditors is filed for reference.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a higher level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' reports. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express and opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other

matters, the planned scope and timing of the audit in significant audit findings, including any significant deficiencies and internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chiang, Shu-Chin and Zeng, Dong-Yun.

Deloitte & Touche.

Taipei, Taiwan

Republic of China

March 14, 2023

**Zongtai Real Estate Development Company Limited and Subsidiaries**

**CONSOLIDATED BALANCE SHEETS**

**December 31, 2022 and 2021**

Unit: In Thousands of New Taiwan Dollars

CODE	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					
1100	Cash and cash equivalents (Note 4 and 6)	\$ 2,612,293	13	\$ 1,302,800	6
1110	Financial assets at fair value through profit or loss – current (Note 4 and 7)	1,651,479	8	28,634	-
1136	Financial assets at amortized cost – current (Note 4, 6 and 30)	1,880,829	9	1,729,781	9
1172	Notes and accounts receivable (Note 4 and 22)	84	-	2,795	-
1200	Other receivables (Note 4 and 24)	244	-	51	-
1320	Inventories – Construction Industry (Note 4, 5, 8, 29 and 30)	13,679,701	66	16,188,118	80
1470	Other current assets (Note 15)	92,927	-	169,942	1
1480	Current assets recognised as incremental costs to obtain contract with customers (Note 4 and 22)	105,894	-	57,904	-
11XX	Total current assets	<u>20,023,451</u>	<u>96</u>	<u>19,480,025</u>	<u>96</u>
<b>NONCURRENT ASSETS</b>					
1510	Financial assets at fair value through profit or loss – noncurrent (Note 4 and 7)	98,050	-	97,725	1
1550	Investments accounted for using equity method (Note 4 and 10)	18,101	-	245	-
1600	Property, plant and equipment (Note 4, 11 and 30)	131,723	1	133,847	1
1755	Right-of-use assets (Note 4 and 12)	301,479	2	261,447	1
1760	Investment property (Note 4, 13 and 30)	217,676	1	226,209	1
1780	Intangible assets (Note 4 and 14)	18,371	-	19,010	-
1840	Deferred tax assets (Note 4 and 24)	3,145	-	4,601	-
1990	Other noncurrent assets (Note 15)	16,755	-	16,455	-
15XX	Total noncurrent assets	<u>805,300</u>	<u>4</u>	<u>759,539</u>	<u>4</u>
1XXX	Total assets	<u>\$ 20,828,751</u>	<u>100</u>	<u>\$ 20,239,564</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
2100	Short-term loans (Note 16 and 30)	\$ 7,774,800	37	\$ 9,680,500	48
2130	Contract liabilities – current (Note 4, 22 and 31)	2,134,172	11	2,804,993	14
2150	Notes payable	46,708	-	28,372	-
2170	Accounts payable	221,304	1	189,210	1
2219	Other payables (Note 18)	326,524	2	265,841	2
2230	Current tax liabilities (Note 4 and 24)	415,453	2	57,331	-
2280	Lease liabilities – current (Note 4 and 12)	10,945	-	9,069	-
2320	Long-term liabilities – current portion (Note 16 and 30)	6,112	-	6,335	-
2399	Other current liabilities (Note 18)	35,751	-	17,266	-
21XX	Total current liabilities	<u>10,971,769</u>	<u>53</u>	<u>13,058,917</u>	<u>65</u>
<b>NONCURRENT LIABILITIES</b>					
2530	Bonds payable (Note 17 and 30)	1,998,176	10	1,997,513	10
2540	Long-term bank loans (Note 16 and 30)	116,148	-	122,096	1
2570	Deferred tax liabilities (Note 4 and 24)	3,139	-	-	-
2580	Lease liabilities – noncurrent (Note 4 and 12)	149,888	1	107,694	-
2645	Guarantee deposit received	6,218	-	16,236	-
25XX	Total noncurrent liabilities	<u>2,273,569</u>	<u>11</u>	<u>2,243,539</u>	<u>11</u>
2XXX	Total liabilities	<u>13,245,338</u>	<u>64</u>	<u>15,302,456</u>	<u>76</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>					
Capital					
3110	Capital - common stock	2,427,487	11	2,107,907	10
3140	Advance receipts for share capital	-	-	3,592	-
3200	Capital surplus	1,261,649	6	822,657	4
Retained earnings					
3310	Legal reserve	705,026	4	641,490	3
3350	Unappropriated earnings	3,189,251	15	1,361,462	7
3XXX	Total equity	<u>7,583,413</u>	<u>36</u>	<u>4,937,108</u>	<u>24</u>
Total liabilities and equity		<u>\$ 20,828,751</u>	<u>100</u>	<u>\$ 20,239,564</u>	<u>100</u>

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

**Zongtai Real Estate Development Company Limited and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**January 1 to December 31, 2022 and 2021**

Unit: In Thousands of New Taiwan Dollars,  
Except Earnings Per Share

CODE		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Note 4 and 22)	\$ 8,697,505	100	\$ 3,647,336	100
5000	Operating costs (Note 23)	<u>5,697,874</u>	<u>66</u>	<u>2,591,490</u>	<u>71</u>
5900	Gross profit from operations	<u>2,999,631</u>	<u>34</u>	<u>1,055,846</u>	<u>29</u>
	Operating expenses (Note 22, 23 and 29)				
6100	Selling expenses	182,227	2	159,612	4
6200	Administrative expenses	<u>129,419</u>	<u>1</u>	<u>103,558</u>	<u>3</u>
6000	Total operating expenses	<u>311,646</u>	<u>3</u>	<u>263,170</u>	<u>7</u>
6900	Net operating income	<u>2,687,985</u>	<u>31</u>	<u>792,676</u>	<u>22</u>
	Non-operating income and expenses				
7050	Finance costs	( 18,176 )	-	( 15,668 )	-
7100	Interest income	9,490	-	2,598	-
7130	Dividend income	1,400	-	851	-
7190	Other income	9,685	-	15,899	-
7210	Gains on disposals of property, plant and equipment (Note 4)	-	-	198	-
7230	Foreign exchange gains(loss) (Note 4)	15,253	-	( 4,015 )	-
7235	Gains on financial assets at fair value through profit (Note 4)	5,630	-	6,519	-
7590	Miscellaneous Disbursements	( 362 )	-	( 71 )	-
7770	Share of loss of associates and joint ventures accounted for using equity method (Note 4)	( <u>193</u> )	<u>-</u>	( <u>5</u> )	<u>-</u>
7000	Non-operating income and expenses Total	<u>22,727</u>	<u>-</u>	<u>6,306</u>	<u>-</u>

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<u>CODE</u>		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
7900	Profit before tax	\$ 2,710,712	31	\$ 798,982	22
7950	Income tax expense (Note 4 and 24)	<u>501,812</u>	<u>6</u>	<u>163,614</u>	<u>5</u>
8500	Total comprehensive income	<u>\$ 2,208,900</u>	<u>25</u>	<u>\$ 635,368</u>	<u>17</u>
	Earnings per share (Note 25)				
9750	Basic earnings per share	<u>\$ 9.81</u>		<u>\$ 3.01</u>	
9850	Diluted earnings per share	<u>\$ 9.79</u>		<u>\$ 3.00</u>	

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



**Zongtai Real Estate Development Company Limited and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**January 1 to December 31, 2022 and 2021**

Unit: In Thousands of New Taiwan Dollars

CODE		Capital Stock - Common	Advance receipts for	Capital surplus	Retained earnings		Total equity
		Stock	share capital		(Note 21)		
		(Note 21)	(Note 21)	(Note 21)	Legal reserve	Unappropriated earnings	
A1	BALANCE, JANUARY 1, 2021	\$ 2,092,877	\$ 10,464	\$ 816,615	\$ 539,031	\$ 1,756,032	\$ 5,215,019
	Appropriations of prior year's earnings in 2020						
B1	Legal reserve	-	-	-	102,459	( 102,459 )	-
B5	Cash dividends of ordinary share	-	-	-	-	( 927,479 )	( 927,479 )
D5	Total comprehensive income in 2021	-	-	-	-	635,368	635,368
N1	Share-based payments	15,030	( 6,872 )	6,042	-	-	14,200
Z1	BALANCE, DECEMBER 31, 2021	2,107,907	3,592	822,657	641,490	1,361,462	4,937,108
	Appropriations of prior year's earnings in 2021						
B1	Legal reserve	-	-	-	63,536	( 63,536 )	-
B5	Cash dividends of ordinary share	-	-	-	-	( 317,575 )	( 317,575 )
D5	Total comprehensive income in 2022	-	-	-	-	2,208,900	2,208,900
E1	Issue of shares	310,000	-	418,500	-	-	728,500
N1	Share-based payments	9,580	( 3,592 )	20,492	-	-	26,480
Z1	BALANCE, DECEMBER 31, 2022	\$ 2,427,487	\$ -	\$ 1,261,649	\$ 705,026	\$ 3,189,251	\$ 7,583,413

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

**Zongtai Real Estate Development Company Limited and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**January 1 to December 31, 2022 and 2021**

Unit: In Thousands of New Taiwan Dollars

<u>CODE</u>		<u>2022</u>	<u>2021</u>
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Profit before tax	\$ 2,710,712	\$ 798,982
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation expense	29,958	23,794
A20200	Amortization expense	733	673
A20400	Gain on financial assets at fair value through profit or loss	( 5,630 )	( 6,519 )
A20900	Finance costs	18,176	15,668
A21200	Interest income	( 9,490 )	( 2,598 )
A21300	Dividend income	( 1,400 )	( 851 )
A21900	Share-based payments	18,414	710
A22300	Share of loss of associates and joint ventures accounted for using equity method	193	5
A22500	Gains on disposals of property, plant and equipment	-	( 198 )
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	-	3,425
A31150	Notes and accounts receivable	2,711	( 2,032 )
A31180	Other receivable	4	239
A31200	Inventories	2,711,656	( 2,223,086 )
A31240	Other current assets	72,553	( 116,448 )
A31270	Assets recognized as incremental costs to obtain contract with customers	( 47,990 )	( 40,672 )
A32125	Contract liabilities	( 670,821 )	1,129,565
A32130	Notes payable	18,336	( 46,719 )
A32150	Accounts payable	32,094	( 99,499 )
A32180	Other payable	61,722	( 52,602 )
A32230	Other current liabilities	<u>18,485</u>	<u>( 18,831 )</u>
A33000	Cash inflow (outflow) generated from operations	4,960,416	( 636,994 )
A33100	Interest received	9,293	2,954
A33300	Interest paid	( 216,780 )	( 152,566 )
A33500	Income tax paid	<u>( 139,095 )</u>	<u>( 295,356 )</u>
AAAA	Net cash flows from (used in) operating activities	<u>4,613,834</u>	<u>( 1,081,962 )</u>

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CODE		2022	2021
	NET CASH FLOW FROM INVESTMENT ACTIVITIES		
B00040	Acquisition of financial assets at amortized cost	( \$ 151,048 )	( \$ 1,093,264 )
B00100	Acquisition of financial assets at fair value through income	( 2,717,346 )	( 2,505,001 )
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	1,099,807	3,010,009
B01800	Acquisition of investments accounted for using equity method	( 18,050 )	( 250 )
B02700	Acquisition of property, plant and equipment	( 5,194 )	( 504 )
B02800	Proceeds from disposal of property, plant and equipment	-	246
B03800	Decrease in refundable deposits	-	2,250
B04500	Acquisition of intangible assets	( 94 )	( 428 )
B06800	Increase in other non-current assets	( 300 )	-
B07600	Dividends received	<u>1,400</u>	<u>851</u>
BBBB	Net cash flows used in investing activities	<u>( 1,790,825 )</u>	<u>( 586,091 )</u>
	CASH FLOWS USED IN FINANCING ACTIVITIES		
C00100	Increase(decrease) in short-term loans	( 1,905,700 )	2,068,760
C01700	Repayments of long-term debt	( 6,171 )	( 1,569 )
C03100	Decrease in guarantee deposits received	( 10,018 )	( 19,764 )
C04020	Payments of lease liabilities	( 10,618 )	( 6,539 )
C04500	Cash dividends paid	( 317,575 )	( 927,479 )
C04600	Proceeds from issuing shares	728,500	-
C04800	Exercise of employee share options	<u>8,066</u>	<u>13,490</u>
CCCC	Net cash flows from (used in) financing activities	<u>( 1,513,516 )</u>	<u>1,126,899</u>
EEEE	Net increase (decrease) in cash and cash equivalents	1,309,493	( 541,154 )
E00100	Cash and cash equivalents at beginning of period	<u>1,302,800</u>	<u>1,843,954</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 2,612,293</u>	<u>\$ 1,302,800</u>

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

## **INDEPENDENT AUDITOR'S REPORT**

Zongtai Real Estate Development Company Limited

### **Opinion**

We have audited the accompanying parent company only financial statements of Zongtai Real Estate Development Company Limited (the “Company”), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, statements of changes in equity, statements of cash flows, notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for 2022 and January 1 to December 31, 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Standards issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matter**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements for the year ended in 2022. These matters were addressed in the context of our audit of parent

company only the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended in 2022 are stated as follows:

#### Revenue Recognition

The main source of revenue of the Company comes from the sales of the real estate revenues. The revenue is only recognized after the completion of property rights transfer and final walk-through of property with clients. The sales of the real estate revenues accounts for the big share of the consolidated revenues and is considered as a significant item in the consolidated financial statements. Therefore, the aforementioned sales revenue is listed as a key audit item; please refer to Note 4 of the parent company only financial statements for the accounting policy for the recognition of sales revenue.

The main audit procedures that the auditors have implemented for the above-mentioned issues are as follows :

1. Understand and test the design of internal control and the effectiveness of implementation in the sales cycle.
2. Select the samples from the recognized sales of the real estate detail lists to check the corresponding documents of real estate handover and registration of property rights to ensure the appropriateness of the sales of real estate revenue recognition.

#### Inventory Impairment Assessment

Inventory of the Company as of December 31, 2022-the balance of the construction industry was NT\$ 13,179,998 thousand yuan, accounting for 66% of the total assets. The Zongtai Group uses the profit rate of the construction project to assess whether there is impairment of inventory. Moreover, evaluated by the lower cost and net realizable value, the net realizable value is determined based on the recent transaction prices of development projects and the real market price of the near regions. Due to the above matters involve significant accounting estimates and judgments of the management, the assessment of the net realizable value of inventories is listed as a key audit item; please refer to Notes 4, 5 and 8 of the parent company only financial statements for inventory information.

The main audit procedures that the accountant has implemented for the above-mentioned issues are as follows:

1. Review the newly added construction costs this year, selecting samples and check the relevant vouchers, and confirm that the above costs have been appropriately

attributed to the construction project.

2. Review the year-round inventory impairment loss evaluation documents, to check whether the net realizable value is consistent with the supporting documents. Calculate the correctness of the estimated inventory impairment evaluation from the managerial level for verification.

### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a higher level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' reports. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit in significant audit findings, including any significant deficiencies and internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chiang, Shu-Chin and Zeng, Dong-Yun.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 14, 2023



**Zongtai Real Estate Development Co., Ltd.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**December 31, 2022 and 2021**

Unit : In Thousands of New Taiwan Dollars

CODE	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 2,463,256	12	\$ 1,026,588	5
1110	Financial assets at fair value through profit or loss – current (Note 4 and 7)	1,510,981	8	18,459	-
1136	Financial assets at amortized cost – current (Note 4,6 and 27)	1,879,530	9	1,728,481	9
1172	Notes and accounts receivable ( Note 4 and 19)	84	-	196	-
1200	Other receivables (Note 4)	23	-	6	-
1320	Inventories – Construction Industry (Note 4,5,8, 26 and 27)	13,179,998	66	15,750,701	81
1470	Other current assets (Note 12)	41,834	-	127,717	1
1480	Current assets recognised as incremental costs to obtain contract with customers (Note4 and 19)	<u>105,894</u>	<u>1</u>	<u>57,904</u>	<u>-</u>
11XX	Total current assets	<u>19,181,600</u>	<u>96</u>	<u>18,710,052</u>	<u>96</u>
	<b>NONCURRENT ASSETS</b>				
1510	Financial assets at fair value through profit or loss – noncurrent (Note 4 and 7)	90,700	-	88,500	-
1550	Investments accounted for using equity method (Note 4 and 9)	567,957	3	499,292	3
1600	Property, plant and equipment (Note 4, 10 and 27)	126,751	1	133,183	1
1755	Right-of-use assets (Note 4, 11 and 26)	99,709	-	5,200	-
1780	Intangible assets (Note 4)	517	-	1,156	-
1840	Deferred tax assets (Note 4 and 21)	1,515	-	2,076	-
1990	Other noncurrent assets (Note 12)	<u>3,305</u>	<u>-</u>	<u>3,005</u>	<u>-</u>
15XX	Total noncurrent assets	<u>890,454</u>	<u>4</u>	<u>732,412</u>	<u>4</u>
1XXX	Total assets	<u>\$ 20,072,054</u>	<u>100</u>	<u>\$ 19,442,464</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2100	Short-term loans (Note 13 and 27)	\$ 7,358,900	37	\$ 9,264,600	48
2130	Contract liabilities – current (Note 4, 19 and 28)	2,124,866	11	2,793,773	15
2150	Notes payable	44,718	-	24,260	-
2170	Accounts payable (Note 26)	197,215	1	149,570	1
2219	Other payables (Note 15)	213,009	1	199,566	1
2230	Current tax liabilities (Note 4 and 21)	414,383	2	54,073	-
2280	Lease liabilities – current (Note 4, 11 and 26)	14,555	-	2,806	-
2399	Other current liabilities (Note 15)	<u>35,324</u>	<u>-</u>	<u>16,637</u>	<u>-</u>
21XX	Total current liabilities	<u>10,402,970</u>	<u>52</u>	<u>12,505,285</u>	<u>65</u>
	<b>NONCURRENT LIABILITIES</b>				
2530	Bonds payable (Note 14 and 27)	1,998,176	10	1,997,513	10
2570	Deferred tax liabilities (Note 4 and 21 )	1,526	-	-	-
2580	Lease liabilities – noncurrent (Note 4,11 and 26)	85,729	-	2,478	-
2645	Guarantee deposits received	<u>240</u>	<u>-</u>	<u>80</u>	<u>-</u>
25XX	Total noncurrent liabilities	<u>2,085,671</u>	<u>10</u>	<u>2,000,071</u>	<u>10</u>
2XXX	Total liabilities	<u>12,488,641</u>	<u>62</u>	<u>14,505,356</u>	<u>75</u>
	<b>EQUITY</b>				
	Capital				
3110	Capital - common stock	2,427,487	12	2,107,907	11
3140	Advance receipts for share capital	-	-	3,592	-
3200	Capital surplus	1,261,649	6	822,657	4
	Retained earnings				
3310	Legal reserve	705,026	4	641,490	3
3350	Unappropriated earnings	<u>3,189,251</u>	<u>16</u>	<u>1,361,462</u>	<u>7</u>
3XXX	Total equity	<u>7,583,413</u>	<u>38</u>	<u>4,937,108</u>	<u>25</u>
	Total liabilities and equity	<u>\$ 20,072,054</u>	<u>100</u>	<u>\$ 19,442,464</u>	<u>100</u>

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

**Zongtai Real Estate Development Co., Ltd.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**January 1 to December 31, 2022 and 2021**

		Unit : In Thousands of New Taiwan Dollars, Except Earnings Per Share			
		2022		2021	
CODE		Amount	%	Amount	%
4000	Operating revenue (Note 4 and 19)	\$ 8,653,201	100	\$ 3,549,606	100
5000	Operating costs (Note 20 and 26)	<u>5,715,485</u>	<u>66</u>	<u>2,501,895</u>	<u>71</u>
5900	Gross profit from operations	<u>2,937,716</u>	<u>34</u>	<u>1,047,711</u>	<u>29</u>
	Operating expenses (Note 19, 20 and 26)				
6100	Selling expenses	182,545	2	156,094	4
6200	Administrative expenses	<u>113,221</u>	<u>2</u>	<u>90,785</u>	<u>3</u>
6000	Total operating expenses	<u>295,766</u>	<u>4</u>	<u>246,879</u>	<u>7</u>
6900	Net operating income	<u>2,641,950</u>	<u>30</u>	<u>800,832</u>	<u>22</u>
	Non-operating income and expenses				
7050	Finance costs (Note 26)	( 13,870 )	-	( 13,185 )	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 4)	46,978	1	( 11,211 )	-
7100	Interest income	7,806	-	2,005	-
7130	Dividend income	1,008	-	715	-
7190	Other Income (Note 26)	9,174	-	12,426	-
7210	Gains on disposals of property, plant and equipment (Note 4)	-	-	199	-
7230	Foreign exchange gains(loss) (Note 4)	7,186	-	( 1,896 )	-
7235	Gains on financial assets at fair value through profit (Note 4)	3,833	-	4,695	-

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CODE		2022		2021	
		Amount	%	Amount	%
7590	Miscellaneous Disbursements	( \$ <u>349</u> )	<u>-</u>	\$ <u>-</u>	<u>-</u>
7000	Non-operating income and expenses	<u>61,766</u>	<u>1</u>	( <u>6,252</u> )	<u>-</u>
7900	Profit before tax	\$ 2,703,716	31	\$ 794,580	22
7950	Income tax expense (Note 4 and 21)	<u>494,816</u>	<u>5</u>	<u>159,212</u>	<u>4</u>
8500	Total comprehensive income	<u>\$ 2,208,900</u>	<u>26</u>	<u>\$ 635,368</u>	<u>18</u>
	Earnings per share (Note 22)				
9750	Basic earnings per share	<u>\$ 9.81</u>		<u>\$ 3.01</u>	
9850	Diluted earnings per share	<u>\$ 9.79</u>		<u>\$ 3.00</u>	

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

**Zongtai Real Estate Development Co., Ltd**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**January 1 to December 31, 2022 and 2021**

Unit : In Thousands of New Taiwan Dollars

CODE		Capital Stock - Common	Advance receipts for	Capital surplus	Retained earnings		Total equity
		Stock	share capital	(Note18)	(Note 18)		
		(Note 18)	(Note 18)	(Note18)	Legal reserve	Unappropriated earnings	
A1	BALANCE, JANUARY 1, 2021	\$ 2,092,877	\$ 10,464	\$ 816,615	\$ 539,031	\$ 1,756,032	\$ 5,215,019
	Appropriations of prior year's earnings in 2020						
B1	Legal reserve	-	-	-	102,459	( 102,459 )	-
B5	Cash dividends of ordinary share	-	-	-	-	( 927,479 )	( 927,479 )
D5	Total comprehensive income in 2021	-	-	-	-	635,368	635,368
N1	Share-based payments	15,030	( 6,872 )	6,042	-	-	14,200
Z1	BALANCE, DECEMBER 31, 2021	2,107,907	3,592	822,657	641,490	1,361,462	4,937,108
	Appropriations of prior year's earnings in 2021						
B1	Legal reserve	-	-	-	63,536	( 63,536 )	-
B5	Cash dividends of ordinary share	-	-	-	-	( 317,575 )	( 317,575 )
D5	Total comprehensive income in 2022	-	-	-	-	2,208,900	2,208,900
E1	Issue of shares	310,000	-	418,500	-	-	728,500
N1	Share-based payments	9,580	( 3,592 )	20,492	-	-	26,480
Z1	BALANCE, DECEMBER 31, 2022	\$ 2,427,487	\$ -	\$ 1,261,649	\$ 705,026	\$ 3,189,251	\$ 7,583,413

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

**Zongtai Real Estate Development Co., Ltd**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**January 1 to December 31, 2022 and 2021**

Unit : In Thousands of New Taiwan Dollars

CODE		2022	2021
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Profit before tax	\$ 2,703,716	\$ 794,580
A20010	Adjustments to reconcile profit (loss) :		
A20100	Depreciation expense	12,933	10,597
A20200	Amortization expense	733	673
A20400	Gain on financial assets at fair value through profit or loss	( 3,833 )	( 4,695 )
A20900	Interest expenses	13,870	13,185
A21200	Interest income	( 7,806 )	( 2,005 )
A21300	Dividend income	( 1,008 )	( 715 )
A21900	Share-based payments	18,414	492
A22400	Share of loss (profits) of subsidiaries and associates	( 46,978 )	11,211
A22500	Gains on disposals of property, plant and equipment	-	( 199 )
A30000	Changes in operating assets and liabilities		
A31150	Notes and accounts receivable	112	( 109 )
A31180	Other receivable	2	158
A31200	Inventories	2,755,328	( 2,376,432 )
A31240	Other current assets	90,466	( 106,365 )
A31270	Assets recognised as incremental costs to obtain contract with customers	( 47,990 )	( 40,672 )
A32125	Contract liabilities	( 668,907 )	1,118,345
A32130	Notes payable	20,458	( 48,226 )
A32150	Accounts payable	47,645	( 119,794 )
A32180	Other payable	15,306	( 22,729 )
A32230	Other current liabilities	<u>18,687</u>	<u>( 19,085 )</u>
A33000	Cash inflow (outflow) generated from operations	4,921,148	( 791,785 )
A33100	Interest received	7,786	1,985
A33300	Interest paid	( 204,277 )	( 142,190 )
A33500	Income tax paid	<u>( 132,419 )</u>	<u>( 288,569 )</u>
AAAA	Net cash flows from (used in) operating activities	<u>4,592,238</u>	<u>( 1,220,559 )</u>

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CODE		2022	2021
	NET CASH FLOW FROM INVESTMENT ACTIVITIES		
B00040	Acquisition of financial assets at amortized cost	( \$ 151,048 )	( \$ 1,108,264 )
B00100	Acquisition of financial assets at fair value through income	( 2,452,346 )	( 2,305,000 )
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	961,457	2,699,138
B01800	Acquisition of investments accounted for using equity method	( 48,050 )	( 250 )
B01900	Proceeds from disposal of investments accounted for using equity method	-	104,267
B02700	Acquisition of property, plant and equipment	( 169 )	( 958 )
B02800	Proceeds from disposal of property, plant and equipment	-	246
B03800	Decrease in refundable deposits	-	2,500
B04500	Acquisition of intangible assets	( 94 )	( 428 )
B06800	Increase in other non-current assets	( 300 )	-
B07600	Dividends received	<u>27,370</u>	<u>42,856</u>
BBBB	Net cash flows used in investing activities	( <u>1,663,180</u> )	( <u>565,893</u> )
	CASH FLOWS USED IN FINANCING ACTIVITIES		
C00100	Increase (decrease) in short-term loans	( 1,905,700 )	2,068,760
C03000	Increase in guarantee deposits received	160	80
C04020	Payments of lease liabilities	( 5,841 )	( 3,534 )
C04500	Cash dividends paid	( 317,575 )	( 927,479 )
C04600	Proceeds from issuing shares	728,500	-
C04800	Exercise of employee share options	<u>8,066</u>	<u>13,490</u>
CCCC	Net cash flows from financing activities	( <u>1,492,390</u> )	<u>1,151,317</u>
EEEE	Net increase (decrease) in cash and cash equivalents	1,436,668	( 635,135 )
E00100	Cash and cash equivalents at beginning of period	<u>1,026,588</u>	<u>1,661,723</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 2,463,256</u>	<u>\$ 1,026,588</u>

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

Attachment 7. Profit Distribution Table for 2022

**Zongtai Real Estate Development Co.,Ltd.**

**Profit Distribution Table for 2022**

Unit: NTD

Item	Amount
Opening undistributed earnings	980,351,795
Add : After-tax net profit of 2022	2,208,899,738
Less : Appropriation of 10% legal reserve	(220,889,974)
Appropriation of reversal special reserve	-
Distributable earnings	2,968,361,559
Distribution	
Shareholder dividend	(995,269,703)
(Cash Dividend NT\$4.1 per share)	
Shareholder dividend	(995,269,700)
(Stock Dividend NT\$4.1 per thousand share)	
Closing undistributed earnings	977,822,156

Attachment 8. Comparison Table of amendment to Articles of Incorporation

**Zongtai Real Estate Development Co.,Ltd.**

**Comparison Table of amendment to Articles of Incorporation**

Amendments	Current Clauses	Description
Article 1 The Company shall be incorporated under the Company Act of the Republic of China, and its name shall be <u>Fu Hua Innovation Co.,Ltd.</u>	Article 1 The Company shall be incorporated under the Company Act of the Republic of China, and its name shall be <u>Zongtai Real Estate Development Co.,Ltd.</u>	Change the Company's name.
Article 5 The total capital stock of the Company shall be in the amount of <u>ten billion</u> New Taiwan Dollars, divided into <u>one billion</u> shares, at ten New Taiwan Dollars each. A total of sixty million New Taiwan Dollars among the above total capital stock should be reserved for issuing employee stock options. The Board of Directors is authorized to issue the unissued stocks from to time.	Article 5 The total capital stock of the Company shall be in the amount of <u>five billion</u> New Taiwan Dollars, divided into <u>five hundred million</u> shares, at ten New Taiwan Dollars each. A total of sixty million New Taiwan Dollars among the above total capital stock should be reserved for issuing employee stock options. The Board of Directors is authorized to issue the unissued stocks from to time.	The nominal capital has been increased in cooperation with future development of the Company.
Article 5-1 <u>Where the Company issues new shares or employee stock warrants, or transfers Company shares purchased pursuant to laws and regulations, or issues new restricted employee shares, parties entitled to such issuance or transfer may include the employees of subsidiaries of the company meeting certain specific requirements, with conditions and distribution methods determined by the Board of Directors under authorization.</u>	This Article is Newly Added.	For motivating employees and enhancing their coherence, the defined methods and qualifications are therefore added through addition of this Article.
Article 20 (omitted) The twenty-second amendment was made on June 8, 2022. <u>The 23th amendment was made on June 19, 2023.</u>	Article 20 (omitted) The twenty-second amendment was made on June 8, 2022.	The amendment date is added.



Attachment 9. Comparison Table of amendment to Procedure of Acquisition or Disposal of Assets

**Zongtai Real Estate Development Co.,Ltd.**

**Comparison Table of amendment to Procedure of Acquisition or Disposal of Assets**

Amendments	Current Clauses	Description
<p>Article 6 Prior to acquisition or disposal of assets provided for in these Procedures, the Company shall assign its financial department to submit relevant information by hierarchy to the General Manager for <u>decision and approval before adoption by the responsible authority. Material transactions may be performed after being approved by the Audit Committee and approved through resolution by the Board of Directors, or handled by the Chairman under authorization following the designated region, period and within the certain amount adopted by resolution by the Board of Directors. The total of the aforementioned certain amount shall not be over sixty percent (60%) of the Company's net worth. Where there are circumstances under subparagraphs of Article 185, Paragraph 1 of the Company Act shall be handled accordingly.</u></p>	<p>Article 6 Prior to acquisition or disposal of assets provided for in these Procedures, the Company shall assign its financial department to submit relevant information by hierarchy to the General Manager for <u>review and approval before implementation.</u> Where there are circumstances under subparagraphs of Article 185, Paragraph 1 of the Company Act, such circumstances shall be handled in accordance with the appropriate regulations.</p>	<p>Contents of authorization procedure by level of authority have been amended for perfected procedure.</p>

## IV. Appendices

### Appendix 1. Rules of Procedure for Shareholders Meetings

#### **Zongtai Real Estate Development Co.,Ltd.**

#### **Rules of Procedure for Shareholders Meetings**

Approved and Enforced by Shareholders Meeting on June 8, 2022

- Article 1 The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 2 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the Board of Directors.
- Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.
- The Handbook shall be made for the convening of regular shareholders' meetings and the notice shall be sent to all shareholders at least thirty days in advance. For shareholders holding less than one thousand registered shares, the notice of meeting may be publicly announced on the Market Observation Post System. The notice for special shareholders meetings shall be sent to all shareholders at least fifteen days in advance and may be publicly announced on the Market Observation Post System at least fifteen days in advance for the shareholders holding less than one thousand registered shares.
- This Corporate shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:
- 1.For physical shareholders meetings, to be distributed on-site at the meeting.
  - 2.For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
  - 3.For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform
- The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in the electronic form.
- Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.
- Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.
- A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. The shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities shall process according to the relevant rules of Article 172-1 of the Company Act that the number of items proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda.
- Prior to the book closure date, before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
- Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder proposing shall be present in

person or by proxy at the regular shareholders meeting and take part in the discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting, the board of directors shall explain the reasons for the exclusion of any shareholder proposals not included in the agenda.

Article 3

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 4

The company shall furnish the attending shareholders or their proxy (Hereinafter referred to as shareholders) with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations; the shareholders' meeting in video conference manner shall be open for registration at least 30 minutes prior to the time the meeting commences. Shareholders having completed the registration will be deemed to have attended the meeting in person.

The company shall furnish the attending shareholders with the meeting agenda handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

Shareholders shall attend the shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with this Corporation two days before the meeting date.

In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 4-1

To convene a virtual shareholders meeting, the Company shall include the follow particulars in the shareholders meeting notice:

1.How shareholders attend the virtual meeting and exercise their rights.  
2.Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:

a:To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.

b: Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.

c: In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on

- meeting agenda of that shareholders meeting.
- d; Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.
- Article 5 The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.  
The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders meeting.
- Article 6 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. In case the chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, the vice-chairman shall act on his behalf. In case there is no vice-chairman chairman, or the vice-chairman is also on leave or absent or unable to exercise his power and authority for any cause, the chairman of the Board of Directors shall designate one of the directors as representative. In the absence of such a designation, the directors shall elect from among themselves an acting chairman of the Board of Directors.  
It is advisable that shareholders meetings convened by the board of directors be attended by a majority of the directors.  
If a shareholders meeting is convened by a party with the power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- Article 7 This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.
- Article 8 The entire process of shareholders meetings shall be made an uninterrupted audio and video recording and the recorded materials shall be retained for at least one year. If however, the recorded materials are filed a lawsuit pursuant to Article 189 of the Company Act by shareholders, the recording shall be retained until the conclusion of the litigation.  
Where a shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.  
The information and audio and video recording in the preceding paragraph shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.  
In case of a virtual shareholders meeting, this Corporation is advised to audio and video record the back-end operation interface of the virtual meeting platform.
- Article 9 Attendance at shareholders meetings shall be calculated based on the number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.  
The chair shall call the meeting to order at the appointed meeting time and announce the relevant information such as the number of no voting rights and the number of attending shares. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.  
If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 4.  
When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
- Article 10 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The

meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting.

If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11

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

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

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

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

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

Article 12

Voting at a shareholders meeting shall be calculated based on the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as a proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier

declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.

When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail. Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When anyone among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting. In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When this Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 4 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 14

The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 14-1

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of this Corporation.

Where the shareholders' meeting is convened via video conference, the meeting minutes to such meeting shall, in addition to matters required to be recorded pursuant to the preceding paragraph, record the commencement and adjournment times of the meeting, manners the meeting is convened, its chair and the name of the note taker, and the handling in events of obstacles for the

video conference platform or attendance via video conference due to natural disaster, incidents or force majeure.

Where the Company convenes the shareholders' meeting via video conference, in addition to handling in accordance with the provisions in the preceding paragraph, the Company shall specify the convening via such manner on the meeting minutes and provide alternatives to shareholders having difficulties in attending the shareholders' meeting via video conference.

Article 15 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 16 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

The chair may order shareholders to speak in a specific area of the venue. If shareholders do not obey the chair's order, the chair may stop it.

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 17 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting. During this Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed period.

Article 18 In the event of a virtual shareholders meeting, the Company shall disclose realtime results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 19 When the Company convenes a virtualonly shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 20 In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44- 20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the paragraph 1, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the paragraph 1, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors. When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in paragraph 1, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the paragraph 1 is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the paragraph 1, this Corporation shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44- 20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, this Corporations shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the paragraph 1.

Article 21

When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.

Article 22

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



## Appendix 2. Articles of Incorporation (Before Amendments)

### **Zongtai Real Estate Development Co.,Ltd.**

#### **Articles of Incorporation**

Approved and Enforced by Shareholders Meeting on June 8, 2022

#### **Chapter 1 General Provisions**

- Article 1 The Company shall be incorporated under the Company Act of the Republic of China, and its name shall be Zongtai Real Estate Development Co.,Ltd.
- Article 2 The scope of business of the Corporation shall be as follows:  
1.CC01080 Electronic Parts and Components Manufacturing  
2.F113020 Wholesale of Household Appliance  
3.F119010 Wholesale of Electronic Materials  
4.F213010 Retail Sale of Electrical Appliances  
5.F219010 Retail Sale of Electronic Materials  
6.F401010 International Trade  
7.IZ99990 Other Industrial and Commercial Services (Integrated Circuit Development)  
8.F601010 Intellectual Property  
9.H701010 Housing and Building Development and Rental  
10.H701020 Industrial Factory Development and Rental  
11.H701040 Specific Area Development  
12.H701050 Investment, Development, and Construction in Public Construction  
13.H701060 New Towns, New Community Development  
14.H701070 Process Zone Expropriation and Urban Land Readjustment Agency  
15.H701080 Urban Renewal Reconstruction  
16.E801010 Building Maintenance and Upholstery  
17.I503010 Landscape and Interior Designing  
18.F111090 Wholesale of Building Materials  
19.C901990 Other Non-Metallic Mineral Products Manufacturing (Quartz Bricks, Quartz Plate, Quartz Tube)  
20.CB01990 Other Machinery Manufacturing (Diamond Saw Blade for Quartz)  
21.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Corporation shall have its head office in Hsinchu County, Taiwan, Republic of China, and shall be free, upon approval of the Board of Directors and government authorities in charge, to set up representative and branch offices at various locations within and without the territory of the Republic of China, wherever and whenever the Corporation deems it necessary or advisable to carry out any or all of its activities.
- Article 4 Public announcements of the Corporation shall be made in accordance with the Company Act, the Securities and Exchange Act, and other relevant rules and regulations of the Republic of China.
- Article 4-1 Due to the need for business or investment, the company is approved to do the endorsement and guarantee by the Board of Directors.
- Article 4-2 The company can become a shareholder of limited liability in other companies in light of its business need. The amount of re-investment may not be restricted by the limitation of the re-investment ratio stated in Article 13 of the Company Act.

## **Chapter 2 Capital Stock**

- Article 5 The total capital stock of the Company shall be in the amount of five billion New Taiwan Dollars, divided into five hundred million shares, at ten New Taiwan Dollars each. A total of sixty million New Taiwan Dollars among the above total capital stock should be reserved for issuing employee stock options. The Board of Directors is authorized to issue the unissued stocks from to time.
- Article 6 The shares printed by the Company shall be registered and issued in accordance with the Company Act and relevant rules and regulations of the Republic of China. When issuing new shares, the Company may print share certificates in respect of the full number of shares to be issued at that time, or be exempt from the printing of share certificates. If the Corporation decides to print share certificates for shares issued, the Corporation shall comply with relevant provisions of the Company Act and relevant rules and regulations of the Republic of China
- Article 7 The change of name and transfer of stock shall be ceased within sixty days prior to the convening date of a regular shareholders meeting, or within thirty days prior to the convening date of a special shareholders meeting, or within five days prior to the target date fixed by the issuing company for distribution of dividends, bonus or other benefits.

## **Chapter 3 Shareholders Meeting**

- Article 8 Shareholders meetings of the Company are of two kinds which are regular meetings and special meetings. Regular shareholders meetings shall be convened once a year by the Board of Directors according to the law within six months after the close of each fiscal year. Special shareholders meeting shall be convened according to the Company Act and the relevant rules and regulations of the Republic of China.
- Article 9 In case the shareholders are not able to attend the shareholders meetings for any cause, the proxies of the shareholders may attend the meetings with the signed or sealed proxy for attendance printed by the Company stating therein the scope of power authorized to the proxy. The proxy for attendance shall be applied according to Article 177 of the Company Act and the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” stated in Article 25-1 of the Securities and Exchange Act.
- Article 9-1 Shareholders’ meetings of the Company can be held by means of visual communication network or other methods promulgated by the central competent authority. In case a shareholders’ meeting is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.
- Article 10 Each shareholder of the Company, except the condition of no voting right for share stated in Article 179 of the Company Act, is entitled to one vote for each share held. The voting right shall be exercised by writing or electronically. There is no voting right for the shares held by the Company itself according to the law.
- Article 11 Unless otherwise provided for in the Company Act, a meeting of shareholders shall proceed only if attended by shareholders themselves or the proxies representing more than one-half of the total outstanding capital stock of the Company. Resolutions of a shareholders meeting shall be made at the meeting with the concurrence of a majority of the votes held by the shareholders present at the meeting.
- Article 11-1 The resolutions of the shareholders meeting shall be recorded in the minutes and executed according to Article 183 of the Company Act.

## **Chapter 4 Directors and Audit Committee**

- Article 12 The Company shall have nine to thirteen Directors with the three-year term and the number of the directors is determined by the Board of Directors Meeting. All Directors shall be eligible for re-election. Directors shall be elected by adopting a candidate nomination system as specified in Article 192-1 of the Company Act The nomination of directors and related announcements shall comply with the relevant regulations of the Company Act and the Securities and Exchange Law.

The total amount of registered shares held by all directors is stipulated by the standard of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies” published by Securities and Futures Bureau of Financial Supervisory Commission of Executive Yuan. A company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.

Article 12-1 According to the Securities and Exchange Act, among the number of directors mentioned in the preceding article, the independent directors shall not be less than three in number and less than one-fifth of the total number of directors. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination and election, and other matters for compliance with respect to independent directors shall be prescribed by the competent authority of securities.

Article 12-2 The Board of Directors of the Company establishes the compensation committee whose responsibility, organic regulations, the exercise of authority, and other compliance matters shall be regulated in accordance with the relevant rules of the competent authority of securities and the Company.

Article 12-3 The Company establishes the audit committee which is composed of all independent directors according to the law and the relevant organic regulations are enacted by resolution of the Board of Directors. The exercise of authority and other compliance matters shall be executed according to the relevant laws and the Articles of Incorporation.

Article 13 The Board of Directors which is organized by the directors shall be attended by over two-thirds of the directors. The directors shall elect from among themselves a Chairman of the Board of Directors and Vice-Chairman of the Board of Directors by a majority in attending directors. The Chairman of the Board of Directors shall have the authority to represent the Corporation.

Article 14 In case the chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, a delegate shall be appointed in compliance with Article 208 of the Company Act. Directors shall attend the Board of Directors Meetings and appoint other directors as the proxy to attend the meetings if they are on leave or absent or cannot exercise their power and authority for any cause.

Article 14-1 The convening of the Board of Directors shall be executed according to Article 204 of the Company Act. In the case of an emergency, a meeting of the Board of Directors may be convened by fax or email instead of written notice.

Article 15 The Board of Directors is authorized to determine the salary of the directors, regardless of the profit and loss of the Company, taking into account the extent and value of the services provided for the management of the Corporation and the standards of the industry.

### **Chapter 5 Managerial Officials**

Article 16 The Company may have one general manager, several vice general managers, and several managers that the appointment, discharge, and remuneration are executed according to Article 29 of the Company Act.

### **Chapter 6 Accounting**

Article 17 After the close of each fiscal year of the Company, the Board of Directors shall prepare the proposals and tables such as (1) Business report (2) Financial statements (3) Profit distribution or Deficit compensation, and so on. These proposals shall be submitted to the regular shareholders meetings according to the law for acceptance.

Article 18 If there is profit at the end of each fiscal year, a ratio of 0.1% - 5% of the profit of current year distributable as employees' compensation and a ratio less than 2% of the profit of current year distributable as directors' compensation shall be appropriated. However, the Company's accumulated losses shall have been covered first if any.

The employees' compensation shall be in the form of shares or cash, and the distribution targets include employees who meet certain conditions of affiliated companies. The directors' remuneration mentioned in the preceding article shall be only in cash.

The proposals for distribution of employees' compensation and directors' remuneration shall be resolved by the Board of Directors and reported to the shareholders meetings.

Article 18-1

When the Company does not make a profit, it is not allowed to distribute the stock dividend.

If the Company makes surplus in the annual final accounts, the "distributable profit" shall be calculated in the following order and the portion shall be reserved according to the business conditions and capital requirement. The proposal for profit distribution shall be prepared by the Board of Directors and submitted to shareholders' meetings for distribution:

- (1) Withholding Tax
- (2) Cover Accumulated Deficit
- (3) Appropriation of Legal Reserve
- (4) Legal Appropriation or Reversal Special Reserve
- (5) Opening Undistributed Earnings and the "Adjustment Amount of the Undistributed Earnings of the Year"

Where all or part of the dividend and bonus distribution is paid in cash, such distribution may be adopted by a majority of directors in a Board of Directors' meeting attended by 2/3 or more of all directors before reporting to the shareholders' meeting; the resolution adopted by shareholders' meeting as prescribed in the preceding paragraph shall not apply.

The dividend policy of the Company is based on the company operation situation, capital requirement, and change in internal and external overall circumstances that the dividend is distributed fully or partially with the consideration of the interest of the shareholders. Distribution of earnings may be made in cash dividend or share dividend. Limits of dividend distribution shall remain the proportion between 20% and 100% of the distributable earnings of the current year; however, the distribution of cash dividend shall be in principle not lower than 50% of the total dividend.

## **Chapter 7 Supplementary Provisions**

Article 19

In regard to all matters not provided for in these Articles of Incorporation, the Company Act shall govern.

Article 20

The articles are enacted on October 20, 1997.

The first amendment was made on May 18, 1998.

The second amendment was made on July 15, 1998.

The third amendment was made on March 6, 2000.

The fourth amendment was made on November 10, 2000.

The fifth amendment was made on June 15, 2001.

The sixth amendment was made on April 15, 2002.

The seventh amendment was made on June 15, 2004.

The eighth amendment was made on June 19, 2006.

The ninth amendment was made on June 28, 2007.

The tenth amendment was made on June 19, 2008.

The eleventh amendment was made on June 19, 2009.

The twelfth amendment was made on May 28, 2010.

The thirteenth amendment was made on November 10, 2010.

The fourteenth amendment was made on June 28, 2011.

The fifteenth amendment was made on May 16, 2012.

The sixteenth amendment was made on May 20, 2014.

The seventeenth amendment was made on June 24, 2015.

The eighteenth amendment was made on June 15, 2016.

The nineteenth amendment was made on June 13, 2017.

The twentieth amendment was made on June 8, 2018.

The twenty-first amendment was made on June 12, 2019.

The twenty-second amendment was made on June 8, 2022.

Appendix 3. The impact of the free allotment proposed by the Shareholders' Meeting on the Company's operating performance, earnings per share and shareholder return on investment

Item		Year	2023(estimate)
Beginning paid-in capital			2,427,487,080
Distribution of shares and dividends in the current fiscal year (Note 1)	Cash dividend per share		4.1
	Number of shares allotted for capital transferred from earnings		4.1
	Capital reserve to capital increase		-
Changes in operating performance	Operating Income		(Note 2)
	Operating profit increase (decrease) ratio over the same period last year		
	Net income after tax		
	Ratio of increase (decrease) in Net income after tax compared with the same period in previous year		
	Earnings (loss) per share (NT\$)		
	Earnings per share increase (decrease) ratio over the same period last year		
	Annual average return on investment (annual average P/E ratio)		
Pro-forma earnings per share and P/E ratio	If capital transferred from capital reserve is replaced by cash dividends distribution	Proposed Earnings Per Share	(Note 2)
		Pro-forma Average Annual Return on Investment	
	If capital transferred from capital reserve is not conducted	Proposed Earnings Per Share	
		Pro-forma Average Annual Return on Investment	
	If capital reserve has not been prepared and capital transferred from earnings is changed into distribution of cash dividends	Proposed Earnings Per Share	
		Pro-forma Average Annual Return on Investment	

Note 1 : The estimates for 2023 stock and cash dividends are prepared based on the proposal for earnings distribution resolved by the Board of Directors on March 14, 2023.

Note 2 : The Company did not publish the 2023 financial forecasts. In accordance with per 1 February 2000 Order No. Taiwan-Finance-Securities-I-00371, no estimate information for the year 2023 shall be disclosed.

#### Appendix 4. Current Shareholding of All Directors

### **Zongtai Real Estate Development Co.,Ltd.**

#### **Current Shareholding of All Directors**

1. The Company has issued 242,748,708 ordinary shares until April 21, 2023.
2. In accordance with Article 26 of the Securities and Exchange Act and subparagraph 4 of paragraph 1 of Article 2 and paragraph 2 of Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies:  
The minimum shareholding of the Company's board directors is 12,000,000 shares
3. As at the book closure date of this annual general meeting (April 21, 2023), the numbers of shares held by the individual directors and by entire bodies as recorded in the shareholders' register are as follows:

Title	Name	On-Board Date	Number of Shares Recorded in the Shareholders' Register	Shareholding Percentage
Chairman	Tso Jung Investment Co., Ltd Representative: Liu, Wei-Ju	July 30, 2021	28,345,123	11.68%
Director	Shun-Wen, Wu	July 30, 2021	2,074,535	0.85%
Director	Tso-Jung, Wu	July 30, 2021	2,066,704	0.85%
Director	Zong Tai Construction Development Co., Ltd Representative: Chia-Chi, Kuo	July 30, 2021	3,346,000	1.38%
Director	Zong Tai Construction Development Co., Ltd Representative: Cheng Yung, Lin	July 30, 2021	3,346,000	1.38%
Independent Director	Yong-Jen, Tsao	July 30, 2021	0	0.00%
Independent Director	Ming-Hai, Lee	July 30, 2021	0	0.00%
Independent Director	Yao-Jia, Wen	July 30, 2021	0	0.00%
Total Shares Held by Directors (Except Independent Directors)			35,832,362	14.76%

## Appendix 5. Progress of Shareholders' Proposals

### Explanatory Note of Progress of Shareholders' Proposals:

According to Article 172-1 of The Company Act, shareholders who own more than 1% of The Company's outstanding shares are entitled to submit one agenda for discussion during the annual general meeting. The submission must be made in writing and is limited to 300 words.

The company has publicly announced the shareholders' proposal right of this annual general meeting on the Market Observation Post System that the period for accepting starts on April 11, 2023, and concludes on April 21, 2023. Since the Company received no proposals from shareholders during that period, no discussion would be made on the annual general meeting for 2023.