

Stock Code 3056

# Fu Hua Innovation Co., Ltd.

**Original Name.** Zongtai Real Estate Development CO., LTD.

【2024 Annual Meeting of Shareholders】

## Meeting Handbook

Meeting Date : June 12, 2024 (AM 10:00)

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.**

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## **I. Meeting Procedure**

### **Fu Hua Innovation Co., Ltd.**

**(Original name: Zongtai Real Estate Development Co., LTD.)**

#### **Procedure for the 2024 Annual Meeting of Shareholders**

1. Call the Meeting to Order
2. Chairman Remarks
3. Report matters
4. Acknowledged matters
5. Matters for Discussion
6. Matters for Election
7. Other Proposals
8. Extemporaneous Motion
9. Adjournment

## II. Meeting Agenda

### Fu Hua Innovation Co., Ltd.

(Original name: Zongtai Real Estate Development Co., LTD.)

#### 2024 Annual Shareholders' Meeting Agenda

**Time** : 10:00 a.m. on Wednesday, June 12, 2024

**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 2023
  - 2) Audit Committee's Review Report
  - 3) To report 2023 employees' profit sharing and Directors' compensation
  - 4) To report distribution in cash dividend of 2023 Profits
  - 5) Amendment to regulations for Board of Directors meetings
4. Acknowledged matters
  - 1) Business Report and Financial Statements for 2023
  - 2) Proposal for Distribution of 2023 Profits
5. Matters for Discussion
  - 1) Issue new shares through capital increase from earnings
  - 2) Amendment to Articles of Incorporation
  - 3) Amendment to Rules of Procedure for Shareholders' Meeting
6. Matters for Elections
  - 1) Re-election of directors
7. Other Proposals
  - 1) Discussion to approve the lifting of non-competition restrictions for directors of the Company.
8. Extemporary Motion
9. Adjournment

## 1 Report Matters

- 1) Business Report of 2023 for approval  
Explanation: Business Report of 2023 is attached as pp. 8~14 (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. 15 (Attachment 2).
- 3) To report 2023 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 2023 employees' remuneration amounted to NT\$1,075,048 and 1.5% of the profit will be allocated as 2023 directors' remuneration amounted to NT\$5,375,241 on March 14, 2024. The remuneration for both employees and directors is to be distributed in cash.
- 4) To report distribution in cash dividend of 2023 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, 2024 resolved the shareholders' bonus is NT\$ 140,333,028 (NT\$0.41 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\$ 140,333,028 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, 2024, the comparison table of amended rules is attached as pp. 16~17(Attachment 3).

## 2 Acknowledged Matters

Proposal 1 (Proposed by the Board of Directors)

Subject : Acknowledging the 2023 Business Report and Financial Statements

- Explanation : 1. The company's Business Report and Consolidated and Parent-Company Only Financial Statements have been invent completed. Consolidated and Parent-Company Only 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, 2024.
3. The Business Report of 2023 and Independent Auditor's Report, and the financial statements are attached as pp. 8~14 and 18~39 (Attachment 1 and 4).
4. The agenda has been proposed for acknowledgment.

Proposal 2 (Proposed by the Board of Directors)

Subject : Acknowledging the Proposal for Profit Distribution for 2023

- Explanation : 1. After the finalization of the tax and earnings of 2023, the after-tax net profit is NT\$306,873,573. After setting aside the 10% of earnings for the legal reserve of NT\$30,687,357, and adding beginning retained earnings of NT\$977,822,156, and minus the adjustment for prior profit or loss of NT\$996, the distributable net profit is NT\$1,254,007,376.
2. The meeting of the Board of Directors on March 14, 2024 approved the shareholders' bonus is NT\$ 277,243,298 (NT\$0.41 per share for the distribution of cash dividend and distribute stock dividends of NT\$0.4 per share). The profit distribution table is attached as pp. 40 (Attachment 5).

3. The agenda has been proposed for acknowledgment.

### 3 Matters of Discussion

- Proposal 1 (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\$136,910,270 from 2023 distributable earnings to increase the capital to issue 13,691,027 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, 40 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 aproved 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 2 (Proposed by the Board of Directors)
- Subject : Amendment to Articles of Incorporation. Please proceed to discussion.
- Explanation : 1. For the business operation in the future, the Board of Directors is proposed the policy to hand cash dividends. The comparison table of amended rules is attached as pp. 41~42. (Attachment 6).  
2. Proposed for the referendum.
- Resolution :
- Proposal 3 (Proposed by the Board of Directors)
- Subject : Amendment to Rules of Procedure for Shareholders' Meeting. Please proceed to discussion.
- Explanation : 1. In compliance with Tai-Cheng-Chih-Li-Tzu No. 11200041671 dated March 17, 2023, proposes to amend the partial clause of rules.  
2. The comparison table of amended rules is attached as pp. 43~44 (Attachment 7).  
3. Proposed for the referendum.
- Resolution :

#### **4 Matters of Election**

- Proposal 1 (Proposed by the Board of Directors)
- Subject : Proposal of Directors Election. Please vote.
- Explanation : 1. The term of the directors will be ended on July 29, 2024. Accordingly, the company proposes to duly elect new directors at this Annual Meeting of Shareholders. The Board of Directors resolved to elect 9 directors (including 3 independent directors). The director nomination system is adopted and the shareholders shall elect the directors from the nomination list prepared by the company.  
2. All new directors shall take office after the Annual Meeting of Shareholders, while the original directors shall be removed simultaneously. Their three-year term will start on June 12, 2024, and conclude on June 11, 2027.  
3. The reason for continuing nomination of the independent directors who have served three terms: Mr. Yong-Jen, Tsao has a

professional background in accounting, audition, and taxation and serves as the convener of the audit committee to evaluate audit and financial proposals and the internal controls of the Company. Although Mr. Tsao has served as an independent director of the Company for three terms, the Company still needs to rely on his major to provide more advice and supervise the operation of the Board of Directors.

4. The candidate list of the 13<sup>th</sup> term of directors (including independent directors) has been reviewed and approved by the 18<sup>th</sup> meeting of the 12<sup>th</sup> term of the Board of Directors on April 30, 2024. Their education, experience, and other relevant information are attached as pp. 45~47 (Attachment 8).

Resolution :

## **5 Other Proposal**

Proposal 1 (Proposed by the Board of Directors)

Subject : Proposal of Release the Prohibition on New Directors from Participation in Competitive Business. Please proceed to discussion.

Explanation : 

1. Execution according to the Articles 209 of the Company Act “A director who does anything for himself or on behalf of another person that is within the scope of the company’s business, shall explain to the meeting of shareholders the essential contents of such as act and secure its approval”.
2. In order to recruit professionals as the company’s directors, under the premise of no impact on corporate business operation and no damage towards the interests of the company, the directors of the company or the company may invest or operate other corporates within the same or similar business scopes proposed the Annual Meeting of Shareholders to agree and release the prohibition from participation to the competitive business of the Article 209 of the Company Act.
3. The competition situation of the new or re-elected directors (including corporate shareholders and representatives) is attached as pp. 48 (Attachment 9).

Resolution :

## **6 Extemporary Motion**

## **7 Adjournment**

### **III. Attachments**

#### Attachment 1. Business Report of 2023

### **Business Report of 2023**

#### I. 2023 annual operation report

According to statistics of Ministry of the Interior, registration number of building transaction for the year ended December 31, 2023, was 306,971, although it was 11,130 (-3.5%) less than 2022. The house transaction volume has been exceeding 300,000 for 5 years. More than 10,000 buildings have decreased compared to last year, indicating that the domestic real trading market is supported by rigid demand, and the overall demand is shrinking.

Observing the monthly performance, it can be found that the number of buildings bought and sold in the second half of 2023 rose slowly compared with that in the first half of the year. It can be inferred that the slight rebound in the number of houses sold in this wave is influenced by factors such as global inflation slowing down, the central bank not raising interest rates, and the implementation of “a preferential mortgage program geared toward young adults” policy in August, which drove the entry of groups with rigid demand. In addition, the market also anticipated after the president election which will return it to the basic market of supply and demand.

In recent years, to improve the housing market, the government has successively implemented policies such as selective credit controls on real estate, the equalization of land rights act, and the integration of house and land transactions income tax 2.0 to regulate it. It’s speculated that the impact of policies side will slow down. However, the geopolitical risks, wars and other uncertainties, and the expectation of greenflation through carbon fees will make real estate still have the advantage of anti-inflation and become the first choice for asset allocation.

However, in terms of transaction prices, the overall development trend of the domestic real estate market in 2023 would gradually turn from the “volume contraction price consolidation” in the first half of the year to the “stable volume contraction price” trend. Although land transaction prices continue to reach record highs, causing developers to rise costs reflected in selling prices, real estate is still a choice for consumer asset allocation because of its ability to preserve value and resist inflation.

The number of buildings registered for the first time in various counties and

cities across the country in 2023 was 149,253. An increase of 14% from 2022, and they were also concentrated in the six capitals. Among them, Taichung City has the highest proportion of 24,246 buildings, accounting for 16.2% of the country. Followed by New Taipei City with 22,293 buildings accounting for 14.9% of the country. However, Taoyuan City with 20,963 buildings accounting for 14.0% of the country and ranking third. Taichung City, New Taipei City, and Taoyuan City were among the six capitals with more than 20,000 buildings registered for the first time in 2023. Among them, Taichung City decreased slightly by -0.59% compared to 2022 which means the pre-sale housing market in Taichung City is still in a state of consolidation and correction. Thus, we can speculate that it was caused by the continuous fermentation of government housing policies. In the future, Fu-Hua Innovation will focus on construction, develop diversified operations, and create diverse source of profit to facilitate the sustainable and steady development of the enterprises.

The project completed and handed over in 2023 was “Live as the Queen” by our subsidiary. The project under construction “The Way Home” will be completed and handed over this year, and the homes and storefronts have been 100% sold out. The land and construction cost increase is expected to inevitably lead to high prices in the domestic real estate industry and restricted by the control on the 40% loan for houses with a total price of over NT\$40 million in the central-region market by the competent authorities. In addition, the new equalization of land rights act that legal persons are required to obtain permission from the Ministry of the Interior to purchase residential properties, which leads to the tightening of transactions in the high-price luxury housing market. Furthermore, the release of many 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: Smooth sales of individual cases

1.2 Mid-term target:

1.2.1 Deepen the company’s brand value

1.2.2 Expand the field of 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 a stable financial status and a public transparent platform, create a sustainable development business model.

#### 1.3.2 Focus on the main business, operate a diversity.

The Company has been actively engaging in other industries based on 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, and deepen the brand with humanism, also combine with the ESG sustainability spirit so that we make our brand one of a kind.

## 2 Operating plan outcome

Revenue in 2023 was NT\$1,522,239 thousand, decreased by 82.50% compared to NT\$ 8,697,505 thousand in 2022. Operating cost decrease by 6.66%, other income (losses) increased by 173.33%, profit before tax was NT\$ 412,497 thousand, decreased by 84.78% compared to NT\$ 2,710,712 thousand in 2022, net profit was NT\$ 306,874 thousand, decreased by 86.11% compared to NT\$ 2,208,900 thousand in 2022.

## 3 Budget execution: Not applicable.

#### 4 Financial income(losses) and profitability

##### 4.1 Financial income(losses)

In thousand NT\$

Item	2023	2022	Percentage (%)
Operating revenue	1,522,239	8,697,505	-82.50
Gross profit from operations	641,277	2,999,631	-78.62
Operating net profit	350,377	2,687,985	-86.97
Interest income	34,709	9,490	265.74
Interest expense	19,766	18,176	8.75
Profit before tax	412,497	2,710,712	-84.78

##### 4.2 Profitability

Analysis Item of the Year	2023	2022
Rate of Return on Assets (%)	1.49	10.82
Rate of Return on Equity (%)	4.23	35.28
Account for Capital (%)	Operating profit	10.23
	Profit before tax	12.05
Net profit rate (%)	20.15	25.39
Earnings per share (NT\$)	0.90	6.96

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 Announce for the brand and fulfill it

Establish a brand declaration from the perspective of consumers, review and supervise, and actively implement 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 the real estate market.  
Keep track of changes in policy to shorten fluctuation, and firmly operate the 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

The domestic real estate transaction volume slightly rebounded in 2023 because international and domestic inflation slowed down, the central banks of various countries no longer raised interest rates, and the government policy to curb real estate speculation gradually became clearer. Additionally, the policy of a preferential mortgage program geared toward young adults' was launched, which increased consumers' confidence and drove a slight rebound in transaction volume.

Taichung City has the highest number of buildings in the country in terms of the first registration of building ownership. It's slightly decreased by 0.59% from 2022 with the support of rigid market demand and the preferential mortgage program geared toward young adults' policy, the market is expected to gradually recover. Taichung City has continued to actively develop various development projects and has seen results that become a region of consumer concern. Thanks to the multiple efforts of industries and government, Taichung City is undergoing rapid transformation.

The construction of the Shuinan Trade and Economic Park is gradually in place. 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 the 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 will be a dazzling area for the future development of Taichung City.

Fu Hua Innovation upholds the concept of sustainable enterprise management. Reflecting in the international trend of net zero carbon emissions in 2050 to incorporate ESG sustainability into the brand development. Creating an innovative, intelligent, modern, elegant, and warm corporate brand image with the humanistic spirit and life aesthetics. Hoping to shape product differentiation through long-term cultivation.

Because of the rapid change in the market caused by housing market policies in recent years, Fu Hua Innovation has transformed into diversified operations since June 2023. The focus of the construction industry has shifted to the Shuinsn Trade and Economic Park area. To demonstrate the Company's long-term development determination of the enterprise, the headquarters will also move to Shuinan and launch a new project "Fu Hua Innovation-Unveiling", which covers



an area of 2,775 pings and is planned to be a livable building. There are also planned land numbers for Wenshang 15 and Wenshang 53. Zongtai Construction, is 100% held by of Fu Hua Innovation, not only undertakes the construction of the companies but begins to develop external business. It's also involving construction, factory offices, and other related projects. Moreover, it has obtained the social housing projects of National Housing and Urban Regeneration Center, which located in Beitun District, Taichung City, including the “Dongguang Housing” and the “Songzhu Housing”. As well as the construction of the “Buzi Junior High School” is in progress.

Fu Hua Innovation also extends the spirit of ESG sustainability to cooperation with industry, government, academia and other parties, hoping to create more sparks in architecture. It also deepens into community, and continues to create good interaction and communication channels with the community and residents, bringing the human touch of Taiwan's early society back to the community, forming a mutual aid network that is benevolent and beautiful, and achieving the goal of a sustainable and harmonious community. Pay more attention to green base development and provide residents with modern livable buildings that integrate the green environment and nature to achieve balance and harmony.

Except to add ESG sustainability spirit, 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 Fu-Hua's honesty image and create profit.

Attachment 2. Audit Committee's Review Report

**Fu Hua Innovation Co. Ltd.**  
**Audit Report from Audit Committee**

2023 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,

2024 Shareholder's Meeting of Fu Hua Innovation Co. Ltd.

Fu Hua Innovation Co. Ltd.  
Convener of the Audit Committee: Tsao, Yong-Jen

March 14, 2024

Attachment 3. Comparison Table of Amendment to regulations for Board of Directors meetings  
**Fu Hua Innovation Co.,Ltd.**

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

Amendments	Current Clauses	Description
<p>Article 6            Paragraph 1, 2, 3 and 4 are omitted.            When the meeting time is due and one-half all board directors are not present, the meeting chair may announce that the meeting time will be postponed <u>on the same day</u>, provided that no more than two postponements are made. If the quorum is still not met after two postponements, the chair may reconvene the meeting following the procedures provided in Article 2, paragraph 2.            The term "all board directors " as used in the preceding paragraph and in Article 13-1, paragraph 2, subparagraph 2 shall be calculated as the number of directors then in office.</p>	<p>Article 6            Paragraph 1, 2, 3 and 4 are omitted.            When the meeting time is due and one-half all board directors are not present, the meeting chair may announce that the meeting time will be postponed, provided that no more than two postponements are made. If the quorum is still not met after two postponements, the chair may reconvene the meeting following the procedures provided in Article 2, paragraph 2.            The term "all board directors " as used in the preceding paragraph and in Article 13-1, paragraph 2, subparagraph 2 shall be calculated as the number of directors then in office.</p>	<p>Amendment to partial contents of Article 6, Paragraph 5 herein is made following per 11 January 2024 Order No. Financial-Supervisory-Securities-Corporate-11203839965. To avoid controversy by undetermined extension of the board of director’s meeting time, if the number of attendees is insufficient, the chairman may announce an extension of the meeting time to the current day.</p>
<p>Article 6-2            A board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting. The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.            If at any time during the proceeding of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case Article 6, paragraph 5 of the preceding article shall apply mutatis mutandis.  <u>During the proceedings of a board meeting, if the chair is unable to chair the meeting or fails to declare</u></p>	<p>Article 6-2            A board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting. The meeting chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.            If at any time during the proceeding of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case Article 6, paragraph 5 of the preceding article shall apply mutatis mutandis.</p>	<p>Following per 11 January 2024 Order No. Financial-Supervisory-Securities-Corporate-11203839965. Consider the practice, during the proceedings of a board of director meeting, if the chairman is unable to chair the meeting or fails to declare the meeting closed not under the regulations. To avoid affecting the operation of the board of directors, the Paragraph 4 has been added to specifying the method of selecting agents.</p>

Amendments	Current Clauses	Description
<u>the meeting closed as provided in paragraph 2, the provisions of Article 4-2, paragraph 3 shall apply mutatis mutandis to the selection of the deputy to act in place thereof.</u>		
<p>Article 17  The Article was made on March 28, 2003.  The 1<sup>th</sup> to 8<sup>th</sup> amendment is omitted.  The 9<sup>th</sup> amendment is dated March 14, 2022.  The 10<sup>th</sup> amendment is dated March 14, 2024.</p>	<p>Article 17  The Article was made on March 28, 2003.  The 1<sup>th</sup> to 8<sup>th</sup> amendment is omitted.  The 9<sup>th</sup> amendment is dated March 14, 2023.</p>	<p>The amendment date is added.</p>

## **INDEPENDENT AUDITOR'S REPORT**

Fu Hua Innovation Company Limited

### **Opinion**

We have audited the accompanying consolidated financial statements of Fu Hua Innovation Company Limited (originally: Zongtai Real Estate Development Company Limited) and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, notes to the consolidated financial statements including a summary of significant accounting policies.

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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting 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 Financial Statement and Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the 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 under The Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities by these requirements. We believe 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 that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ending in 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Key audit matters for the consolidated financial statements of the Group for the year ended

in 2023 are stated as follows :

#### Revenue Recognition

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

The main audit procedures that the auditors have implemented for the issues which are mentioned above 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 real estate revenue recognition sales.

#### Inventory Impairment Assessment

Inventory of the Fu Hua Group as of December 31, 2023-the balance of the construction industry was NT\$ 15,951,227 thousand, accounting for 71% of the total assets. The Fu Hua Group uses the profit rate of the construction project to assess whether there is an impairment of the 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 involving the 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 issues which are mentioned above are as follows :

1. Review the newly added construction costs this year, select 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**

Fu Hua Innovation Co., Ltd. has prepared the parent company only financial statements for the years 2023 and 2022, and the audit report with a 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 following 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 concerned 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 are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable insurance is a higher level of assurance but is not a guarantee that an audit conducted by the Standards on Auditing of the 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 based on these consolidated financial statements.

As part of an audit following the Standards on Auditing of the 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 internal control.
2. Obtain an understanding of internal control relevant to the audit 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 an 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 provided 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, 2023, 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, 2024

**Fu Hua Innovation Company Limited and Subsidiaries**  
**(Originally: Zongtai Real Estate Development CO., LTD)**

**CONSOLIDATED BALANCE SHEETS**

**December 31, 2023 and 2022**

Unit : In Thousands of New Taiwan Dollars

CODE	ASSETS	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					
1100	Cash and cash equivalents (Note 4 and 6)	\$ 2,978,769	13	\$ 2,612,293	13
1110	Financial assets at fair value through profit or loss – current (Note 4 and 7)	1,176,106	6	1,651,479	8
1136	Financial assets at amortized cost – current (Note 4, 6 and 30)	840,538	4	1,880,829	9
1140	Contract asset – current (Note 4 and 22)	5,343	-	-	-
1172	Notes and accounts receivable (Note 4 and 22)	201	-	84	-
1200	Other receivables (Note 4 and 24)	955	-	244	-
1320	Inventories (Note 4, 5, 8, and 30)	15,951,515	71	13,679,701	66
1470	Other current assets (Note 15)	223,900	1	92,927	-
1480	Current assets recognized as incremental costs to obtain contract with customers (Note 4 and 22)	<u>57,886</u>	<u>-</u>	<u>105,894</u>	<u>-</u>
11XX	Total current assets	<u>21,235,213</u>	<u>95</u>	<u>20,023,451</u>	<u>96</u>
<b>NONCURRENT ASSETS</b>					
1510	Financial assets at fair value through profit or loss – noncurrent (Note 4 and 7)	88,075	-	98,050	1
1550	Investments accounted for using equity method (Note 4 and 10)	17,080	-	18,101	-
1600	Property, plant and equipment (Note 4, 11 and 30)	278,308	1	131,723	1
1755	Right-of-use assets (Note 4, 12 and 30)	333,175	2	301,479	1
1760	Investment property (Note 4, 13 and 30)	365,391	2	217,676	1
1780	Intangible assets (Note 4 and 14)	20,859	-	18,371	-
1840	Deferred tax assets (Note 4 and 24)	3,578	-	3,145	-
1990	Other noncurrent assets (Note 15)	<u>16,480</u>	<u>-</u>	<u>16,755</u>	<u>-</u>
15XX	Total noncurrent assets	<u>1,122,946</u>	<u>5</u>	<u>805,300</u>	<u>4</u>
1XXX	Total assets	<u>\$ 22,358,159</u>	<u>100</u>	<u>\$ 20,828,751</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
2100	Short-term loans (Note 16 and 30)	\$ 9,447,550	42	\$ 7,774,800	38
2130	Contract liabilities – current (Note 4, 22 and 31)	2,738,784	13	2,134,172	10
2150	Notes payable	4,658	-	46,708	-
2170	Accounts payable	596,310	3	221,304	1
2219	Other payables (Note 18)	315,141	1	326,524	2
2230	Current tax liabilities (Note 4 and 24)	62,479	-	415,453	2
2280	Lease liabilities – current (Note 4 and 12)	8,244	-	10,945	-
2320	Long-term liabilities – current portion (Note 16 and 30)	6,703	-	6,112	-
2399	Other current liabilities (Note 18)	<u>4,136</u>	<u>-</u>	<u>35,751</u>	<u>-</u>
21XX	Total current liabilities	<u>13,184,005</u>	<u>59</u>	<u>10,971,769</u>	<u>53</u>
<b>NONCURRENT LIABILITIES</b>					
2527	Contract liabilities – noncurrent (Note 4 and 22)	180	-	-	-
2530	Bonds payable (Note 17 and 30)	1,998,839	9	1,998,176	10
2540	Long-term bank loans (Note 16 and 30)	113,003	-	116,148	-
2570	Deferred tax liabilities (Note 4 and 24)	1,172	-	3,139	-
2580	Lease liabilities – noncurrent (Note 4 and 12)	159,672	1	149,888	1
2645	Guarantee deposit received	<u>6,138</u>	<u>-</u>	<u>6,218</u>	<u>-</u>
25XX	Total noncurrent liabilities	<u>2,279,004</u>	<u>10</u>	<u>2,273,569</u>	<u>11</u>
2XXX	Total liabilities	<u>15,463,009</u>	<u>69</u>	<u>13,245,338</u>	<u>64</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>					
Capital					
3110	Capital - common stock	3,422,757	15	2,427,487	11
3200	Capital surplus	1,261,782	6	1,261,649	6
Retained earnings					
3310	Legal reserve	925,916	4	705,026	4
3350	Unappropriated earnings	<u>1,284,695</u>	<u>6</u>	<u>3,189,251</u>	<u>15</u>
3XXX	Total equity	<u>6,895,150</u>	<u>31</u>	<u>7,583,413</u>	<u>36</u>
Total liabilities and equity		<u>\$ 22,358,159</u>	<u>100</u>	<u>\$ 20,828,751</u>	<u>100</u>

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

**Fu Hua Innovation Company Limited and Subsidiaries**  
**(Originally: Zongtai Real Estate Development CO., LTD)**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**January 1 to December 31, 2023 and 2022**

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

CODE		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 4, 22 and 29)	\$ 1,522,239	100	\$ 8,697,505	100
5000	Operating costs (Note 23)	<u>880,962</u>	<u>58</u>	<u>5,697,874</u>	<u>65</u>
5900	Gross profit from operations	<u>641,277</u>	<u>42</u>	<u>2,999,631</u>	<u>35</u>
	Operating expenses (Note 22, 23 and 29)				
6100	Selling expenses	181,138	12	182,227	2
6200	Administrative expenses	<u>109,762</u>	<u>7</u>	<u>129,419</u>	<u>2</u>
6000	Total operating expenses	<u>290,900</u>	<u>19</u>	<u>311,646</u>	<u>4</u>
6900	Net operating income	<u>350,377</u>	<u>23</u>	<u>2,687,985</u>	<u>31</u>
	Non-operating income and expenses				
7050	Finance costs	( 19,766 )	1	( 18,176 )	-
7100	Interest income	34,709	2	9,490	-
7130	Dividend income	4,410	-	1,400	-
7190	Other income ( Note 29 )	11,715	1	9,685	-
7210	Gains on disposals of property, plant and equipment (Note 4)	193	-	-	-
7230	Foreign exchange gains(loss) (Note 4)	( 140 )	-	15,253	-
7235	Gains on financial assets at fair value through profit (Note 4)	32,829	2	5,630	-
7590	Miscellaneous Disbursements	( 676 )	-	( 362 )	-
7770	Share of loss of associates and joint ventures accounted for using equity method (Note 4)	( 1,154 )	-	( 193 )	-
7000	Non-operating income and expenses Total	<u>62,120</u>	<u>4</u>	<u>22,727</u>	<u>-</u>

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<u>CODE</u>		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
7900	Profit before tax	\$ 412,497	27	\$ 2,710,712	31
7950	Income tax expense (Note 4 and 24)	<u>105,623</u>	<u>7</u>	<u>501,812</u>	<u>6</u>
8500	Total comprehensive income	<u>\$ 306,847</u>	<u>20</u>	<u>\$ 2,208,900</u>	<u>25</u>
	Earnings per share (Note 25)				
9750	Basic earnings per share	<u>\$ 0.90</u>		<u>\$ 6.96</u>	
9850	Diluted earnings per share	<u>\$ 0.90</u>		<u>\$ 6.95</u>	

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

**Fu Hua Innovation Company Limited and Subsidiaries**  
**(Originally: Zongtai Real Estate Development CO., LTD)**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**January 1 to December 31, 2023 and 2022**

Unit : In Thousands of New Taiwan Dollars

CODE		Capital Stock - Common	Advance receipts for	Capital surplus	Retained earnings (Note 21)		Total equity
		Stock (Note 21)	share capital (Note 21)	(Note 21)	Legal reserve	Unappropriated earnings	
A1	BALANCE, JANUARY 1, 2022	\$ 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
	Appropriations of prior year's earnings in 2022						
B1	Legal reserve	-	-	-	220,890	( 220,890 )	-
B5	Cash dividends of ordinary share	-	-	-	-	( 995,270 )	( 995,270 )
B9	Stock dividends of ordinary share	995,270	-	-	-	( 995,270 )	-
C7	Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	-	-	133	-	-	133
D5	Total comprehensive income in 2023	-	-	-	-	306,874	306,874
Z1	BALANCE, DECEMBER 31, 2023	\$ 3,422,757	\$ -	\$ 1,261,782	\$ 925,916	\$ 1,284,695	\$ 6,895,150

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

**Fu Hua Innovation Company Limited and Subsidiaries**  
**(Originally: Zongtai Real Estate Development CO., LTD)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**January 1 to December 31, 2023 and 2022**

Unit : In Thousands of New Taiwan Dollars

CODE		2023	2022
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Profit before tax	\$ 412,497	\$ 2,710,712
A20010	Adjustments to reconcile profit (loss) :		
A20100	Depreciation expense	52,941	29,958
A20200	Amortization expense	843	733
A20400	Gain on financial assets at fair value through profit or loss	( 32,829)	( 5,630 )
A20900	Finance costs	19,766	18,176
A21200	Interest income	( 34,709)	( 9,490 )
A21300	Dividend income	( 4,410)	( 1,400 )
A21900	Share-based payments	-	18,414
A22300	Share of loss of associates and joint ventures accounted for using equity method	1,154	193
A22500	Gains on disposals of property, plant and equipment	( 193)	-
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	( 5,343)	-
A31150	Notes and accounts receivable	( 117)	2,711
A31180	Other receivable	( 13)	4
A31200	Inventories	( 2,056,951)	2,711,656
A31240	Other current assets	( 162,653)	72,553
A31270	Assets recognized as incremental costs to obtain contract with customers	473	( 47,990 )
A32125	Contract liabilities	604,792	( 670,821 )
A32130	Notes payable	( 42,050)	18,336
A32150	Accounts payable	375,006	32,094
A32180	Other payable	( 16,855)	61,722
A32230	Other current liabilities	( 31,616)	18,485
A33000	Cash inflow (outflow) generated from operations	( 920,267)	4,960,416
A33100	Interest received	34,003	9,293
A33300	Interest paid	( 222,992 )	( 216,780)
A33500	Income tax paid	( 460,990 )	( 139,095)
AAAA	Net cash flows from (used in) operating activities	( 1,570,246 )	4,613,834

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CODE		2023	2022
	NET CASH FLOW FROM INVESTMENT ACTIVITIES		
B00040	Acquisition of financial assets at amortized cost	\$ -	( \$ 151,048)
B00050	Proceeds from disposal of financial assets at amortised cost	1,040,291	-
B00100	Acquisition of financial assets at fair value through income	( 2,473,000 )	( 2,717,346 )
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	2,991,177	1,099,807
B01800	Acquisition of investments accounted for using equity method	-	( 18,050)
B02700	Acquisition of property, plant and equipment	( 125,536)	( 5,194 )
B02800	Proceeds from disposal of property, plant and equipment	305	-
B03700	Increase in refundable deposits	( 25)	-
B04500	Acquisition of intangible assets	( 3,331)	( 94)
B05350	Acquisition of use-of-right assets	( 162,126)	( 300)
B06800	Decrease in other non-current assets (increase)	300	( 300)
B07600	Dividends received	4,410	1,400
BBBB	Net cash flows from (used in) investing activities	1,272,465	( 1,790,825)
	CASH FLOWS USED IN FINANCING ACTIVITIES		
C00100	Increase(decrease) in short-term loans	1,672,750	( 1,905,700)
C01700	Repayments of long-term debt	( 2,553)	( 6,171 )
C03100	Decrease in guarantee deposits received	( 80)	( 10,018)
C04020	Payments of lease liabilities	( 10,590)	( 10,618)
C04500	Cash dividends paid	( 995,270)	( 317,575)
C04600	Proceeds from issuing shares	-	728,500
C04800	Exercise of employee share options	-	8,066
CCCC	Net cash flows from (used in) financing activities	664,257	( 1,513,516 )
EEEE	Net increase in cash and cash equivalents	336,476	1,309,493
E00100	Cash and cash equivalents at beginning of period	<u>2,612,293</u>	1,302,800
E00200	Cash and cash equivalents at end of period	<u>\$ 2,978,769</u>	<u>\$ 2,612,293</u>

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

## INDEPENDENT AUDITOR'S REPORT

Fu Hua Innovation Company Limited

### **Opinion**

We have audited the accompanying parent company only financial statements of Fu Hua Innovation Company Limited (originally: Zongtai Real Estate Development Company Limited), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, 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, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for 2023 and January 1 to December 31, 2022 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 Financial Statement and Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the 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 2023. 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. 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 2023 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 revenues and are considered as a significant item in the parent company only financial statements. Therefore, the 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 issues which are mentioned above 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 real estate revenue recognition sales.

#### Inventory Impairment Assessment

Inventory of the Company as of December 31, 2023-the balance of the construction industry was NT\$ 16,054,336 thousand, accounting for 73% of the total assets. The Company 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 issues which are mentioned above 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 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 economics decisions of users taken based on 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 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. 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, 2023 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, 2024

**Fu Hua Innovation Company Limited**  
**(Originally: Zongtai Real Estate Development Company)**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**December 31, 2023 and 2022**

Unit : In Thousands of New Taiwan Dollars

CODE	ASSETS	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					
1100	Cash and cash equivalents (Note 4 and 6)	\$ 2,264,597	10	\$ 2,463,256	12
1110	Financial assets at fair value through profit or loss – current (Note 4 and 7)	452,079	2	1,510,981	8
1136	Financial assets at amortized cost – current (Note 4,6 and 27)	798,788	4	1,879,530	9
1172	Notes and accounts receivable ( Note 4, 19 and 26)	106	-	84	-
1200	Other receivables (Note 4)	15	-	23	-
1320	Inventories – Construction Industry (Note 4,5,8, 26 and 27)	16,054,336	73	13,179,998	66
1470	Other current assets (Note 12)	187,644	1	41,834	-
1480	Current assets recognized as incremental costs to obtain contract with customers (Note 4 and 19)	<u>57,886</u>	<u>-</u>	<u>105,894</u>	<u>1</u>
11XX	Total current assets	<u>19,815,451</u>	<u>90</u>	<u>19,181,600</u>	<u>96</u>
<b>NONCURRENT ASSETS</b>					
1510	Financial assets at fair value through profit or loss – noncurrent (Note 4 and 7)	80,025	-	90,700	-
1550	Investments accounted for using equity method (Note 4 and 9)	1,563,296	8	567,957	3
1600	Property, plant and equipment (Note 4, 10 and 27)	265,295	1	126,751	1
1755	Right-of-use assets (Note 4, 11 and 26)	266,145	1	99,709	-
1780	Intangible assets (Note 4)	2,964	-	517	-
1840	Deferred tax assets (Note 4 and 21)	2,064	-	1,515	-
1990	Other noncurrent assets (Note 12)	<u>3,005</u>	<u>-</u>	<u>3,305</u>	<u>-</u>
15XX	Total noncurrent assets	<u>2,182,776</u>	<u>10</u>	<u>890,454</u>	<u>4</u>
1XXX	Total assets	<u>\$ 21,998,227</u>	<u>100</u>	<u>\$ 20,072,054</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
2100	Short-term loans (Note 13 and 27)	\$ 9,447,550	43	\$ 7,358,900	37
2130	Contract liabilities – current (Note 4, 19 and 28)	2,729,308	13	2,124,866	11
2150	Notes payable	3,817	-	44,718	-
2170	Accounts payable (Note 26)	580,387	2	197,215	1
2219	Other payables (Note 15)	224,175	1	213,009	1
2230	Current tax liabilities (Note 4 and 21)	3,789	-	414,383	2
2280	Lease liabilities – current (Note 4, 11 and 26)	12,523	-	14,555	-
2399	Other current liabilities (Note 15)	<u>3,301</u>	<u>-</u>	<u>35,324</u>	<u>-</u>
21XX	Total current liabilities	<u>13,004,850</u>	<u>59</u>	<u>10,402,970</u>	<u>52</u>
<b>NONCURRENT LIABILITIES</b>					
2530	Bonds payable (Note 14 and 27)	1,998,839	9	1,998,176	10
2540	Long-term bank loans (Note 13 and 27)	3,000	-	-	-
2570	Deferred tax liabilities (Note 4 and 21 )	1,172	-	1,526	-
2580	Lease liabilities – noncurrent (Note 4,11 and 26)	95,056	1	85,729	-
2645	Guarantee deposits received	<u>160</u>	<u>-</u>	<u>240</u>	<u>-</u>
25XX	Total noncurrent liabilities	<u>2,098,227</u>	<u>10</u>	<u>2,085,671</u>	<u>10</u>
2XXX	Total liabilities	<u>15,103,077</u>	<u>69</u>	<u>12,488,641</u>	<u>62</u>
<b>EQUITY</b>					
Capital					
3110	Capital - common stock	3,422,757	16	2,427,487	12
3200	Capital surplus	1,261,782	5	1,261,649	6
Retained earnings					
3310	Legal reserve	925,916	4	705,026	4
3350	Unappropriated earnings	<u>1,284,695</u>	<u>6</u>	<u>3,189,251</u>	<u>16</u>
3XXX	Total equity	<u>6,895,150</u>	<u>31</u>	<u>7,583,413</u>	<u>38</u>
Total liabilities and equity		<u>\$ 21,998,227</u>	<u>100</u>	<u>\$ 20,072,054</u>	<u>100</u>

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

**Fu Hua Innovation Company Limited**  
**(Originally: Zongtai Real Estate Development Company)**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**January 1 to December 31, 2023 and 2022**

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

CODE		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 4 and 19)	\$ 547,143	100	\$ 8,653,201	100
5000	Operating costs (Note 20 and 26)	<u>273,220</u>	<u>50</u>	<u>5,715,485</u>	<u>66</u>
5900	Gross profit from operations	<u>273,923</u>	<u>50</u>	<u>2,937,716</u>	<u>34</u>
	Operating expenses (Note 19, 20 and 26)				
6100	Selling expenses	131,434	24	182,545	2
6200	Administrative expenses	<u>71,704</u>	<u>13</u>	<u>113,221</u>	<u>2</u>
6000	Total operating expenses	<u>203,138</u>	<u>37</u>	<u>295,766</u>	<u>4</u>
6900	Net operating income	<u>70,785</u>	<u>13</u>	<u>2,641,950</u>	<u>30</u>
	Non-operating income and expenses				
7050	Finance costs (Note 26)	( 15,639 )	( 3 )	( 13,870 )	-
7070	Share of profit of subsidiary and associates and joint ventures accounted for using equity method (Note 4)	225,125	41	46,978	1
7100	Interest income	27,700	5	7,806	-
7130	Dividend income	4,019	1	1,008	-
7190	Other Income (Note 26)	13,081	2	9,174	-
7230	Foreign exchange gains(loss) (Note 4)	( 67 )	-	7,186	-
7235	Gains on financial assets at fair value through profit (Note 4)	27,532	5	3,833	-

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CODE		2023		2022	
		Amount	%	Amount	%
7590	Miscellaneous Disbursements	(\$ <u>637</u> )	<u>-</u>	(\$ <u>349</u> )	<u>-</u>
7000	Non-operating income and expenses Total	<u>281,114</u>	<u>51</u>	<u>61,766</u>	<u>1</u>
7900	Profit before tax	351,899	64	2,703,716	31
7950	Income tax expense (Note 4 and 21)	<u>45,025</u>	<u>8</u>	<u>494,816</u>	<u>5</u>
8500	Total comprehensive income	<u>\$ 306,874</u>	<u>56</u>	<u>\$ 2,208,900</u>	<u>26</u>
	Earnings per share (Note 22)				
9750	Basic earnings per share	<u>\$ 0.90</u>		<u>\$ 6.96</u>	
9850	Diluted earnings per share	<u>\$ 0.90</u>		<u>\$ 6.95</u>	

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

**Fu Hua Innovation Company Limited**  
**(Originally: Zongtai Real Estate Development Company)**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**January 1 to December 31, 2023 and 2022**

Unit : In Thousands of New Taiwan Dollars

CODE		Capital Stock - Common Stock	Advance receipts for share capital	Capital surplus	Retained earnings (Note 18)		Total equity
		(Note 18)	(Note 18)	(Note18)	Legal reserve	Unappropriated earnings	
A1	BALANCE, JANUARY 1, 2022	\$ 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
	Appropriations of prior year's earnings in 2022						
B1	Legal reserve	-	-	-	220,890	( 220,890 )	-
B5	Cash dividends of ordinary share	-	-	-	-	( 995,270 )	( 995,270 )
B9	Stock dividends of ordinary share	995,270	-	-	-	( 995,270 )	-
C7	Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	-	-	133	-	-	133
D5	Total comprehensive income in 2023	-	-	-	-	306,874	306,874
Z1	BALANCE, DECEMBER 31, 2023	\$ 3,422,757	\$ -	\$ 1,261,782	\$ 925,916	\$ 1,284,695	\$ 6,895,150

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



**Fu Hua Innovation Company Limited**  
**(Originally: Zongtai Real Estate Development Company)**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**January 1 to December 31, 2023 and 2022**

Unit : In Thousands of New Taiwan Dollars

CODE	CASH FLOWS FROM OPERATING ACTIVITIES	2023	2022
A10000	Profit before tax	\$ 351,899	\$ 2,703,716
A20010	Adjustments to reconcile profit (loss) :		
A20100	Depreciation expense	40,580	12,933
A20200	Amortization expense	833	733
A20400	Gain on financial assets at fair value through profit	( 27,532 )	( 3,833 )
A20900	Finance costs	15,639	13,870
A21200	Interest income	( 27,700 )	( 7,806 )
A21300	Dividend income	( 4,019 )	( 1,008 )
A21900	Share-based payments	-	18,414
A22400	Share of profit of subsidiaries and associates accounted for using equity method	( 225,125 )	( 46,978 )
A30000	Changes in operating assets and liabilities		
A31150	Notes and accounts receivable	( 21 )	112
A31180	Other receivable	43	2
A31200	Inventories	( 2,665,519 )	2,755,328
A31240	Other current assets	( 150,392 )	90,466
A31270	Assets recognized as incremental costs to obtain contract with customers	473	( 47,990 )
A32125	Contract liabilities	604,442	( 668,907 )
A32130	Notes payable	( 40,900 )	20,458
A32150	Accounts payable	383,172	47,645
A32180	Other payable	5,211	15,306
A32230	Other current liabilities	( <u>32,023</u> )	<u>18,687</u>
A33000	Cash inflow (outflow) generated from operations	( 1,770,939 )	4,921,148
A33100	Interest received	27,665	7,786
A33300	Interest paid	( 213,258 )	( 204,277 )
A33500	Income tax paid	( <u>456,505</u> )	( <u>132,419</u> )
AAAA	Net cash flows from (used in) operating activities	( <u>2,413,037</u> )	<u>4,592,238</u>

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CODE	NET CASH FLOW FROM INVESTMENT ACTIVITIES	2023	2022
B00040	Acquisition of financial assets at amortized cost	\$ -	(\$ 151,048)
B00050	Proceeds from disposal of financial assets at amortised cost	1,080,741	-
B00100	Acquisition of financial assets at fair value through income	( 1,713,000 )	( 2,452,346 )
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	2,810,109	961,457
B01800	Acquisition of investments accounted for using equity method	( 770,090 )	( 48,050 )
B02700	Acquisition of property, plant, and equipment	( 114,693 )	( 169 )
B04500	Acquisition of intangible assets	( 3,280 )	( 94 )
B06800	Decrease in other non-current assets (increase)	300	( 300 )
B05350	Acquisition of use-of-right assets	( 161,889 )	-
B07600	Dividends received	<u>4,028</u>	<u>27,370</u>
BBBB	Net cash flows (used in) investing activities	<u>1,132,226</u>	( <u>1,663,180</u> )
CASH FLOWS USED IN FINANCING ACTIVITIES			
C00100	Increase (decrease) in short-term loans	2,088,650	( 1,905,700 )
C01600	Increase in long-term loans	3,000	-
C03000	Increase in guarantee deposits received	( 80 )	160
C04020	Payments of lease liabilities	( 14,148 )	( 5,841 )
C04500	Cash dividends paid	( 995,270 )	( 317,575 )
C04600	Proceeds from issuing shares	-	728,500
C04800	Exercise of employee share options	<u>-</u>	<u>8,066</u>
CCCC	Net cash flows from (used in) financing activities	<u>1,082,152</u>	( <u>1,492,390</u> )
EEEE	Net increase (decrease) in cash and cash equivalents	( 198,659 )	1,436,668
E00100	Cash and cash equivalents at beginning of period	<u>2,463,256</u>	<u>1,026,588</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 2,264,597</u>	<u>\$ 2,463,256</u>

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

Attachment 5. Profit Distribution Table for 2023

**Fu Hua Innovation Co.,Ltd.**

**Profit Distribution Table for 2023**

Unit: NTD

Item	Amount
Opening undistributed earnings	977,822,156
Less : Prior period adjustments	(996)
Add : After-tax net profit of 2023	306,873,573
Less : Appropriation of 10% legal reserve	(30,687,357)
Appropriation of reversal special reserve	-
Distributable earnings	1,254,007,376
Distribution	
Shareholder dividend	
(Cash Dividend NT\$0.41 per share)	(140,333,028)
Shareholder dividend	
(Stock Dividend 40 per thousand share)	(136,910,270)
Closing undistributed earnings	976,764,078

Attachment 6 Comparison Table of amendment to Articles of Incorporation

**Fu Hua Innovation Co., Ltd.**

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

Amendments	Current Clauses	Description
<p>Article 18-1</p> <p>When the Company does not make a profit, it is not allowed to distribute the stock dividend.</p> <p>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:</p> <p>(1) Withholding Tax</p> <p>(2) Cover Accumulated Deficit</p> <p>(3) Appropriation of Legal Reserve</p> <p>(4) Legal Appropriation or Reversal Special Reserve</p> <p>(5) Opening Undistributed Earnings and the “Adjustment Amount of the Undistributed Earnings of the Year”</p> <p>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.</p> <p>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 <u>10%</u> of the total dividend</p>	<p>Article 18-1</p> <p>When the Company does not make a profit, it is not allowed to distribute the stock dividend.</p> <p>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:</p> <p>(1) Withholding Tax</p> <p>(2) Cover Accumulated Deficit</p> <p>(3) Appropriation of Legal Reserve</p> <p>(4) Legal Appropriation or Reversal Special Reserve</p> <p>(5) Opening Undistributed Earnings and the “Adjustment Amount of the Undistributed Earnings of the Year”</p> <p>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.</p> <p>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 <u>50%</u> of the total dividend</p>	<p>Adjust the cash dividend distribution ratio to meet the Company’ operational needs.</p>
<p>Article 20 (omitted)</p>	<p>Article 20 (omitted)</p>	<p>The amendment date is added</p>

Amendments	Current Clauses	Description
<p>The 23th amendment was made on June 19, 2023.</p> <p><u>The 24th amendment was made on June 12, 2024.</u></p>	<p>The 23th amendment was made on June 19, 2023.</p>	

Attachment 7. Comparison Table of amendment to Articles of Incorporation

**Fu Hua Innovation Co.,Ltd.**

**Comparison Table of Amendment to regulations of Shareholders Meetings**

Amendments	Current Clauses	Description
<p>Article 2 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors. <u>Unless otherwise provided in the Regulations Governing the Administration of Shareholder Services of Public Companies, the company convenes a shareholders' meeting with video conferencing shall expressly provide for such meetings in its Articles of Incorporation and obtain a resolution of its board of directors. Furthermore, convening of a virtual-only shareholders' meeting shall require a resolution adopted by a majority vote at a meeting of the board of directors attended by at least two-thirds of the total number of directors and the approval of more than half of the board and director.</u> (omitted)</p>	<p>Article 2 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.  (omitted)</p>	<p>Amendment to partial contents of Paragraph 2 herein is made following per 3 March 2023 Order No. TWSE-Corporate Governance -1120004167. Since the company held a video shareholders' meeting, shareholders have no physical meeting and can only participate in the shareholder meeting via video. It cause many restrictions on shareholder rights and interests. To protect their rights and interests, the second item is added.</p>
<p>Article 4-1 To convene a virtual shareholders meeting, the Company shall include the follow particulars in the shareholders meeting notice: (omitted 1&amp;2) 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. <u>Except in the circumstances set out in Article 44-9, paragraph 6, it shall at least provide the shareholders with connection facilities and necessary assistance, and specify the period during which shareholders may apply to the company and other related matters requiring attention.</u></p>	<p>Article 4-1 To convene a virtual shareholders meeting, the Company shall include the follow particulars in the shareholders meeting notice: (omitted 1&amp;2) 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.</p>	<p>Amendment to partial contents of Paragraph 3 herein is made following per 3 March 2023 Order No. TWSE-Corporate Governance -1120004167. The company held a video shareholders' meeting, shareholders have no physical meeting and can only participate in the shareholder meeting via video. To provide furthermore shall specify appropriate alternative measures available to shareholders who have difficulty taking part in a virtual shareholders' meeting and assist them in using connectd devices to participate in the meeting, the third item is added.</p>
<p>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.</p>	<p>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.</p>	<p>The reason for the amendment is the same as Article 4-1</p>

Amendments	Current Clauses	Description
<u>Except in the circumstances set out in Article 44-9, paragraph 6, it shall at least provide the shareholders with connection facilities and necessary assistance, and specify the period during which shareholders may apply to the company and other related matters requiring attention.</u>		

## Attachment 8. List of Candidates for Directors (Including Independent Directors)

**Fu Hua Innovation Co., Ltd.****List of Candidates for Directors of 2024 Annual General Meeting****(Including Independent Directors)**

Type	Name	Number of Shares Held	Education and Working Experience
Director	Tso Jung Investment Co., Ltd Representative: Wei-Ju, Liu	35,395,403	<b>Education and experience:</b> Bachelor of Department of Business Administration of Overseas Chinese University CFO of Zongtai Real Estate Developmant Co., Ltd. Chairman of Yong-Fu Real Estate Development Co., Ltd. <b>Current Job:</b> Chairman of the Company Chairman of Zongtai Real Estate Developmant Co., Ltd Director of Yong-Fu foundation
Director	Chia-Chi, Kuo	141,764	<b>Education and Experience:</b> Bachelor of National Taiwan University Accounting CPA of Kuo, Chia-Chi Accounting Firm <b>Current Job:</b> CPA of Kuo, Chia-Chi Accounting Firm Chairman of Tsunghung Investment Co., Ltd Independent Director of Fumou Taffeta Co., Ltd Independent Director of Fine Blanking & Tool Co., Ltd Supervisor of Huipao Management Consulting Co., Ltd
Director	Cheng-Yung, Lin	149,640	<b>Education and Experience:</b> Chiao Tai High School Department of Electronics Proprietor Special Assistant of China Times General Manager of Sheng Hua Manpower Resource Co., Ltd Director of Kaison Green Energy Technology Co., LTD <b>Current Job:</b> Chairman of Sheng Hua Manpower Resource Co., Ltd Chairman of Sheng Hua Manpower Consulting Co., Ltd Chairman of Chinyucheng Investment Co., Ltd Chairman of Huangyueh Industrial Co., Ltd Chairman of Sun Team Construction Co., Ltd Chairman of Eanlu Co., Ltd Vice-chairman of Kaison Green EnergyTechnology Co., Ltd Director of Sun Team Construction Co., Ltd. Director of C-LiFe Technologies Co., Ltd. Director of Hwantai Solar Co., Ltd Director of Everbrite Technology Co., Ltd Director of Hwa Fong Rubber (Thailand) Public Co., Ltd Director of Dinyue Restaurant Co., Ltd Director of Fuente International Co., Ltd Supervisor of Full Best Service Co., Ltd Supervisor of Shengfang Development Co., Ltd
Director	Chih-Cheng, Hong	200,000	<b>Education and Experience:</b> Master of National Yunlin University of Science and Technology Department of Finance Assistant manager of branch of Land Bank of Taiwan Chairman of Qiaoyuan Investment Co., Ltd <b>Current Job:</b> Chairman of Qiaoyuan Investment Co., Ltd



Type	Name	Number of Shares Held	Education and Working Experience
Director	Wu-Kuo, Chou	182,000	<p><b>Education and Experience:</b>  Bachelor of School of Dentistry of Taipei Medical University  Master of Business an administration of Feng Chia University  <b>Current Job:</b>  Dean of CH Dental</p>
Director	Chao-Shu, Chen	233,941	<p><b>Education and Experience:</b>  Feng Chia University Masster of Department of Land Management  Land administration agents of Jhao-Shu Land Administration Agents Office  Director of Joyful Spring Co., Ltd  Master of Taichung Chun Lung Lions Club  Chairman of Taichung Holisstic Education Presidents Association of PTA  Chairman of Twiwan Fund for Children and Families of Advisory Committee of Family Helper Projects  Chairman of Taichung Municipal Taichung Girls' Senior High School Cultural Foundation  <b>Current Job:</b>  Land administration agents of Jhao-Shu Land Administration Agents Office  Chairman of Yinshun Industry Co., Ltd.  Municipal Consultant of Taichung City Government  Chairman of Soroptimist International of Taichung City  Chairman of Taichung Municipal Taihcung Girl's Senior High School Cultural Fundation  Vice chairman of Education Fundation of the Affiliated Senior High School of National Chung Hsing University  Managing Director of Education Fundation of Nantou High School  Managing Director of National Alliance of Parents Organization</p>
Independent Director	Yong-Jen, Tsao	0	<p><b>Education and Experience:</b>  Soochow University Master of Accounting  Director of EnWise CPAs &amp; Co.  Director of CPA Associations R.O.C. (Taiwan)  Lecturer of Chaoyang University of Technology, National Yunlin University of Science and Technology, National Taichung University of Science and Technology and Feng Chia University  <b>Current Job:</b>  Partner Accountant of EnWise CPAs &amp; Co.  Chairman of Huatun Consulting Co., Ltd  Independent Director of Ability Opto-Electronics Technology Co., Ltd  Independent Director of Paiho Shih Holdings Co., Ltd  Supervisor of Yung Fa Steel &amp; Iron Ind. Co., Ltd  Supervisor of Sinwell Tech Co., Ltd  Reorganizer of Wintek Corporation</p>
Independent Director	Ming-Hai, Lee	0	<p><b>Education and Experience:</b>  Fu Jen Catholic University Bachelor of Law  Master of Financial and Economic Law of Feng Chia University  Vice-Chairperson of Ethics Committee of Taiwan Bar</p>

Type	Name	Number of Shares Held	Education and Working Experience
			<p>Association Advanced Member of Chartered Institute of Arbitrators Legal Consultant of Taichung Architects Association</p> <p><b>Current Job:</b> Lawyer of Harvard International Law Firm Arbitrator of Chinese Arbitration Association, Taipei House counsel of Taiwan B&amp;B Association, R.O.C Legal Consultant of Taichung City Municipality Association of Interior Designers &amp; Decoration Legal Consultant of Nantou County Police Bureau and Fire Bureau Assistant Professor-level Part-time Technical Expert of Feng Chia University</p>
Independent Director	Yao-Jia,Wen	0	<p><b>Education and Experience:</b> National Chung Hsing University Master of Business Administration Chairman of ShinSyin Management Consulting Co., Ltd</p> <p><b>Current Job:</b> Chairman of ShinSyin Management Consulting Co., Ltd General Manager of ShinShin Consulting Co., Ltd Chief Executive Officer of Mingchi Hsingyuan Culture &amp; Art Co., Ltd President of Taiwan Formosa Association of Construction and Development Professional Specialist speaker of National Chung Hsing University CEO of Jia Ren Tang Traditional Chinese Medicine Clinic Counsel of Quteng Information Co., Ltd</p>

Attachment 9. Competition Situation of Directors

**List of Competition Situation of Directors**

Positon	Name	Company of Concurrently Held Position
Director	Cheng-Yung, Lin	Chairman of Chinyucheng Investment Co., Ltd Chairman of Huangyueh Industrial Co., Ltd Chairman of Eanlu Co., Ltd Director of Shangting Construction Co., Ltd Supervisor of Full Best Service Co., Ltd Supervisor of Shengfang Development Co., Ltd
Director	Chao-Shu, Chen	Chairman of Yinshun Industry Co., Ltd.
Independent Director	Yong-Jen, Tsao	Director of Paiho Shih Holdings Co., Ltd

## IV. Appendices

### Appendix 1. Rules of Procedure for Shareholders Meetings (Before Amendments)

#### **Fu Hua Innovation 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 uninterruptedly 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 char 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 hall 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)

### **Fu Hua Innovation Co., Ltd.**

#### **Articles of Incorporation**

Approved and Enforced by Shareholders Meeting on June 19, 2023

#### **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 Fu Hua Innovation 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 ten billion New Taiwan Dollars, divided into one billion 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 5-1 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.
- 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.  
The twenty-third amendment was made on June 19, 2023.



## Appendix 3. Procedures for Election of Directors

### **Fu Hua Innovation Co.,Ltd.**

#### **Procedures for Election of Directors**

Approved and Enforced by Shareholders Meeting on June 23, 2021

1. Except as otherwise provided by law and regulation or by the Corporation's Articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

2. Directors of the company shall be elected by the shareholders' meeting from among the persons with disposing capacity. The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one-third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

3. The cumulative voting system shall be used for the election of the directors at this Corporation.

4. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Independent and non-independent directors shall be elected at the same time but in separately calculated numbers.

5. For the election of directors, the ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

6. The quota of directors is determined according to the Articles of Incorporation. The voting rights of independent directors and non-independent directors shall be calculated separately and the candidates who acquire more votes should win the seats of directors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.

7. If the candidate is a shareholder of this Company, voters shall fill in the "candidate" column the candidate's

name and shareholder's number, and the number of votes cast for such candidate. If the candidate is not a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name, the candidate's ID number, and the number of votes cast for such candidate. If the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name(s) of their representative(s) should be filled in the column. When there are several representatives, their names shall be added separately.

8. Deleted
9. Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.
10. A ballot is invalid under any of the following circumstances:
  - (1) The ballot that is not placed in the ballot box.
  - (2) The ballot was not prepared by a person with the right to convene.
  - (3) A blank ballot that is not written.
  - (4) The candidate whose name is entered on the ballot does not conform to the director candidate list.
  - (5) Other words or marks are entered in addition to the number of voting rights allotted.
  - (6) The writing is unclear and indecipherable or has been altered.
11. The voting rights shall be calculated on-site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair or the assigned personnel on the site.

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.
12. The Board of Directors of this Corporation shall issue notifications to the persons elected as directors.
13. These Procedures, and any amendments thereto, shall be implemented after approval by a shareholders meeting.
14. The procedure was enacted on November 10, 2000.

The first amendment was made on June 15, 2004.

The second amendment was made on June 19, 2006.

The third amendment was made on June 19, 2009.

The fourth amendment was made on May 16, 2012.

The fifth amendment was made on June 8, 2018.

The sixth amendment was made on June 12, 2019.

The seventh amendment was made on June 23, 2021.

Appendix 4. 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	2024(estimate)
Beginning paid-in capital		3,422,756,780
Distribution of shares and dividends in the current fiscal year (Note 1)	Cash dividend per share	0.41
	Number of shares allotted for capital transferred from earnings	0.40
	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
		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 2024 stock and cash dividends are prepared based on the proposal for earnings distribution resolved by the Board of Directors on March 14, 2024.

Note 2 : The Company did not publish the 2024 financial forecasts. In accordance with per 1 February 2000 Order No. Taiwan-Finance-Securities-I-00371, no estimate information for the year 2024 shall be disclosed.

## Appendix 5. Current Shareholding of All Directors

### Fu Hua Innovation Co.,Ltd.

#### Current Shareholding of All Directors

1. The Company has issued 342,275,678 ordinary shares until April 14, 2024.
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 13,691,028 shares
3. As at the book closure date of this annual general meeting (April 14, 2024), 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	35,395,403	10.34%
Director	Shun-Wen, Wu	July 30, 2021	3,517,334	1.03%
Director	Tso-Jung, Wu	July 30, 2021	3,555,052	1.04%
Director	Zong Tai Construction Development Co., Ltd Representative: Chia-Chi, Kuo	July 30, 2021	4,717,860	1.38%
Director	Zong Tai Construction Development Co., Ltd Representative: Cheng Yung, Lin	July 30, 2021	4,717,860	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)			47,185,649	13.79%

## Appendix 6. 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 2, 2024, and concludes on April 15, 2024. Since the Company received no proposals from shareholders during that period, no discussion would be made on the annual general meeting for 2024.