

Stock Code: 5523

FONG CHIEN CONSTRUCTION CO., LTD.

# 2024 ANNUAL REPORT

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**The annual report is available at: <http://mops.twse.com.tw>**

**Company's Website: <http://www.fong-chien.com.tw>**

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6. Corporate Website: <http://www.fong-chien.com.tw>

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# I. Letter to Shareholders

Dear shareholders,

The past year has been a year filled with both challenges and opportunities for us. Amidst a dynamic economic environment and the government's implementation of measures to regulate the real estate market, we have remained committed to prudent operation. Here, we will review the company's operational overview, financial performance, market performance, and outlook for the future.

## 1. Operational Overview

In 2024, Fong Chien Company continued to focus on the real estate sales market and actively adjusted project planning and design to meet market demand. Currently, there are three ongoing presale projects under construction, including the "Chien 18", "Home+," and "Green & House" projects in Taichung. These projects are continuously being constructed within the company's control schedule.

## 2. Financial Performance

The operating revenue of Fong Chien Company reached NT\$510 million in 2024, a decrease from NT\$3.3 billion in the previous year. The revenue this year is largely driven by the continued revenue from the Forest Cube project delivery in the previous year. The operating profit for 2024 was NT\$86.05 million, with a net profit margin of 17%, and the total net profit for the year was NT\$84.7 million. Fong Chien Company remains focused on optimizing operational efficiency and cost control strategies to maintain a stable financial performance.

## 3. Market and Development

Facing rapid changes in the real estate market, market competition, and the government's implementation of measures to regulate the real estate, the company continues to optimize project product planning, enhance design elements that resonate with residents, while selecting prime locations. The aim is to ensure that future projects will continue to meet market demands and to build upon the successful sales performance in previous years.

## 4. Risks and Challenges

Labor shortages in the domestic construction industry and fluctuations in raw material prices remain primary risks faced by the construction sector. The company will continue to monitor these risk factors and implement management measures. Additionally, the government's implementation of various measures to regulate the real estate market may impact consumer willingness to purchase houses. However, the company will maintain a cautious yet optimistic attitude, actively addressing challenges with diligence. We will strengthen financial and risk management, while continuing to uphold integrity as the guiding principles of our brand spirit. By delivering high-quality building products and promoting green building practices, and sustainable operations under the principles of ESG, the company also aims to achieve our operational goals.

## 5. Appreciation and Expectations

We express gratitude to all shareholders for their support and trust. Looking ahead, the management team is confident that through the concerted efforts of the team and the execution of strategic plans, Fong Chien Company will continue to adhere to prudent operation principles and create greater value for shareholders.

Lastly, we wish all shareholders and their families good health, all your hopes be fulfilled

**Fong Chien Construction Co., LTD**

Chairperson: Yu-Qi, Yuan

CEO: Rui-Lin, Liu

Accounting Manager: Qiong-Fei, Chen

## 1. 2024 Business overview

### (1) Implementation results of business plan

Consolidated revenue reached NT\$512,836 thousands in 2024, a decrease of 84.61% over NT\$3,331,795 thousands in the previous year. Net income was NT\$84,810 thousands, a decrease of 85.34% over NT\$578,594 thousands in the previous year. The earnings per share were NT\$0.55, a decrease of 85.25% over NT\$3.73 in the previous year. Overall, the company's operating performance declined.

### (2) Budget execution status

In accordance with the Regulations Governing the Publication of Financial Forecasts of Public Companies, we did not need to prepare a financial forecast for the fiscal year 2024.

### (3) Analysis of financial income and expenditure and profitability

#### A. Analysis of financial income and expenditure

In thousands of NT\$

Items	2024		2023		Difference
	Amount	%	Amount	%	
Operating revenues	512,836	100%	3,331,795	100%	-84.61%
Gross profit	146,064	29%	754,244	22%	-80.63%
Operating expenses	60,011	12%	176,182	5%	-65.94%
Operating income	86,053	17%	578,062	17%	-85.11%
Net income	84,810	17%	578,594	17%	-85.34%
Net income attributable to stockholders of the parent	84,697	17%	578,518	17%	-85.36%

#### B. Analysis of profitability

Items	2024	2023
Return on assets	1.75%	10.64%
Return on equity	2.74%	19.33%
Pretax income / Capital (%)	7.72%	37.07%
Profit margin	16.52%	17.36%
Earnings per share (NT\$)	0.55	3.73

### (4) Research and development

#### A. Lifestyle:

By repositioning the use of space, we are able to integrate and define each space. Through implementing extreme simplicity, we prioritize "people" as the focal point of the space, while also satisfying customers' soft-power needs for social interaction, parenting, and learning.

#### B. Aesthetics:

By employing modern aesthetic and cost-efficient architectural and artistic techniques, we have created a more competitive company structure. We have also gained cost advantages by collaborating with artistic platform and added value to our products through ingenious design. Our buildings' exterior designs feature unique balconies and incorporate greenery and plants to provide customers comfortable living space. Using light grey tones, we create a comfortable and airy visual experience for both the building and interior spaces.

## **2. 2025 Business plan**

### (1) Expected sales volume and its basis

#### A. Sales of existing projects:

- a. "Chien 18" located in East District, Taichung City, with a base area of 950 pings, planned for 3 basement floors and 22 above-ground floors, and 123 residential units. The entire project was sold for approximately 3 billion, and presale began in October 2023. It is expected to be completed in 2026.
- b. "Green & House " located in Nantun District, Taichung City, with a base area of 1,321 pings, planned for 2 basement floors and 17 above-ground floors, and 93 residential units. The entire project was sold for approximately 3 billion, and presale began in November 2024. It is expected to be completed in 2027.
- c. "HOME+" located in Beitun District, Taichung City, with a base area of 953 pings, planned for 2 basement floors and 15 above-ground floors, and 83 residential units. The entire project was sold for approximately 2.8 billion, and presale began in June 2024. It is expected to be completed in 2026.

### (2) Asset Utilization

Several plots of land and property assets in Chiayi will be thoroughly assessed for their market value and potential lease or sale opportunities in order to generate cash flow and activate these idle assets.

## **3. Future development plan**

- (1) Customer service: We think from our customers' perspective, serving and creating the greatest benefit for them, as well as achieving maximum customer satisfaction.
- (2) Sustainable operations: We hold community events and relationship with customers.
- (3) Social contribution: We are committed to charitable activities and believe in taking from community and giving back to society. We fulfill our corporate social responsibility by contributing to society.
- (4) We consider suitable living spaces and functions during the planning and design stages, and continuously introduce high-quality products that prioritize the convenience of residents' daily life and usage.

## **4. Impact of external competitive environment, regulatory environment, and overall business environment**

### (1) External competitive environment

The major competition in the real estate industry is from the peers. In Taichung region, the key success factors of a real estate project are precise land development, speed of construction, and future prospects, all of which rely on the location and brand of the project. In recent years, the land prices in Taichung have risen, increasing the difficulty of operations. In response to these market changes, our company has not only strengthened the professional capabilities of our team but

also improved our financial structure, engineering quality, and after-sales service to gain customer recognition and ensure the successful sale of our projects.

(2) Regulatory environment and investor relations

The Central Bank's Seventh Credit Controls on the Housing Market, the Equalization of Land Rights Act and Real Estate Integration 2.0, to prevent short-term speculation and promote residential justice, thereby enhancing the development of the real estate market.

To ensure ethical operations and social responsibility, we have established investor protection measures to reduce management risk, strengthened our internal audit management to avoid internal fraud risk, and set relevant information disclosure rules or significant financial business procedures to enhance the transparency and immediacy of our company's information.

Our company has also set up an investor service, which publishes important information via the designated public information website and our company website in a timely manner, and we have implemented various internal control procedures to comply with legal requirements, improve corporate governance, and protect shareholders' rights.

(3) Impact on overall business environment

The domestic economic growth rate is expected to increase, driven by the accelerated private sector investment in business opportunities in AI application, which have boosted export volumes of electronics and information communication products. However, the real estate market is facing a decline in consumer willingness to purchase houses due to restrictions on real estate lending funds.

In 2025, the global economy will continue to grow steadily, but will face multiple challenges, including persistent high inflation and trade tensions, both of which could pose obstacles to global economic growth. Additionally, factors such as geopolitical tensions, trade protectionism, and high levels of debt may pose risks to the global economy, while long-term challenges such as climate change and an aging population cannot be overlooked.

Chairperson: Yu-Qi, Yuan

CEO: Rui-Lin, Liu

Accounting Manager: Qiong-Fei, Chen

## II. Corporate Governance Report

### 1. Directors, Supervisors, General Manager, Deputy General Manager, Associates, Departments, and Branches Officer Information

#### (1) Information on Directors

March 30, 2025

Title (Note 1)	Nationality/ Place of Registration	Name	Gender, Age (Note 2)	Date of election/ appointment to current term	Term of office	Commencement date of first term (Note 3)	No. of shares held at the time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications (Note 4)	Positions held concurrently in the Company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks (Note 5)
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Chairman and Director	Republic of China (Taiwan)	MORNING HONOR INVESTMENT CO., LTD..	N/A	2023.05.31	3 Years	2011.06.13	34,411,027	22.20%	34,411,027	22.20%	-	-	-	-	-	-	-	-	-	
		Representative: Yuan, Yu-Chi	Male 50 to 60	2023.05.31	N/A	N/A	-	-	-	-	2,661,025	1.72%	-	-	•Master's degree of Economics at Soochow University •Director, CA-CIB (France) Hong Kong Branch •Director, Finance Department of China Development Industrial Bank	•Chairman, Fong Chien Construction Co., Ltd. •Director, Fong Suei Construction Co., Ltd.	None	None	None	None
Director	Republic of China (Taiwan)	MORNING HONOR INVESTMENT CO., LTD.	N/A	2023.05.31	3 Years	2011.06.13	34,411,027	22.20%	34,411,027	22.20%	-	-	-	-	-	-	-	-	-	
		Representative: Liu, Yu-Lin	Male 30 to 40	2023.05.31	N/A	N/A	-	-	-	-	78,000	0.05%	285,000	0.18%	•Department of Industrial Engineering and Engineering Management, National Tsing Hua University •Master of Business Administration, Stanford MBA •General Manager, Sheraton Hsinchu Hotel	•Director, Grace Hospitality Management Co., Ltd. •Director, JingCi Development Co., Ltd. •Director, DaMei Investment Co., Ltd. •Supervisor, Holy Grace Construction Corp. •Chairman, Feng Jia Cityscape Hotel Co., Ltd. •Chairman, FongSiang Yuan Construction Co., Ltd. •Director, Fong Suei Construction Co., Ltd.	None	None	None	None
Independent Director	Republic of China (Taiwan)	Liao, Fu-Pen	Male 70 to 80	2023.05.31	3 Years	2017.06.12	-	-	-	-	-	-	-	-	•Vice Operating Officer, Central Taiwan Operation Center, Mega International Commercial Bank	None	None	None	None	None

Independent Director	Republic of China (Taiwan)	Lin, Li-Hsuan	Male 60 to 70	2023.05.31	3 Years	2019.06.03	-	-	-	-	-	-	-	-	-	•Master of Business Administration, California State University •Vice President, JPMorgan Chase Bank N.A. •Executive Vice President, Crédit Agricole •General Manager, King's Town Bank	•Independent Director, San Fang Chemical Industry Co., Ltd.	None	None	None	None
Independent Director	Republic of China (Taiwan)	Li, Yan-Wen	Male 70 to 80	2023.05.31	3 Years	2023.05.31	-	-	-	-	-	-	-	-	-	•Bachelor of Laws from National Chung Hsing University •Judge of the Supreme Court •Director-General of the Civil Division of the Judicial Yuan •President of the Taichung District Court •Chief Clerk of the Supreme Court •President of the Kaohsiung Branch of the Taiwan High Court •President of the Taiwan High Court	•Independent Director, Rayzher Industrial Co.,Ltd.	None	None	None	None

Note 1: For a corporate shareholder, the name of the corporate shareholder and its representative shall be listed separately (when listing the representative of a corporate shareholder, the name of the corporate shareholder shall also be noted), and Form 1 below shall also be completed.

Note 2: Please state the actual age, or, alternatively, state the age interval into which the actual age falls, e.g., 41~50 years, 51~60 years.

Note 3: Specify the time the person first began to serve as a director or supervisor of the Company. If there has been any break within a term or between terms, add a note specifying the circumstances.

Note 4: Specify experience and qualifications related to the current position. If during a period specified above the person has served in a position at a CPA firm that serves as external auditor/attestor, specify the position held and the duties for which the person was responsible.

Note 5: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer).

## (2) Table 1 : Major Shareholders of Corporate Shareholders

March 30, 2025

Name of corporate shareholder (Note 1)	Major shareholders of the corporate shareholder (Note 2)
MORNING HONOR INVESTMENT CO., LTD.	Feng Jia Cityscape Hotel Co., Ltd. (69.39%), Cornerstone Investment Co., Ltd.(14.49%), JingCi Development Co., Ltd. (15.10%), Wang, Fen-Fang (0.51%), Liu, Jui-Lin (0.41%), Huang, Shu-Mei (0.10%)

Note 1: If a director or supervisor is a representative of a corporate shareholder, fill in the name of that corporate shareholder.

Note 2: Fill in the names of the corporate shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios. If any of the major shareholders is a corporate/juristic person, also complete Form 2 below.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

## (3) Table 2 : Major shareholders of the Company's major institutional shareholders

March 30, 2025

Name of corporate shareholder (Note 1)	Major shareholders of the corporate shareholder (Note 2)
Feng Jia Cityscape Hotel Co., Ltd.	Fong Yi Department Store Co., Ltd. (92.37%), Grace Hospitality Management Co., Ltd. (5.40%), JingCi Development Co., Ltd. (2.01%), Liu, Yu-Lin (0.22%)
Cornerstone Investment Co., Ltd.	Chang, Ya-Ching (48.73%), Singchen Investment Co., Ltd. (27.73%), Blessing & Praise Construction Corp. (19.54%), Wang, Fen-Fang (4%)
JingCi Development Co., Ltd.	Liu, Jui-Lin (21.25%), Liu, Yu-Lin (21.25%), Liu, Chun-Fang (21.25%), Huang, Shu-Mei (30%), DaMei Investment Co., Ltd.(6.25%)

Note 1: If any major shareholder in Form 1 above is a corporate/juristic person, fill in the name of that corporate/juristic person.

Note 2: Fill in the names of the corporate/juristic person's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

#### (4) Information on Directors and Supervisors

##### A. Disclosure of Director Professional Qualifications and Independent Director Independence Information:

Name \ Qualification	Professional Qualifications and Experience (Note 1)	Independence Analysis (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
MORNING HONOR INVESTMENT CO., LTD. Representative: Yuan, Yu-Chi	<ul style="list-style-type: none"> <li>▪Has work experience in business, finance, and banking.</li> <li>▪Previously served as Director of the CA-CIB (Hong Kong Branch), Director of the Finance Department of China Development Industrial Bank, Chairman of the Company and Director of Fong Suei Construction Co., Ltd.</li> <li>▪None of the circumstances specified in Article 30 of the Company Act.</li> </ul>		None
MORNING HONOR INVESTMENT CO., LTD. Representative: Liu, Yu-Lin	<ul style="list-style-type: none"> <li>▪Has work experience in business, finance, and management.</li> <li>▪Previously served as General Manager at Sheraton Hsinchu Hotel, Director at Grace Hospitality Management Co., Ltd., JingCi Development Co., Ltd. and DaMei Investment Co., Ltd., Supervisor at Holy Grace Construction Corp., Chairman at Feng Jia Cityscape Hotel Co., Ltd. and FongSiangYuan Construction Co., Ltd and Director of Fong Suei Construction Co., Ltd.</li> <li>▪None of the circumstances specified in Article 30 of the Company Act.</li> </ul>		None
Liao, Fu-Pen	<ul style="list-style-type: none"> <li>▪Has work experience in accounting and finance.</li> <li>▪Previously served as Vice Operating Officer at Central Taiwan Operation Center of Mega International Commercial Bank.</li> <li>▪None of the circumstances specified in Article 30 of the Company Act.</li> </ul>	<ul style="list-style-type: none"> <li>▪As an Independent Director, the independence criteria are met.</li> <li>▪The individual, their spouse, or relatives up to the second degree of kinship have not served as directors, supervisors, or employees of the Company or its affiliated enterprises.</li> <li>▪The individual, their spouse, or relatives up to the second degree of kinship do not hold any shares in the Company.</li> <li>▪Has not served as a director, supervisor, or employee of the Company or its affiliates.</li> <li>▪Has not received any compensation for providing business, legal, financial, accounting, or any other services to the Company or its affiliates in the past 2 years.</li> </ul>	None
Lin, Li-Hsuan	<ul style="list-style-type: none"> <li>▪Has work experience in business, finance, and banking.</li> <li>▪Previously served as Executive Vice President at Crédit Agricole and General Manager at King's Town Bank.</li> <li>▪None of the circumstances specified in Article 30 of the Company Act.</li> </ul>	<ul style="list-style-type: none"> <li>▪As an Independent Director, the independence criteria are met.</li> <li>▪The individual, their spouse, or relatives up to the second degree of kinship have not served as directors, supervisors, or employees of the Company or its affiliated enterprises.</li> <li>▪The individual, their spouse, or relatives up to the second degree of kinship do not hold any shares in the Company.</li> <li>▪Has not served as a director, supervisor, or employee of the Company or its affiliates.</li> <li>▪Has not received any compensation for providing business, legal, financial, accounting, or any other services to the Company or its affiliates in the past 2 years.</li> </ul>	1

Li, Yan-Wen	<ul style="list-style-type: none"> <li>▪Has work experience in legal affairs.</li> <li>▪Previously served Judge of the Supreme Court, Director-General of the Civil Division of the Judicial Yuan, President of the Taichung District Court, Chief Clerk of the Supreme Court, President of the Kaohsiung Branch of the Taiwan and High Court and President of the Taiwan High Court.</li> <li>▪None of the circumstances specified in Article 30 of the Company Act.</li> </ul>	<ul style="list-style-type: none"> <li>▪As an independent director, the independence criteria are met.</li> <li>▪The individual, their spouse, or relatives up to the second degree of kinship have not served as directors, supervisors, or employees of the Company or its affiliated enterprises.</li> <li>▪The individual, their spouse, or relatives up to the second degree of kinship do not hold any shares in the Company.</li> <li>▪Has not served as a director, supervisor, or employee of the Company or its affiliates.</li> <li>▪Has not received any compensation for providing business, legal, financial, accounting, or any other services to the Company or its affiliates in the past 2 years.</li> </ul>	1
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\* On May 31, 2023, a complete Board of Directors election was held, and the individual was elected as a member of the 15th Board of Directors.

## B. Diversity and Independence of the Board of Directors:

### (1) Diversity of the Board of Directors

#### ■Diversity Policy:

Article 20 of the “Corporate Governance Best Practice Principles” requires that the composition of the Board of Directors take diversity into account. The number of directors who are also company executives should not exceed one-third of the total number of directors. The board should formulate appropriate diversity policies based on its operations, business models, and development requirements, including but not limited to the following two aspects: 1. Fundamental qualities and values: gender, age, nationality, and culture, etc. 2. Professional knowledge and abilities: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, industrial experience, etc.

The board members should generally have the knowledge, skills, and qualities necessary to perform their duties. To achieve the ideal goal of corporate governance, the overall capabilities that the board should possess include: 1. Operational judgment. 2. Accounting and financial analysis. 3. Business management. 4. Crisis handling. 5. Industry knowledge. 6. Global market insights. 7. Leadership. 8. Decision-making.

#### ■Specified Objectives:

The Company's Board of Directors should guide the Company's strategy, oversee the managerial level, and be accountable to the Company and its shareholders. The corporate governance system should ensure that the Board of Directors exercises its authority in accordance with legal requirements, the articles of incorporation, and shareholder resolutions. All members of the board possess the knowledge, skills, qualities, and industry decision-making and management capabilities necessary to carry out their duties. The Company also continuously arranges diverse training courses for board members to enhance their decision-making quality, supervisory capabilities and strengthen the competency of the board. In addition, the Company also pays attention to gender equality in the composition of the Board of Directors.

The proportion of board seats held by either gender did not reach one-third in 2025:

Reason: The term of the 15th Board of Directors will expire on May 30, 2026.

Measures: During the upcoming board re-election upon term expiration, the Company will appoint at least one director of a different gender to enhance gender diversity and comply with relevant regulations.

■ Status of Accomplishment:

The current Board of Directors consists of 5 members, including 3 independent directors. All directors hold Taiwanese nationality, and employee directors account for 20% of the total, while independent directors account for 60%. Three independent directors have served for 1 to 7 years. The board also pays attention to gender equality in the composition of the Board of Directors, The 15th Board of Directors' term will expire on May 30, 2026. In the next board election, at least one director of a different gender

The abilities and relevant implementation status of the directors are shown in the following table based on their education, experience, and other qualifications:

Title	Name	Nationality	Gender	Basic Information						Professional Capabilities			Management Capabilities					
				Employee of the Company	Age			Independent Director Tenure (Years)		Operational Judgment	Accounting and Financial Analysis	Management	Crisis Management	Industrial Knowledge	Global Market Insights	Leadership	Decision-making	
					30 to 40	51 to 60	61 to 70	71 to 80	Less than 3 Years									3 to 9 Years
Chairman	Yuan, Yu-Chi	Taiwan	Male	✓		✓					✓	✓	✓	✓	✓	✓	✓	✓
Director	Liu, Yu-Lin	Taiwan	Male		✓						✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Liao, Fu-Pen	Taiwan	Male					✓		✓	✓		✓	✓	✓	✓	✓	✓
Independent Director	Lin, Li-Hsuan	Taiwan	Male				✓			✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Li, Yan-Wen	Taiwan	Male					✓	✓		✓	✓	✓	✓	✓	✓	✓	✓

(2) Independence of the Board of Directors: Independence of the Board of Directors: Specify the number of independent directors on the board and their ratio to the total number of directors. Describe the status of independence of the Board of Directors and give a statement of reasons whether the provisions of Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act are complied with, including a description of any spousal relationship or familial relationship within the second degree of kinship that may exist between any directors, between any supervisors, or between any director(s) and supervisor(s).

■ The Company shall establish three or more independent directors in accordance with the articles of association, and the number of independent directors shall not be less than one-fifth of the total number of directors. Independent directors should have professional knowledge, and their shareholding should be restricted. In addition to complying with relevant laws and regulations, they should not serve as directors (including independent directors) or supervisors of more than five listed or OTC companies at the same time. They should maintain independence within the scope of their business, and should not have any direct or indirect interest relationship with the Company.

If the company or any of its affiliates nominates a candidate for independent director, supervisor, or manager for the other company or its affiliated enterprises, the company shall disclose this information and explain the suitability of the independent director

candidate upon accepting the nomination of the independent director candidate. If elected as an independent director, the number of votes received shall be disclosed.

- No circumstances as defined in Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act exist among the board members.
- There are zero cases of spousal or familial relationships within the second degree of kinship between directors.

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.

Note 2: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

## (5) General Manager, Deputy General Manager, Associates, Departments and Branches Officer Information

March 30, 2025

Title (Note 1)	Nationality	Name	Gender	Date of appointment to position	Shareholding		Shareholdings of the spouse and minor children		Shareholdings through nominees		Principal work experience and academic qualifications (Note 2)	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks (Note 3)
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
General Manager	Taiwan	Liu, Jui-Lin	Male	2016.07.01	52,000	0.03%	868,000	0.56%	-	-	<ul style="list-style-type: none"> <li>•Department of Business Administration, Tunghai University</li> <li>•Chairman, JingCi Development Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>•Chairman, MORNING HONOR INVESTMENT CO., LTD.</li> <li>•Chairman, JingCi Development Co., Ltd.</li> </ul>	None	None	None	None
Finance Department Manager	Taiwan	Chen, Chiung-Fei	Female	2020.07.01	-	-	-	-	-	-	<ul style="list-style-type: none"> <li>•Executive Master Program in Business Administration, National Chung Hsing University</li> <li>•Department of Business Administration, National Yunlin University of Science and Technology</li> <li>•Assistant Manager, Sweneo Lingerie Co., Ltd.</li> <li>•Assistant Manager, BDO Taiwan</li> </ul>	None	None	None	None	None

Note 1: The information in this table should be disclosed, including the general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the Company's divisions and branch units, and all individuals.

Note 2: Specify experience and qualifications related to the current position. If during a period specified above, the person has served in a position.

Note 3: If the general manager or person of an equivalent post (the highest level manager) and the chairperson of the Board of Directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer).

## 2. Remuneration to Directors, General Manager, and Assistant General Managers

### (1) Remuneration to Ordinary Directors and Independent Directors

December 31, 2024

Unit: NT\$ thousands

Title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net profit after-tax		Remuneration received by directors for concurrent service as an employ								Sum of A+B+C+D+E+F+G and ratio to net profit after-tax		Remuneration received from subsidiaries other than re-invested enterprises or from the parent company
		Base compensation (A)		Retirement pays and pension (B)		Director profit – sharing compensation (C) (Note 1)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pays pension (F)		Employee profit – sharing compensation (Note 2)						
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
																Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Chairman	MORNING HONOR INVESTMENT CO., LTD. Representative: Yuan, Yu-Chi	0	0	0	0	1,008	1,008	240	240	1,248	1,248	3,375	3,375	0	0	10	0	10	0	4,633	4,633	120
										1.47%	1.47%									5.47%	5.47%	
Director	MORNING HONOR INVESTMENT CO., LTD. Representative: Liu, Yu-Lin	0	0	0	0	201	201	120	120	321	321	0	0	0	0	0	0	0	0	321	321	120
										0.38%	0.38%									0.38%	0.38%	
Independent Director	Liao, Fu-Pen	0	0	0	0	0	0	600	600	600	600	0	0	0	0	0	0	0	0	600	600	0
										0.71%	0.71%									0.71%	0.71%	
Independent Director	Lin, Li-Hsuan	0	0	0	0	0	0	600	600	600	600	0	0	0	0	0	0	0	0	600	600	0
										0.71%	0.71%									0.71%	0.71%	
Independent Director	Li, Yan-Wen	0	0	0	0	0	0	1,200	1,200	1,200	1,200	0	0	0	0	0	0	0	0	1,200	1,200	0
										1.42%	1.42%									1.42%	1.42%	

1. Please describe the policy, system, standards, and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration according to our company's regulations, independent directors do not participate in the annual distribution of director remuneration, and only receive general business execution expenses.

2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non – employee consultant to the parent company /any consolidated entities / invested enterprises) : None.

Note 1: The amount of director's remuneration distributed by the Board of Directors before the 2024 shareholders' meeting for profit distribution is an estimated figure calculated based on the actual distribution amount ratio of the previous year.

Note 2: The amount of employee remuneration distributed by the Board of Directors before the 2024 shareholders' meeting for profit distribution is an estimated figure calculated based on the actual distribution amount ratio of the previous year.

- \* This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

(2) Remuneration to General Manager (The Company does not have a deputy general manager)

December 31, 2024  
Unit: NT\$ thousands

Title	Name	Salary (A)		Retirement pays and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D) (Note)				Sum of A+B+C+D and ratio to net profit after-tax (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Amount in Cash	Amount in stock	Amount in Cash	Amount in stock			
General Manager (Note 1)	Liu, Jui-Lin	1,800	1,800	0	0	375	375	10	0	10	0	2,185 2.58%	2,185 2.58%	None

Note 1: The Company does not have the position of Deputy General Manager, and there is no position equivalent to the General Manager.

Note 2: The amount of General Manager remuneration distributed by the Board of Directors before the 2024 shareholders' meeting for profit distribution is an estimated figure calculated based on the actual distribution amount ratio of the previous year.

- \* This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

### (3) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

December 31, 2024  
Unit: NT\$ thousands

	Title	Name	Amount in Stock	Amount in Cash (Note)	Total	Total amount to net profit after-tax (%)
Managerial officers	Chairman	Yuan, Yu-Chi	0	30	30	0.04%
	General Manager	Liu, Jui-Lin				
	Manager	Chen, Chiung-Fei				

Note : The amount of employee remuneration distributed by the Board of Directors before the 2024 shareholders' meeting for profit distribution is an estimated figure calculated based on the actual distribution amount ratio of the previous year.

### (4) Comparison of Remuneration for Directors and General Manager in the Most Recent Two Fiscal Years and Remuneration Policy for Directors and General Manager:

#### A. Ratio of the total remuneration of directors, general manager to net profit after tax

Unit: NT\$ thousands

Title		2024			2023		
		Total Remuneration	Net income after tax	Total Remuneration as % of Net Income	Total Remuneration	Net income after tax	Total Remuneration as % of Net Income
Director	The Company	7,354	84,697	8.68%	15,098	578,518	2.61%
	Companies in the consolidated financial statements	7,354		8.68%	15,218		2.63%
General Manager	The Company	2,185		2.58%	2,555		0.45%
	Companies in the consolidated financial statements	2,185		2.58%	2,555		0.45%

#### Description for Analysis:

The remuneration of directors and general managers decreased in 2024 compared this was due to the decrease in net income after tax in 2023 which resulted in a relative decrease in the total remuneration provision.

#### B. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance:

##### (1) The policies, standards, and portfolios for the payment of remuneration :

The Company's directors' remuneration is determined by the Board of Directors according to industry standards. Article 26 of the Company's articles of association also mandates that the Company allocate remuneration to motivate employees and management teams. If the Company makes a profit after offsetting accumulated losses, it shall allocate employee remuneration not less than one-thousandth and director remuneration not exceeding three percent as the director remuneration for that year. The remuneration distribution method takes into account the contribution and overall

performance of each director, and reasonable remuneration is approved.

The Company's compensation committee regularly evaluates and determines the remuneration of directors and executives in accordance with regulations, and the Board of Directors must approve it before implementation.

The directors' performance is evaluated annually according to the Company's board performance evaluation method, and the results are reported to the Board of Directors before the first quarter of the following year as reference information for selecting, nominating directors or setting remuneration.

(2) The procedures for determining remuneration :

The remuneration for the Company's Directors and Independent Directors is allocated based on the "Regulations on Directors and Independent Directors' Remuneration." It is distributed according to each director's level of participation in company operations and their contribution value, which is determined by assigning weighted scores and allocating accordingly.

▪Remuneration:

1. Independent Directors: Regardless of the Company's profitability, independent directors are entitled to receive remuneration on a monthly basis. The Remuneration Committee may adjust the amount based on their level of participation and contribution to company operations.
2. General Directors: Regardless of the Company's profitability, Directors are entitled to receive remuneration. The Remuneration Committee may adjust the amount based on their level of participation and contribution to company operations.

▪Compensation:

1. Independent Directors: Independent directors are not entitled to profit-sharing compensation.
2. General Directors: In accordance with the Company's Articles of Incorporation, when the Company is profitable in a given year, the total compensation for directors shall not exceed 3% of the annual profit.

(3) The correlation with risks and business performance :

The Company's management makes major decisions after conducting a thorough risk assessment, and future profits will be reflected in performance remuneration if there is a correlation between future high or low risks and performance control.

### 3. Corporate Governance Status

#### (1) Implementation Status of the Board of Directors

##### (a) Implementation Status of the Board of Directors

The Board of Directors held 4 meetings (A) the attendance of directors is as follows: :

Title	Name	No. of meetings attended in Person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【 B / A 】	Remarks
Chairman	MORNING HONOR INVESTMENT CO., LTD. Representative: Yuan, Yu-Chi	4	0	100%	Re-elected on 2023.05.31
Director	MORNING HONOR INVESTMENT CO., LTD. Representative: Liu, Yu-Lin	4	0	100%	Re-elected on 2023.05.31
Independent Director	Liao, Fu-Pen	4	0	100%	Re-elected on 2023.05.31
Independent Director	Lin, Li-Hsuan	4	0	100%	Re-elected on 2023.05.31
Independent Director	Li, Yan-Wen	4	0	100%	Newly appointed on 2023.05.31

Other mentionable items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act:

Date of Board Meeting/Period	Agenda	Independent Directors' Resolution
2024/03/05 4th meeting 15th Term	<ul style="list-style-type: none"> <li>Proposal for outsourcing the "Chien 18" project in the East District of Taichung City to BLESSING &amp; PRAISE CONSTRUCTION CORP.</li> <li>Amendment to the Company's "Regulations on Leave Management."</li> <li>Proposal to manage affairs pertaining to the "jointly and severally liability of peer industries" mechanism utilized by FONG YI CONSTRUCTION CO., LTD. to ensure the presale performance of the "Senhuo" project.</li> </ul>	Unanimously approved.
2024/05/07 5th meeting 15th Term	<ul style="list-style-type: none"> <li>Pre-sale Housing Performance Guarantee for the "HOME+" project in Beitun District, Taichung City.</li> </ul>	
2024/10/29 7th meeting 15th Term	<ul style="list-style-type: none"> <li>Proposal for outsourcing the "HOME+" project in the Beitun District of Taichung City to BLESSING &amp; PRAISE CONSTRUCTION CORP.</li> <li>Proposal for outsourcing the formwork engineering of the "HOME+" project in the Beitun District of Taichung to the related party, Hung Yeu Construction.</li> <li>Proposal for outsourcing the "Green &amp; House" project in the Nantun District of Taichung City to BLESSING &amp; PRAISE CONSTRUCTION CORP.</li> <li>The remuneration of the Accountant for the Company.</li> <li>Addition of the "Sustainability Report Preparation and Assurance Procedures."</li> <li>Addition of the "Sustainability Information Management Procedures."</li> <li>Revision of the "Financial and Business Transactions Procedures among Related Parties."</li> <li>The "Cyber Security Management Measures" were added.</li> </ul>	

(2) Other matters involving objections or reserved opinions recorded or stated in writing by independent directors that require a resolution by the Board of Directors: Not Applicable.

2. Specify the date of the board meeting, the meeting session number, the content of the motion, the outcome of the board's resolution, and the actions taken by the Company based on the supervisor's stance if he or she recused from a board meeting due to a conflict of interest: Not Applicable.

3. TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out Table 2 “Implementation Status of Board Evaluations”:  
The evaluation results of the 2024 internal evaluation of the Board of Directors, self-evaluation of directors, and evaluation of functional committees were “Great and excellent.”
4. Evaluations of the current and previous years' objectives for strengthening the Board of Directors' functions (such as establishing an Audit Committee, enhancing information transparency, etc.) and their status of implementation:
- (1) Established an audit committee on May 27, 2020 and met 4 times this year.
  - (2) Developed the “Procedure for Meetings of Board of Directors” in accordance with the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” for compliance purposes.
  - (3) Information disclosure channels include the Taiwan Stock Exchange Market Observation Post System, company website, etc., to achieve the goal of enhancing information transparency and complying with relevant regulations.

## (b) Implementation Status of Board Evaluations

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Evaluation method (Note 4)	Evaluation items (Note 5)
Once a year	2024.01.01 to 2024.12.31	Board of Directors	Board of Directors Internal self-evaluation	Participation in company operations, improving the quality of board decision-making, composition and structure of the board, selection and continuing education of directors, internal control.
Once a year	2024.01.01 to 2024.12.31	Individual Board Member	Board of Directors Members' self-evaluation	Understanding of company goals and missions, recognition of director responsibilities, degree of involvement in company operations, management of internal relationships and communication, director's expertise and continuous education, internal control.
Once a year	2024.01.01 to 2024.12.31	Audit Committee	Peers Evaluation	Level of participation in company operations, understanding of the responsibilities of the Audit Committee, improving the quality of decisions made by the Audit Committee, composition and member selection of the Audit Committee, and internal control system.
Once a year	2024.01.01 to 2024.12.31	Remuneration Committee	Peers Evaluation	Degree of participation in company operations, recognition of responsibilities of the remuneration committee, enhancing the decision-making quality of the remuneration committee, composition and member selection of the remuneration committee.

Note 1: Refers to the execution cycle of the board evaluation, for example, once per year.

Note 2: Refers to the coverage period of the board evaluation, for example, evaluating the performance of the board from January 1 to December 31 of 2024.

Note 3: The scope of the evaluation includes the performance evaluation of the board, individual board members, and functional committees.

Note 4: The evaluation methods include internal evaluation by the board, self-evaluation by board members, peer evaluation, appointment of external professional institutions, experts, or other appropriate methods for performance evaluation.

Note 5: The content of the evaluation includes at least the following items based on the scope of the evaluation:

- (1) Board performance evaluation: at least including the degree of participation in company operations, quality of board decision-making, composition and structure of the board, selection and continuous education of directors, internal control, etc.
- (2) Individual board member performance evaluation: at least including the grasp of company goals and missions, recognition of director responsibilities, degree of participation in company operations, management of internal relationships and communication, professional expertise and continuous education of directors, internal control, etc.
- (3) Functional committee performance evaluation: degree of participation in company operations, recognition of functional committee responsibilities, quality of functional committee decision-making, composition and member selection of functional committees, internal control, etc.

## (2) Audit Committee Implementation Status

### A. Audit Committee Implementation Status:

The Audit Committee held 4 meetings (A) the attendance of Independent Directors is as follows:

Title	Name	No. of meetings attended in Person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【 B / A 】	Remarks
Independent Director	Liao, Fu-Pen	4	0	100%	Re-elected on 2023.05.31
Independent Director	Lin, Li-Hsuan	4	0	100%	Re-elected on 2023.05.31
Independent Director	Li, Yan-Wen	4	0	100%	Newly-appointed on 2023.05.31

Annual Work Focus and Duties of the Audit Committee:

#### 1. Annual Work Focus:

- (1) The review of the 2024 business report, financial statements, and profit distribution plan was completed on February 25, 2025, and there were no discrepancies found. A report was prepared in accordance with Article 14-4 of the Securities and Exchange Act. The financial statements underwent an audit by certified public accountants Wang, Yu-Chuan and Hung, Shu-Hua from PwC, and an audit report was issued.
- (2) Reviewing the risks of major assets, capital loans, and endorsements and guarantees.

#### 2. Duties:

- (1) Developing or revising internal control systems.
- (2) Assessing the effectiveness of internal control systems.
- (3) Developing or revising procedures for significant financial transactions, such as asset acquisition or disposal, derivative transactions, fund lending, endorsements, or guarantees.
- (4) Matters related to the interests of directors.
- (5) Significant asset or derivative transactions.
- (6) Significant fund lending, endorsements, or guarantees.
- (7) Issuing, offering, or privately placing equity securities.
- (8) Appointment, dismissal, or compensation of signing certified public accountants.
- (9) Appointment or dismissal of financial, accounting, or internal audit supervisors.
- (10) Annual and semi-annual financial reports.
- (11) Other significant matters as required by other companies or regulatory authorities.

Other mentionable items:

1. The dates of meetings, sessions, the contents of motions, independent directors' objections, reservations, or major proposals, the Audit Committee's resolutions, and the Company's response to the Audit Committee's opinion must be specified if any of the following events occur:

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

Date of Audit Committee meeting/Period	Contents of motions	Independent Directors' Resolution
2024/03/05 4th meeting 2th Term	<ul style="list-style-type: none"> <li>• The proposal for the business report, individual financial statements, and consolidated financial statements for 2023.</li> <li>• The 2023 internal control system statement.</li> <li>• Proposal for outsourcing the "Chien 18" project in the East District of Taichung City to BLESSING &amp; PRAISE CONSTRUCTION CORP.</li> <li>• Proposal to manage affairs pertaining to the "jointly and severally liability of peer industries" mechanism utilized by FONG YI CONSTRUCTION CO., LTD.</li> </ul>	Unanimously approved.

	to ensure the presale performance of the "Senhuo" project.	
2024/07/30 6th meeting 2th Term	<ul style="list-style-type: none"> <li>• The proposal for the second quarter consolidated financial statements for 2024.</li> </ul>	
2024/10/29 7th meeting 2th Term	<ul style="list-style-type: none"> <li>• Proposal for outsourcing the "HOME+" project in the Beitun District of Taichung City to BLESSING &amp; PRAISE CONSTRUCTION CORP.</li> <li>• Proposal for outsourcing the formwork engineering of the "HOME+" project in the Beitun District of Taichung to the related party, Hung Yeu Construction.</li> <li>• Proposal for outsourcing the "Green &amp; House " project in the Nantun District of Taichung City to BLESSING &amp; PRAISE CONSTRUCTION CORP.</li> <li>• The remuneration of the Accountant for the Company.</li> <li>• Addition of the “Sustainability Report Preparation and Assurance Procedures.”</li> <li>• Addition of the “Sustainability Information Management Procedures.”</li> <li>• Revision of the “Financial and Business Transactions Procedures among Related Parties.”</li> <li>• The "Cyber Security Management Measures" were added.</li> </ul>	

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

2. If there are independent directors’ recusals due to conflicts of interest, the directors’ names, contents of motions, and causes for avoidance and voting should be specified: None
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g., the material items, methods and results of audits of corporate finance or operations, etc.):
- The internal audit team will submit the monthly audit report to the Audit Committee for review by the independent directors by the end of the following month.
  - The Audit Committee's independent directors may provide instructions after reviewing the audit report by leaving comments on the report, calling, or emailing.
  - In the event of internal control deficiencies in the audit report, the audit department will prepare a tracking report to track and report on the deficiencies and abnormal issues to the independent directors.
  - In accordance with regulations, the head of the internal audit team attends Audit Committee and Board of Directors meetings and reports on the status of internal audit operations to members of the Audit Committee and Board of Directors.
  - A summary of communications between the independent directors, the head of the internal audit team, and the accountants:

Date	Attendance	Communication items	Processing and execution results
2024/03/05 Audit Committee	Independent Director, Liao, Fu-Pen Independent Director, Lin, Li-Hsuan Independent Director, Li, Yan-Wen Audit Supervisor, Lin, Hsiu-Wen	<ul style="list-style-type: none"> <li>• Audit work status for November and December of 2023.</li> <li>• Audit work status for January and February of 2024.</li> <li>• Implementation status of the internal control system in 2023: Based on self-assessment results, the design and execution of the internal control system were deemed effective.</li> </ul>	No other suggestions were made. All issues were referred to the Board of Director for resolution.

2024/05/07 Audit Committee	Independent Director, Liao, Fu-Pen Independent Director, Lin, Li-Hsuan Independent Director, Li ,Yan-Wen Audit Supervisor, Lin, Hsiu-Wen	<ul style="list-style-type: none"> <li>▪ March and April audit's implementation of 2024.</li> <li>▪ Summary report for 2023 on the improvement of internal control deficiencies and abnormal incidents.</li> </ul>	No other suggestions were made.
2024/07/30 Communication with the accountants and the independent directors	Independent Director, Liao, Fu-Pen Independent Director, Lin, Li-Hsuan Independent Director, Li ,Yan-Wen Accountant, Wang, Yu-Chuan	<ul style="list-style-type: none"> <li>▪ Communication plan.</li> <li>▪ Role and responsibilities of the lead CPA</li> <li>▪ Independence of the auditor.</li> <li>▪ Audit plan.</li> <li>▪ Audit Quality Indicator information.</li> </ul>	No comments were made in this meeting.
2024/07/30 Communication with the accountants and Audit Committee	Independent Director, Liao, Fu-Pen Independent Director, Lin, Li-Hsuan Independent Director, Li ,Yan-Wen Audit Supervisor, Lin, Hsiu-Wen Accountant, Wang, Yu-Chuan	<ul style="list-style-type: none"> <li>▪ Audit work status for May, June and July of 2024.</li> </ul>	No other suggestions were made.
2024/10/29 Audit Committee	Independent Director, Liao, Fu-Pen Independent Director, Lin, Li-Hsuan Independent Director, Li ,Yan-Wen Audit Supervisor, Lin, Hsiu-Wen	<ul style="list-style-type: none"> <li>▪ Audit work status for August, September and October of 2024.</li> <li>▪ Describe the auditing strategy for 2025.</li> </ul>	No other suggestions were made. All issues were referred to the Board of Directors for resolution.

(3) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has developed Corporate Governance Best Practice Principles in accordance with regulations and has gradually implemented them to improve information transparency and strengthen the functioning of the Board of Directors, thereby promoting corporate governance operations.	No deviations
2. The Company's shareholding structure & shareholders' rights (1) Does the Company develop and implement an internal operating procedure for handling shareholder suggestions, questions, disputes, and litigation? (2) Does the Company possess the list of its major shareholders, as well as the ultimate owners of those shares? (3) Does the Company establish and execute a risk management and firewall system within its conglomerate structure? (4) Does the Company establish internal rules against insiders trading with undisclosed information?	✓ ✓ ✓ ✓		(1) The Company has designated a stock affairs officer to handle shareholder suggestions, questions, disputes, and litigation. Regardless of whether the Company has established internal procedures for handling such cases, any shareholder response is prioritized. (2) The Company controls its major shareholders and their ultimate owners. (3) The Company's subsidiary transactions are conducted in accordance with internal control system regulations, including risk management and firewall mechanisms with related parties. (4) The Company has established "Procedures for Handling Material Inside Information and the Prevention of Insider Trading" that prohibits insiders from buying or selling securities with undisclosed information in the market.	No deviations
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members? (2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? (3) Does the Company establish "Rules for Performance	✓ ✓ ✓		(1) The Company has established and disclosed a board diversity policy in accordance with Article 20 of the "Corporate Governance Best Practice Principles". (please refer to page 11) The Company's Board of Directors diversification policy and its implementation: (a) The Board of Directors of the Company is made up of five members, including three independent directors, who have diverse expertise in various fields. Directors	No deviations

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>Evaluation of Board of Directors" and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?</p> <p>(4) Does the Company regularly evaluate the independence of Certified Public Accountant?</p>			<p>with financial expertise include Yuan, Yu-Chi, Lin, Li-Hsuan, and Liu, Yu-Lin, Directors with management expertise include Liao Fu-Ben, and Li, Yan-Wen.</p> <p>(b) 20% of the board members are employee directors, and 60% are independent directors. Three independent directors have served for less than eight years. The board also prioritizes gender equality. With the 15th board term ending on May 30, 2026, at least one director of a different gender will be appointed in the next board election to achieve gender balance.</p> <p>(2) On May 27, 2020, the Company established a remuneration committee in accordance with the law, as well as an audit committee. Other functional committees will be formed based on the Company's operating scale and management requirements.</p> <p>(3) In 2024, the Company carried out a self-evaluation and evaluation of the Board of Directors in accordance with board performance evaluation methods. The annual report described the evaluation results as "excellent." The results were presented to the Board of Directors on February 25, 2025, as a reference for future director compensation and reappointment.</p> <p>(4) PricewaterhouseCoopers Taiwan has certified the Company, and it is affiliated with an international accounting firm. It has a high level of independence and professionalism. Article 29 of the "Corporate Governance Best Practice Principles, the 5 major dimensions and 13 indicators of Audit Quality Indicators (AQIs) are routinely utilized to evaluate the signing accountant's independence and suitability on an annual basis. For 2024, the auditor's independence statement (Note 1) In 2024, the auditor's independence statement was obtained has been acquired</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			and formally presented to the Board of Directors on February 25, 2025. Assessment of Significant Matters: (1) Referring to the 5 major dimensions and 13 indicators of Audit Quality Indicators (AQIs). (2) The signing accountant has not provided audit services to the Company for 7 consecutive years. (3) Compliance with the provisions of Article 10 of the Code of Ethics for Certified Public Accountants regarding independence.	
4. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the Board of Directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	✓		The Company's governance responsibilities are overseen by the head of the finance department, who is also in charge of handling the necessary information for the Board of Directors to carry out their duties. This includes processing matters pertaining to Board of Directors and shareholders' meetings in accordance with the law, supervising colleagues in charge of company registration and changes to registration, and preparing meeting minutes for Board of Directors and shareholders' meetings.	No deviations
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company has established a stock affairs unit and appointed a spokesperson to manage shareholder proposals, created a dedicated section on its website for stakeholders to provide feedback, and delegated legal disputes to the legal department.	No deviations
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company's stock agency is the stock agency department of SinoPac Securities.	No deviations
7. Information Disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the Company have other information	✓ ✓		(1) The Company's website is frequently updated with pertinent information for public reference. The Company's website: <a href="http://www.fong-chien.com.tw/">http://www.fong-chien.com.tw/</a> (2) In accordance with legal requirements on the Market Observation Post System, the Company has designated a specialist to gather company data and disclose significant	No deviations

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p> <p>(3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?</p>	✓		<p>information. Moreover, the finance manager serves as the spokesperson representing the Company in external communications.</p> <p>(3) The Company did publish or report the annual financial report within two months after the end of the accounting year. However, the Company disclosed and reported the first, second, and third quarterly financial reports and monthly business operations before the specified deadlines.</p>	
<p>8. Is there any other important information to facilitate a deeper understanding of the Company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors’ continuing education, the implementation of risk management policies and standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</p>	✓		<p>(1) Employee Rights and Wellness: The Company intends to share its business successes with all of its employees in pursuit of shareholder value and employee welfare.</p> <p>(2) Investor Relations: The Company fully discloses relevant information through the Taiwan Stock Exchange Market Observation Post System and the Company's website to allow investors to fully understand the Company's business operations. The Company's spokesperson and the stock affairs unit communicate and interact with investors.</p> <p>(3) Supplier Relations and Stakeholder Rights: The Company upholds the principle of integrity and handles related matters properly. It maintains smooth communication channels with financial institutions, landlords, contractors, or those related to the interests of the Company and provides sufficient information to respect and safeguard their legal rights.</p> <p>(4) Directors’ Continuing Education: The corporate governance officer has provided relevant course information for directors to participate in further training. This year, Director Lin, Li-Hsuan completed 6 hours</p>	No deviations

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>of training, while Director Li, Yan-Wen completed 3 hours. The Company encourages all directors to actively pursue further education to enhance their competencies.</p> <p>(5) Implementation of Risk Management Policies and Standards: The Board of Directors approves all significant proposals, and internal regulations are established in accordance with the law to conduct multiple risk assessments.</p> <p>(6) Implementation of Customer Relations Policies: The Company has customer service representatives and a sales service hotline to handle customer issues and provides performance guarantee measures in accordance with consumer protection regulations.</p> <p>(7) The Company has purchased director's liability insurance for 2025 and reported it to the Board of Directors on February 25, 2025.</p>	

9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.

Improved Corporate Governance Evaluation Items	Explanation
(1) 1.18 Is the Company recording important content of shareholder inquiries and company responses in the minutes of shareholder meetings?	Improved
(2) 4.14 Has the Company's website or annual report disclosed the identities of identified stakeholders, their concerns, communication channels, and response methods?	Improved
(3) 4.16 Has the company established and disclosed on its website a whistle-blowing system for reporting illegal (including corrupt) and unethical behavior by internal and external personnel?	Improved
Expected Improvement Items for Corporate Governance Evaluation	Explanation

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(1) 2.6 Does the Company's Board of Directors include at least one female director?				Expected improvement in 2026's Board of Directors election.
(2) 3.4 Does the company publish its annual financial report that has been verified and certified by an accountant within two months after the end of the fiscal year?				Expected improvement in 2025.
(3)4.3 Is the Company regularly disclosing specific implementation plans and effectiveness of corporate sustainable development (ESG) on its website, annual report, or sustainability report?				Expected improvement in 2025.
(4) 4.4 Does the company prepare and upload sustainability reports to public information observatories and company websites in accordance with the GRI guidelines issued by the Global Sustainability Reporting Institute (GRI)?				Expected improvement in 2025.
(5) 4.18 Does the company disclose relevant information on its governance of climate-related risks and opportunities, strategies, risk management, indicators and goals in accordance with the proposed Climate-related Financial Disclosure (TCFD) framework?				Expected improvement in 2025.

### Note 1: Auditor's Independence Evaluation

Item	Evaluation Items	Results	
		Yes	No
1	The accountant has no significant direct or indirect financial ties to the Company.	✓	
2	The accountant has no significant business ties to the Company.	✓	
3	The accountant had no potential employment relationship with the Company.	✓	
4	The accountant had no financial borrowing or lending transactions with the Company.	✓	
5	The accountant did not receive any gifts or favors from the Company, its directors, or its executives.	✓	
6	The accountant has not provided auditing services to the business for seven years continuously.	✓	
7	The accountant owns no stock in the Company.	✓	
8	During the audit period or within the previous two years, the accountant, their spouse or dependents, and the auditing team did not hold any significant positions such as director, supervisor, or manager, nor did they have any significant influence over the audit case. It has also been confirmed that the accountant will no longer hold such positions during the next audit period.	✓	
9	Whether the accountant met the ethical independence standards outlined in Article 10 of the "Code of Ethics for Certified Public Accountants" and obtained a "Statement of Independence" from the accountant	✓	

### Evaluation Results:

After evaluation, the Company's appointed accountant's independence and qualifications are deemed satisfactory.

(4) Composition, Responsibilities and Operations of the Remuneration Committee :

A. Members profile of the Remuneration Committee

December 31, 2024

Title (Note 1)	Qualification Name	Professional Qualifications and Experience (Note 2)	Independence Status (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Independent Director	Liao, Fu-Pen (Convener)	Please refer to Table 1 Information on Directors' (1) on page 7.		0
Independent Director	Li, Yan-Wen	Please refer to Table 1 Information on Directors' (1) on page 7.		1
Others	Chen, Hsiu-Ling	<ul style="list-style-type: none"> <li>•Has work experience in accounting and finance.</li> <li>•Previously served as Manager of Administration Department at Fong Yi Construction Co., Ltd.</li> <li>•None of the circumstances specified in Article 30 of the Company Act.</li> </ul>	<ul style="list-style-type: none"> <li>•The independence criteria are met.</li> <li>•Including but not limited to the individual, their spouse, or relatives up to the second degree of kinship have not served as directors, supervisors, or employees of the Company or its affiliated enterprises.</li> <li>•The individual, their spouse, or relatives up to the second degree of kinship do not hold any shares (or shares held through nominees) in the Company.</li> <li>•Has not served as a director, supervisor, or employee of the Company or its affiliates.</li> <li>•Has not received any compensation for providing business, legal, financial, accounting, or any other services to the Company or its affiliates in the past 2 years.</li> </ul>	0

\* Independent director Li, Yan-Wen was newly appointed on May 31st, 2023.

Note 1: Please specify in the table the relevant work experience, professional qualifications, and independence status of each member of the remuneration committee. If it is an independent director, please note that the information can be referred to Table 1 on page 7 for Director's information (1). Please indicate whether the identity is an independent director or others (if the convener, please annotate).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of individual members of the remuneration committee.

Note 3: Independence Status: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? ; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

B. Implementation Status of the Remuneration Committee

1. The Company's remuneration committee consists of three members.
2. The responsibilities of the committee shall comply with the regulations and organizational rules and regulations, and propose amendments to the compensation and remuneration of directors and managers according to their authority. The committee is responsible for:
  - (a) Regularly reviewing and proposing amendments to this regulation. The Board of Directors approved the revised rules on August 11, 2020. The Board of Directors approved the revised rules on August 11, 2020.
  - (b) Establishing and regularly reviewing the performance evaluation standards, annual and long-term performance goals of the Company's directors and managers, and policies, systems, standards, and structures for compensation and remuneration, The content of the performance evaluation standards is disclosed in the annual report.
  - (c) Regularly evaluating the achievement of performance goals of the Company's directors and

managers, and determining the content and amount of their individual compensation and remuneration based on the evaluation results obtained from the performance evaluation standards.

C. The term of office of the current committee members is from May 31, 2023 to May 30, 2026. In the current year, the Remuneration Committee held two meetings (A) until December 31, 2024. The qualifications and attendance of committee members are as follows:

Title	Name	Attendance in Person (B)	No. of meetings attended by proxy	Attendance Rate (%) 【 B / A 】 (Note)	Remarks
Convener	Liao, Fu-Pen	2	0	100%	Re-elected on 2023.05.31
Committee Member	Li, Yan-Wen	2	0	100%	Newly appointed on 2023.05.31
Committee Member	Chen, Hsiu-Ling	2	0	100%	Re-elected on 2023.05.31
Other mentionable items:					
<p>1. If the Board of Directors declines to adopt or modify a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, the resolution by the Board of Directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances, and cause for the difference shall be specified): As of the publication date of the Company's annual report, there has been no incident in which the Board of Directors did not adopt or revised the Compensation Committee's recommendations.</p> <p>2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: As of the date of publication of the Company's annual report, there has been no instance in which the Board of Directors did not adopt or modify the compensation committee's recommendations.</p> <p>3. Discussion topics and resolutions of the Remuneration Committee:</p>					
Date of Remuneration Committee Meeting		Agenda		Members' Opinions	
2024/01/23 (3rd meeting of the year) 5th Term		<ul style="list-style-type: none"> <li>▪ Distribution of bonuses for the Company's managers.</li> <li>▪ Allocation of director and employee remuneration for the year 2023.</li> </ul>		Passed without objection.	
2024/12/24 (4th meeting of the year) 5th Term		<ul style="list-style-type: none"> <li>▪ Promoting the linkage between executive compensation and ESG performance, incorporating it into corporate governance evaluation indicators.</li> </ul>		Feasible (This case is for reporting purposes))	

Note:

- (1) If any member of the remuneration committee leaves before the end of the fiscal year, the date of departure should be noted in the remarks column, and the actual attendance rate (%) should be calculated based on the number of remuneration committee meetings attended during their employment.
- (2) If there is a change in the remuneration committee before the end of the fiscal year, both the old and new committee members should be listed, and the remarks column should indicate whether the member is an old, new, or re-elected member, and the date of the change. The actual attendance rate (%) should be calculated based on the number of remuneration committee meetings attended during their employment.

(5) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons						
	Yes	No	Abstract Illustration							
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board of Directors authorized senior management to handle related matters under the supervision of the board?	✓		<p>The Sustainability Task Force has been established as the Company’s highest-level internal unit dedicated to sustainable development. It reports the implementation outcomes to the Board of Directors annually. The Board is responsible for evaluating the likelihood of success of these strategies, regularly reviewing their progress, and urging the management team to make adjustments when necessary.</p> <p>Three functional sub-groups have been established under the Task Force—Environmental Responsibility, Social Responsibility, and Corporate Governance—each led by a convener and co-convener. These sub-groups develop relevant policies and measures in response to stakeholder concerns, including environmental protection, customer service, employee care, social engagement, and corporate governance, and report their implementation progress and effectiveness to the Board on a regular basis. The Sustainability Task Force convened its inaugural meeting on August 30, 2024, during which it presented the planning and progress for the preparation of the Company’s 2024 Sustainability Report shall be reviewed and approved by the Sustainability Task Force, and then submitted to the Board of Directors for review and inspection every year, and issued after approval by the Board of Directors.</p>	No deviations						
					ESG	Environmental Responsibility (E)	Society Responsibility (S)		Corporate Governance (G)	
					Aspects	Environmental Protection	Customer Service	Employee Care	Community Care	Corporate Governance
					Responsible Unit	Works Department General Affairs, Administration	Customer Service, Sales Department	Human Resources, Administration Division	General Affairs, Administration Division Customer	Finance department Audit Office

Item	Implementation Status							Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons	
	Yes	No	Abstract Illustration						
				Division Land Development Planning and Design			Service, Sales Department Works Department		
			Content	Land Development Evaluation Sustainable Development Product Quality Management Energy Management Supplier Management	Customer Satisfaction Survey Customer Relationship Maintenance Customer Privacy and Information Security Product Service and marketing	Employee Remuneration Employee Welfare Labor Relations Education and Training	Social Care Public Welfare and Charity Community Service Corporate Image	Corporate Governance Economic Performance Ethical Business Practices Risk management Regulatory Compliance	
			<p>In addition to routine ESG strategy implementation reports, when a major ESG incident occurs—such as a significant grievance case or a serious negative impact—the Sustainability Task Force is required to report the investigation results and corresponding response measures from relevant departments to the Board of Directors for discussion. the board of directors will appoint someone to handle the incident. No major ESG key events occurred in 2024. In 2024, the Sustainability Task Force held a total of five meetings, with an average member attendance rate of 88%. There were major matters communicated to the Board of Directors, as the meetings primarily focused on the kick-off meeting for the year, stakeholder engagement, and the identification of material topics, all of which were discussed and approved by all members.</p>						

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons												
	Yes	No	Abstract Illustration													
			<p>▼ Communication Items Between the Sustainability Task Force and the Board of Directors</p> <table border="1"> <thead> <tr> <th>Meeting date</th> <th>Communication matters</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>October 29, 2024</td> <td> <ul style="list-style-type: none"> <li>▪ Sustainability Kick-off Meeting: August 2024</li> <li>▪ Sustainability Report Planning Progress</li> </ul> </td> <td>Implementation Status Report</td> </tr> <tr> <td>February 25, 2025</td> <td> <ul style="list-style-type: none"> <li>▪ Material Topic Identification and Stakeholder</li> <li>▪ Engagement mate Change Risk Issues and Control Measures</li> <li>▪ Climate Risk Identification</li> </ul> </td> <td>Implementation Status Report</td> </tr> <tr> <td>May 6, 2025</td> <td> <ul style="list-style-type: none"> <li>▪ Short-, Medium-, and Long-Term GHG Reduction Targets</li> <li>▪ Draft of Sustainability Report</li> </ul> </td> <td>Resolution to approve the draft sustainability report</td> </tr> </tbody> </table> <p>The Board of Directors is responsible for guiding long-term business strategies and plays a supervisory role. The Sustainability Task Force formulates the sustainability strategy and policies based on material topics and the company's business vision, and reports to the Board of Directors. Policies are issued upon Board approval.</p> <p>The Sustainability Task Force is responsible for assessing material topics by distributing ESG questionnaires to internal executives and stakeholders, analyzing the impact of various ESG topics on the economy, environment, and people, and identifying key material issues of the year to report to the Board. Each sub-group within the Sustainability Task Force is responsible for formulating specific sustainability project guidelines, conducting risk assessments, and developing countermeasures. These sub-groups hold regular meetings</p>	Meeting date	Communication matters	Description	October 29, 2024	<ul style="list-style-type: none"> <li>▪ Sustainability Kick-off Meeting: August 2024</li> <li>▪ Sustainability Report Planning Progress</li> </ul>	Implementation Status Report	February 25, 2025	<ul style="list-style-type: none"> <li>▪ Material Topic Identification and Stakeholder</li> <li>▪ Engagement mate Change Risk Issues and Control Measures</li> <li>▪ Climate Risk Identification</li> </ul>	Implementation Status Report	May 6, 2025	<ul style="list-style-type: none"> <li>▪ Short-, Medium-, and Long-Term GHG Reduction Targets</li> <li>▪ Draft of Sustainability Report</li> </ul>	Resolution to approve the draft sustainability report	
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Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Illustration	
			to review risk changes and management status, and report project execution status to the Sustainability Task Force Leader, who consolidates the information and reports to the Board of Directors. Every year, the Sustainability Task Force gathers relevant content and data, verifies and compiles the information, and submits it to the Board of Directors for review and approval before publication.	
2. Does the Company conduct risk evaluation of environmental, social and corporate governance (ESG) issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		<p>The Company's risk assessment boundary is based on the consolidated entities.</p> <p>The Company references the four Accountability Principles of AA1000—Materiality, Inclusivity, Responsiveness, and Impact—and follows GRI 3: Material Topics 2021 to further evaluate the significance of impacts in the areas of economy, environment, and human rights. The implementation steps are as follows:</p> <p>1. Understanding the Organizational Context Fong Chien considers key business operations, critical operational resources, and essential business continuity elements, including all aspects of the supply chain and value chain. The Company also monitors international sustainability trends and the issues highlighted by foreign investment evaluation agencies for the industry. Based on this, a total of 24 sustainability issues were compiled, covering 12 governance aspects, 6 social aspects and 6 environmental aspects.</p> <p>2. Identifying Impacts and Assessing Significance From the sustainability issue list identified in the previous step, Fong Chien further assesses actual and potential positive and negative impacts of each topic.</p> <ul style="list-style-type: none"> <li>▪Actual or potential positive impacts may occur when the company has relevant management policies in place and achieves good or significant performance. These represent the positive effects of sustainable development on the economy, environment, and society.</li> <li>▪Actual or potential negative impacts may occur when relevant topics are not managed or poorly managed, resulting in adverse effects of company operations on external economic, environmental, or social factors.</li> </ul> <p>3. Prioritizing the Impacts Questionnaires are distributed to stakeholders, and both internal and external results are statistically analyzed. We also asked senior executives and the Sustainability Task Force to conduct an internal</p>	No deviations

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																				
	Yes	No	Abstract Illustration																					
			<p>operational impact assessment. The likelihood of occurrence and severity of impact for both positive and negative impacts are evaluated and ranked by average score to effectively assess the importance of each issue to the Company's operations.</p> <table border="1"> <thead> <tr> <th>Risk Category</th> <th>Potential Risk Issues</th> <th>Control Measures</th> </tr> </thead> <tbody> <tr> <td>Environmental</td> <td>Fluctuating construction costs, shortage of construction labor and inadequate worker quality.</td> <td> <ol style="list-style-type: none"> <li>1. Monitor and control outsourced construction costs.</li> <li>2. Coordinate with suppliers to reduce or streamline specific work items and processes.</li> </ol> </td> </tr> <tr> <td rowspan="2">Social</td> <td>Occupational Safety</td> <td>Risk of accidents at construction sites or in office environments.</td> <td> <ol style="list-style-type: none"> <li>1. Enforce compliance with safety protocols when entering construction sites.</li> <li>2. Conduct regular fire drills in office buildings.</li> </ol> </td> </tr> <tr> <td>Human resources</td> <td>High employee turnover leading to talent loss and disruption to daily operations.</td> <td> <ol style="list-style-type: none"> <li>1. Conduct regular performance evaluations and promotions; assess remuneration competitiveness.</li> <li>2. Offer diverse employee benefits (team meals, afternoon refreshments, company trips) to strengthen team cohesion.</li> </ol> </td> </tr> <tr> <td rowspan="2">Governance</td> <td>Corporate Governance</td> <td>Risk of policy and regulatory changes</td> <td>Closely monitor construction projects and market conditions to minimize exposure to regulatory shifts.</td> </tr> <tr> <td>Finance</td> <td>Risk from discrepancies in the interpretation or execution of tax or securities regulations.</td> <td>Provide targeted training based on relevant legal requirements; ensure strict compliance through internal and external educational programs.</td> </tr> </tbody> </table>	Risk Category	Potential Risk Issues	Control Measures	Environmental	Fluctuating construction costs, shortage of construction labor and inadequate worker quality.	<ol style="list-style-type: none"> <li>1. Monitor and control outsourced construction costs.</li> <li>2. Coordinate with suppliers to reduce or streamline specific work items and processes.</li> </ol>	Social	Occupational Safety	Risk of accidents at construction sites or in office environments.	<ol style="list-style-type: none"> <li>1. Enforce compliance with safety protocols when entering construction sites.</li> <li>2. Conduct regular fire drills in office buildings.</li> </ol>	Human resources	High employee turnover leading to talent loss and disruption to daily operations.	<ol style="list-style-type: none"> <li>1. Conduct regular performance evaluations and promotions; assess remuneration competitiveness.</li> <li>2. Offer diverse employee benefits (team meals, afternoon refreshments, company trips) to strengthen team cohesion.</li> </ol>	Governance	Corporate Governance	Risk of policy and regulatory changes	Closely monitor construction projects and market conditions to minimize exposure to regulatory shifts.	Finance	Risk from discrepancies in the interpretation or execution of tax or securities regulations.	Provide targeted training based on relevant legal requirements; ensure strict compliance through internal and external educational programs.	
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Environmental	Fluctuating construction costs, shortage of construction labor and inadequate worker quality.	<ol style="list-style-type: none"> <li>1. Monitor and control outsourced construction costs.</li> <li>2. Coordinate with suppliers to reduce or streamline specific work items and processes.</li> </ol>																						
Social	Occupational Safety	Risk of accidents at construction sites or in office environments.	<ol style="list-style-type: none"> <li>1. Enforce compliance with safety protocols when entering construction sites.</li> <li>2. Conduct regular fire drills in office buildings.</li> </ol>																					
	Human resources	High employee turnover leading to talent loss and disruption to daily operations.	<ol style="list-style-type: none"> <li>1. Conduct regular performance evaluations and promotions; assess remuneration competitiveness.</li> <li>2. Offer diverse employee benefits (team meals, afternoon refreshments, company trips) to strengthen team cohesion.</li> </ol>																					
Governance	Corporate Governance	Risk of policy and regulatory changes	Closely monitor construction projects and market conditions to minimize exposure to regulatory shifts.																					
	Finance	Risk from discrepancies in the interpretation or execution of tax or securities regulations.	Provide targeted training based on relevant legal requirements; ensure strict compliance through internal and external educational programs.																					

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																		
	Yes	No	Abstract Illustration																			
3. Environmental Issues (1) Has the Company set up an environmental management system designed for industrial characteristics?	✓		<p>The Company's business operations are contracted to construction firms. The maintenance of construction site environments and the disposal of waste are handled by the contractors, while the Company is responsible for supervision. In addition, the Company actively promotes practical environmental initiatives such as energy conservation and carbon reduction, thereby fulfilling its corporate social responsibility.</p> <p>Starting from 2024, the Company has conducted annual greenhouse gas inventories in accordance with ISO 14064-1:2018 standards to track emission reduction performance. The results are disclosed in the Sustainability Report and published on the Company's official website:<a href="http://www.fong-chien.com.tw/">http://www.fong-chien.com.tw/</a></p> <p>The Company's established environmental management system has not been verified by a third party.</p>	No deviations																		
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		<p>The Company is committed to enhancing the efficiency of resource utilization by actively implementing various energy reduction measures. By selecting equipment with high energy efficiency and energy-saving designs, the Company aims to reduce corporate energy consumption and utilizing recycled materials with low environmental impact to ensure the sustainable use of the planet's resources.</p> <p>In 2024, the Company's total energy consumption amounted to 34,335 CO<sub>2</sub>e(836.50GJ). Among this, purchased electricity accounted for 87% and fuel for 13%.</p> <p style="text-align: center;"><b>Energy Usage Overview</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Energy Item</th> <th>2024</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Purchased non-renewable energy – fossil fuels</td> <td>1.8952 kiloliters 4.467 CO<sub>2</sub>e</td> <td>13%</td> </tr> <tr> <td>Purchased non-renewable energy – electricity</td> <td>60.4600 kWh 29.867 CO<sub>2</sub>e</td> <td>87%</td> </tr> <tr> <td>Total non-renewable energy consumption</td> <td>34.335 CO<sub>2</sub>e 836.50(GJ)</td> <td>100%</td> </tr> <tr> <td>Total energy consumption</td> <td>34.335 CO<sub>2</sub>e 836.50(GJ)</td> <td>100%</td> </tr> <tr> <td>Energy consumption intensity (kWh/person)</td> <td>2.146 CO<sub>2</sub>e 52.28(GJ)</td> <td></td> </tr> </tbody> </table>	Energy Item	2024	Percentage	Purchased non-renewable energy – fossil fuels	1.8952 kiloliters 4.467 CO <sub>2</sub> e	13%	Purchased non-renewable energy – electricity	60.4600 kWh 29.867 CO <sub>2</sub> e	87%	Total non-renewable energy consumption	34.335 CO <sub>2</sub> e 836.50(GJ)	100%	Total energy consumption	34.335 CO <sub>2</sub> e 836.50(GJ)	100%	Energy consumption intensity (kWh/person)	2.146 CO <sub>2</sub> e 52.28(GJ)		No deviations
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	Yes	No	Abstract Illustration	
			<p>In recent years, the Company has gradually adopted green building and smart construction designs to create environmentally friendly living spaces.</p> <p>Sustainable Housing Design Concepts</p> <ul style="list-style-type: none"> <li>▪ Building envelope: Utilizes glass with appropriate shading coefficient and reflectivity, sunshades and wing panels for shading, roof insulation materials, natural ventilation, and thermal insulation to reduce energy consumption.</li> <li>▪ The design of the living spaces is human-centered, considering aspects such as ventilation, lighting, and overall comfort to meet the basic needs of residents.</li> <li>▪ Water-saving certified equipment is selected, and lightweight interior partitions are used to reduce waste. The basement is equipped with double walls to facilitate moisture prevention.</li> <li>▪ Refrigerated waste and kitchen waste storage systems are installed, effectively reducing odors and preventing the breeding of mosquitoes and disease vectors, making it both hygienic and environmentally friendly.</li> <li>▪ IH induction cooktops are adopted in place of traditional gas stoves. IH cooktops use magnetic field heating principles, which, compared to gas stoves, not only reduce the risk of open flames but also enhance thermal efficiency and heating speed. This improves safety for consumers while generating energy-saving benefits.</li> </ul> <p>The Company is committed to improving energy efficiency and gradually reducing greenhouse gas emissions, aiming for a 10% reduction in Scope 1 and Scope 2 emissions by 2029.</p>	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future, and adopted relevant measures to address them?	✓		<p>The Company conducts risk identification for climate change, including physical impacts caused by extreme weather, impacts resulting from regulatory, technological, or market demands, as well as other risks and opportunities related to human and social aspects of the Company's operations, and matrix analysis. Based on the analysis results, the Company establishes a risk management strategy plan as the core for climate change action, estimates management costs and financial impacts. Using the collected data, the Company improves its climate change governance and evaluates its financial relationships.</p> <p>The analysis of climate change risks and opportunities is detailed in the climate-related information and the implementation status</p>	No deviations

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																					
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			disclosed in the sustainability report.																						
(4) Has the Company collected data for the past two years on greenhouse gas emissions, water consumption, and total waste weight, as well as formulated policies for greenhouse gas reduction, water consumption reduction, and waste management?	✓		<p>In 2024, the Company follows the ISO 14064-1:2018 greenhouse gas inventory standard to calculate its greenhouse gas emissions as follows:</p> <table border="1"> <thead> <tr> <th>Greenhouse Gas Emissions</th> <th>Category</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Scope 1 (tCO2e)</td> <td>Direct emissions</td> <td>4.9966</td> </tr> <tr> <td>Scope 2 (tCO2e)</td> <td>Indirect emissions</td> <td>29.8672</td> </tr> <tr> <td>Scope 3 (tCO2e)</td> <td>Others (including employee commuting and business trips)</td> <td>7.4296</td> </tr> <tr> <td>Total emissions</td> <td></td> <td>42.293</td> </tr> <tr> <td>Revenue</td> <td>NT\$ 1 million</td> <td>513</td> </tr> <tr> <td>Greenhouse Gas Intensity</td> <td>Tonnes (tCO2e)</td> <td>0.0824</td> </tr> </tbody> </table> <p>Note: The above total greenhouse gas emissions for 2024 are part of the Company's consolidated entity and have not been verified by an external third-party organization.</p> <p>Under the global impact of extreme weather, water resources are increasingly scarce, and many regions face drought risks. The Company's water consumption primarily comes from tap water, mainly used for employee office use. The company ensures that the drainage system's wastewater meets environmental protection standards, and domestic water is treated through sewage systems to ensure there is no significant environmental impact. In 2024, the Company's total water consumption was 0.295 metric tons(million litres),, with a water resource consumption intensity of 18.4375 (Wh/person).</p> <p>The Company requires contractors to classify on-site waste, In order to fully comply with the relevant laws and regulations on waste management,including construction and domestic waste, with construction waste having a more significant environmental impact. Construction waste is ensured to be handled by legal waste disposal</p>	Greenhouse Gas Emissions	Category	2024	Scope 1 (tCO2e)	Direct emissions	4.9966	Scope 2 (tCO2e)	Indirect emissions	29.8672	Scope 3 (tCO2e)	Others (including employee commuting and business trips)	7.4296	Total emissions		42.293	Revenue	NT\$ 1 million	513	Greenhouse Gas Intensity	Tonnes (tCO2e)	0.0824	No deviations
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Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Illustration	
			<ul style="list-style-type: none"> <li>▪ Installed throughout the office, these blinds provide fire protection and thermal insulation, block sunlight, protect furniture from UV damage, reduce temperature differences between indoors and outdoors, and lower the need for air conditioning.</li> <li>▪ Idle company assets are donated to the community or made available for employee bidding or purchase through a company platform.</li> </ul> <p>In accordance with the Financial Supervisory Commission's "Sustainable Development Roadmap," the Company will complete third-party verification of its standalone (individual) entity disclosures in 2028. Verified information will be fully disclosed in the Sustainability Report.</p>	
4. Social Issues (1) Has the organization formulated relevant management policies and procedures in accordance with applicable laws and international human rights conventions?	✓		The Company complies with labor laws to protect employees' legal rights and respects internationally recognized basic labor rights principles, including no forced labor, maintaining freedom of association and collective bargaining rights, equal pay for equal work, prohibition of employment discrimination, and the elimination of child labor. The Company adopts open two-way communication for policy promotion and employee opinion understanding.	No deviations
(2) Has the Company established and implemented reasonable employee welfare measures (including salary and compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary and compensation?	✓		<p>In caring for the physical and mental health of our employees, the Company is committed to fostering a work-life balance and promoting a vibrant and fulfilling workplace. Employees are encouraged to utilize various welfare programs designed to meet their everyday needs. In addition, the Employee Welfare Committee allocates an annual budget to organize events such as company gatherings and employee trips, further strengthening the sense of unity and partnership between employees and the Company, and promoting a harmonious labor-management relationship.</p> <p>The Company provides group insurance for employees in addition to legal requirements. A dedicated Employee Welfare Committee has been established to handle various employee welfare matters. Annual employee bonuses are allocated based on company profits and distributed according to a performance evaluation mechanism.</p>	No deviations
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		To enhance awareness of occupational safety and health, reduce workplace accidents, and safeguard employee well-being, the Company incorporates occupational safety into its general employee training. Employees receive safety education to foster strong safety	No deviations

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																			
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			<p>practices.</p> <p>Occupational Safety and Health Training Achievements in 2024</p> <ul style="list-style-type: none"> <li>▪Training Title: General Occupational Safety and Health Education</li> <li>▪Content: 2 hours of online course certification and 1 hour of safety training seminar</li> <li>▪Sessions Held: 1</li> <li>▪Participants: 16 person-times</li> </ul> <p>In accordance with legal and certification requirements, employees are also scheduled to attend training for first aid and occupational safety personnel, with periodic retraining provided as required.</p> <p>The Company conducts annual health checkups for all employees to proactively monitor their well-being. Following the checkups, employees with high-risk indicators are notified and encouraged to seek follow-up care or further examination, promoting early detection and prevention of chronic diseases.</p> <p>To support employees' mental health, a workshop on emotional management was held in 2024. The session aimed to help employees develop emotional intelligence, identify the sources of stress and inappropriate emotions, and foster a growth mindset for personal development.</p> <p>There are no employee encountered any occupational hazards or fire incidents.</p>																				
(4) Has the Company established effective employee career development training programs?	√		<p>The Company firmly believes that talent is the cornerstone of sustainable corporate development. By leveraging institutional resources, we provide employees with diverse and enriching learning opportunities. Each year, based on the Company's vision, strategic direction, evolving external environment, and regulatory changes, we continuously adjust and enhance our learning content and mechanisms. This ensures that employees' competitiveness is consistently improved to support the Company's long-term sustainability and growth.</p> <p>Training Statistics:</p> <table border="1"> <thead> <tr> <th rowspan="2">Course Category</th> <th colspan="2">2024</th> <th colspan="2">2023</th> </tr> <tr> <th>No. of Participants</th> <th>Total Hours</th> <th>No. of Participants</th> <th>Total Hours</th> </tr> </thead> <tbody> <tr> <td>Professional Courses</td> <td>11</td> <td>174</td> <td>11</td> <td>165</td> </tr> <tr> <td>General Education Courses</td> <td>16</td> <td>123</td> <td>13</td> <td>39</td> </tr> </tbody> </table>	Course Category	2024		2023		No. of Participants	Total Hours	No. of Participants	Total Hours	Professional Courses	11	174	11	165	General Education Courses	16	123	13	39	No deviations
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			<table border="1"> <tr> <td>Professional Lectures</td> <td>3</td> <td>38</td> <td>3</td> <td>22.5</td> </tr> <tr> <td>Job Category</td> <td>Average Training Hours (Male)</td> <td>Average Training Hours (Female)</td> <td>Average Training Hours (Male)</td> <td>Average Training Hours (Female)</td> </tr> <tr> <td>Employee</td> <td>9</td> <td>30.2</td> <td>6</td> <td>20.5</td> </tr> </table> <p>In 2024, the average training time per employee was approximately 24 hours. Going forward, the Company will continue to develop a more diverse range of training programs in response to employee feedback and regulatory needs, offering more learning opportunities and practical value. Training content is further reinforced through post-course quizzes and hands-on operational practice to help employees effectively apply knowledge in their daily work.</p> <p>In response to the global sustainability trend, ESG-related courses were also introduced in 2024. A total of five sessions were held, including topics such as an Introduction to Smart Building Advantages and Greenhouse Gas Inventory, helping employees better understand carbon-related issues and smart building concepts.</p>	Professional Lectures	3	38	3	22.5	Job Category	Average Training Hours (Male)	Average Training Hours (Female)	Average Training Hours (Male)	Average Training Hours (Female)	Employee	9	30.2	6	20.5	
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(5) Does the Company comply with the relevant laws and international standards regarding customer health and safety, customer privacy, the marketing and labeling of products and services, and the implementation of consumer protection and grievance policies?	✓		<p>The Company follows relevant regulations. The Company takes responsibility for products and services and values marketing ethics. The transparency and security of service information prevent product or service harm to consumer rights, health, and safety. The Company also follows the performance guarantee of the Consumer Protection Act and provides an 0800 sales and service hotline as a channel for consumer complaints or communication.</p>		No deviations														
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		<p>The Company's contracts with its major suppliers include termination or termination clauses of contracts when the supplier violates its corporate social responsibility policy and has a significant impact on the environment and society.</p> <p>In terms of supplier management, the Company ensures the quality and stability of its suppliers through clear strategic objectives, management guidelines, audits, and continuous improvement measures, as detailed below:</p> <table border="1"> <thead> <tr> <th colspan="2">Supplier Management Strategy</th> </tr> <tr> <th>Strategy</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>		Supplier Management Strategy		Strategy	Description			No deviations								
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Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Illustration	
			<p>Establishing long-term partnership</p> <ul style="list-style-type: none"> <li>- Maintain stable and trusting cooperation with suppliers to grow and progress together.</li> <li>- Implement internal control management procedures to facilitate long-term cooperation and ensure supply chain stability.</li> </ul>	
			<p>Comprehensive supplier management and evaluation</p> <ul style="list-style-type: none"> <li>- Supplier classification: <ul style="list-style-type: none"> <li>① Upstream: Landowners, land brokers, government agencies, financial institutions.</li> <li>② Midstream: Architects, notary firms, sales agencies, contractors.</li> <li>③ Downstream: Clients, property management companies, etc.</li> </ul> </li> <li>- Evaluate based on supplier data to improve supply chain management quality.</li> <li>- When cooperating with excellent companies, adopt a bargaining method to handle contracting work.</li> </ul>	
			Supplier Management Guidelines	
			Guideline	Description
			Supplier selection	<ul style="list-style-type: none"> <li>- Existing suppliers have been evaluated to without major flaws are given priority in quotations and price negotiations to establish long-term partnerships.</li> <li>- New suppliers have been evaluated must provide industry track records or case studies as evaluation references.</li> </ul>
			Contract terms	<ul style="list-style-type: none"> <li>- Clearly stipulate supplier integrity and construction quality, including: <ul style="list-style-type: none"> <li>① Construction management</li> <li>② Ethical standards and business integrity</li> <li>③ Labor relations and environmental management</li> <li>④ Construction quality and professional competence</li> </ul> </li> </ul>
			Whistleblowing and complaints	<ul style="list-style-type: none"> <li>- Suppliers must sign an Integrity Commitment Letter when quoting or signing contracts.</li> <li>- If violations are discovered, they may report or file complaints to the Company.</li> </ul>
			Audit and track improvement	
			Audit	Description

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons						
	Yes	No	Abstract Illustration							
			<table border="1"> <tr> <td>item</td> <td></td> </tr> <tr> <td>Performance evaluation</td> <td> <ul style="list-style-type: none"> <li>- If major defects occur during phase or completion inspection and the supplier repeatedly fails to improve despite advice, the company will permanently terminate cooperation.</li> <li>- From 2025, a supplier evaluation mechanism will be established, with ratings based on quality, service, schedule, cost, etc.</li> <li>- Adjust cooperation strategies based on evaluation results to improve overall project quality.</li> </ul> </td> </tr> <tr> <td>Violation handling</td> <td> <ul style="list-style-type: none"> <li>- When suppliers breach contracts or deviate significantly from standards, penalties will be imposed according to contract terms.</li> </ul> </td> </tr> </table> <p>Through supplier evaluation forms and clearly defined contract clauses, suppliers are required to comply with labor rights protections and environmental standards.</p>	item		Performance evaluation	<ul style="list-style-type: none"> <li>- If major defects occur during phase or completion inspection and the supplier repeatedly fails to improve despite advice, the company will permanently terminate cooperation.</li> <li>- From 2025, a supplier evaluation mechanism will be established, with ratings based on quality, service, schedule, cost, etc.</li> <li>- Adjust cooperation strategies based on evaluation results to improve overall project quality.</li> </ul>	Violation handling	<ul style="list-style-type: none"> <li>- When suppliers breach contracts or deviate significantly from standards, penalties will be imposed according to contract terms.</li> </ul>	
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5. Does the Company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the Company obtain third party assurance or certification for the reports above?	✓		The Company's 2024 Sustainability Report was prepared with reference to the Global Reporting Initiative (GRI) Standards issued by the Global Sustainability Standards Board (GSSB), as well as the "Guidelines for OTC-listed Companies to Prepare and Submit Sustainability Reports" issued by the Taipei Exchange. The aforementioned report has not obtained assurance or verification from a third-party organization.	No deviations						
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: No deviations.										
7. Other important information to facilitate a better understanding of the Company's promotion of sustainable development: The Company's website.										

Climate-Related Information of TWSE/TPEX Listed Company

1. Implementation of Climate-Related Information

Item	Implementation Status															
<p>1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.</p> <p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term)</p> <p>3. Describe the financial impact of extreme weather events and transformative actions.</p> <p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p> <p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p>	<p>1 The Board of Directors is the highest supervisory unit on climate change issues, responsible for overseeing the overall climate strategy and monitoring the performance of climate risk management. Fong Chien established the ESG Sustainability Task Force in 2024, responsible for promoting sustainability-related matters, including conducting climate risk identification analysis and formulating corresponding management measures.</p> <p>Items 2.3.6:</p>															
<table border="1"> <thead> <tr> <th data-bbox="696 528 864 592">Risk/ Opportunity</th> <th data-bbox="864 528 987 592">Category</th> <th data-bbox="987 528 1115 592">Aspects</th> <th data-bbox="1115 528 1352 592">Situation</th> <th data-bbox="1352 528 1516 592">Financial Impact</th> <th data-bbox="1516 528 1644 592">Timeline</th> <th data-bbox="1644 528 1753 592">Impact Level</th> <th data-bbox="1753 528 2112 592">Actions/Responses</th> </tr> </thead> </table>									Risk/ Opportunity	Category	Aspects	Situation	Financial Impact	Timeline	Impact Level	Actions/Responses
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<p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p> <p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p> <p>9. Greenhouse gas inventory and assurance status (separately fill out in point 1-1 and 1-2 below).</p>							symptoms.	
	Physical Risks	-	Changes in rainfall	Drought leading to water resource scarcity risk Extreme weather effects including typhoons, etc.	Increased operating costs	Short 、 Medium	Medium	<p>New projects will plan rainwater recycling systems or underground water for gardening irrigation.</p> <p>New projects' public facilities and construction materials will use water-saving devices with water conservation labels.</p> <p>Promote water conservation awareness among office employees.</p> <p>Strengthen typhoon prevention measures and ensure inspection work to reduce worksite accidents.</p>
	Opportunity	Products and Services	Changes in customer behavior	When market preferences change, can adapt to be closer to the market. Provide a variety of products such as green buildings, livable buildings, and smart buildings	Increase business revenue	Medium	High	<p>Strengthen market trend research to understand consumer preferences, such as the demand for environmental protection, energy saving, and smart buildings, and develop pricing strategies.</p> <p>Provide advanced smart building systems to meet market demands.</p> <p>Collaborate with suppliers to constantly develop new building materials and new architectural designs.</p>
<p>Note: Short term: 1-3 years, Medium term: 3-10 years, Long term: over 10 years.</p>								
<p>4. Using the TCFD framework, analyze Fong Chien Construction's climate change risks and opportunities, considering global risk trends and climate change. This includes the current status of TCFD development, the climate change risk and opportunity assessment framework recommended by TCFD, the setting of climate change scenarios, and the derived risks and opportunities. To better understand global risk trends and climate change, the Sustainable Promotion Team has assessed the climate change risks and opportunities faced during the operational process. Further discussion on high-risk, high-impact risks and opportunities, along with corresponding strategies and target indicators, will be conducted as concrete measures for climate management.</p>								

Assessment Process:

Step 1: Setting Climate Change Scenarios

- (1) Reference the TCFD official guidelines and scenario sources from IEA, NGFS, IPCC, etc., for applicability, but without performing independent statistical data analysis of scenarios.
- (2) Industry Classification: Refer to the TCFD Appendix industry classification and Taiwan's net-zero policy industry classification (e.g., National Development Council, Ministry of Environment). The company's industry category is the construction and building materials industry, with registered business items including residential building development, real estate development, construction engineering, and commercial real estate leasing.
- (3) Localization Adjustments: Refer to available data sources in Taiwan (TCCIP) and examples of disclosures and vulnerabilities from Taiwanese enterprises.

Step 2: Assessing Operational Environmental Impact

Step 3: Identifying Climate Risks and Opportunities

5. Fong Chien Construction refers to international and local warming scenario data (e.g., IEA Net Zero 2050, NGFS Climate Scenario Tools, TCCIP Taiwan Regional Simulation Data) to assess risks under 1.5°C, 2°C, and 4°C warming scenarios. This helps understand the potential impact of climate change on the company's operations and strategy.

Under the 1.5°C scenario, it is expected that building energy efficiency and carbon emissions will become key regulatory focuses. The company will need to integrate high energy-efficiency, green building certification, and low-carbon materials in new projects.

Under the 2°C scenario, although policy pressure is lower, customer and market demands for ESG compliance will rise. The company will strengthen environmental management in its supply chain and sustainable design responses.

Under the 4°C scenario, extreme climate risks increase, and the company will assess the climate vulnerability of construction sites, introduce flexible construction schedules, and disaster risk control measures.

The company also plans to gradually establish a carbon auditing and carbon cost evaluation mechanism to facilitate long-term risk response and maintain competitiveness.

Explanation as follows:

Warming Scenario	Risk Type	Potential Impact	Fong Chien Construction's Scenario Impact Example	Recommended Response Strategies	Recommended Scenario Source
1.5°C	Transition Risk (Policy, Regulations)	1. Mandatory improvement in building energy efficiency 2. Carbon emissions of building materials must be	1. New construction projects must comply with green building certification or high energy-efficiency	1. Pre-emptively integrate green building planning processes 2. Build partnerships with low-carbon material suppliers	NGFS (Net Zero 2050) IEA Net Zero by 2050

			<ul style="list-style-type: none"> <li>3. Carbon pricing is introduced</li> </ul>	<ul style="list-style-type: none"> <li>design</li> <li>2. Increased procurement costs for cement and steel</li> </ul>	<ul style="list-style-type: none"> <li>3. Introduce a carbon auditing mechanism and supply chain disclosures</li> </ul>	
	2°C	Transition Risk (Market, Technology)	<ul style="list-style-type: none"> <li>1. Market shift toward low-carbon building preferences</li> <li>2. Customer demand for ESG verification</li> </ul>	<ul style="list-style-type: none"> <li>If products lack ESG elements, they may lose competitiveness or bid eligibility</li> </ul>	<ul style="list-style-type: none"> <li>Incorporate ESG components (e.g., energy-saving, greening) into project designs</li> </ul>	IEA SDS Scenario NGFS Delayed Transition
	4°C	Physical Risk (Acute, Chronic)	<ul style="list-style-type: none"> <li>1. Increased frequency of heavy rainfall and typhoons</li> <li>2. Urban heat island effect increases building energy consumption</li> <li>3. Construction project delays</li> </ul>	<ul style="list-style-type: none"> <li>1. Construction delays, increased insurance costs</li> <li>2. Site location choices face geographic risk reassessment</li> </ul>	<ul style="list-style-type: none"> <li>1. Use TCCIP to check climate risk hot zones for construction sites</li> <li>2. Strengthen emergency response and backup drainage systems on site</li> <li>3. Promote building greening and energy-saving designs in urban heat zones</li> </ul>	IPCC AR6 SSP3-7.0 TCCIP Taiwan Local Simulation Data
Item 7.8: Not applicable.						

## 1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

### 1-1-1. Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

The Company follows the ISO 14064-1:2018 greenhouse gas inventory standard to calculate greenhouse gas emissions as follows:

Greenhouse Gas Emissions	Category	2024
Scope 1 (tCO <sub>2</sub> e)	Direct emissions	4.9966
Scope 2 (tCO <sub>2</sub> e)	Indirect emissions	29.8672
Scope 3 (tCO <sub>2</sub> e)	Others (including employee commuting and business trips)	7.4296
Total emissions		42.293
Revenue	NT\$ 1 million	513
Greenhouse Gas Intensity	Tonnes (tCO <sub>2</sub> e)	0.0824

#### Description:

- 1: The Company conducted a greenhouse gas inventory in 2024, which is set as the base year. In the future, emissions will be regularly evaluated and controlled.
- 2: The operational control approach is adopted to compile greenhouse gas emissions.
- 3: The types of greenhouse gases calculated include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>).
- 4: Emission factors are based on the latest version (6.0.4) of the "Greenhouse Gas Emission Factor Management Table" announced by the Environmental Protection Administration of the Executive Yuan. GWP values are based on those published in the IPCC Sixth Assessment Report.
- 5: Revenue refers to Fong Chien Construction's consolidated operating income.
- 6: Greenhouse gas emission intensity = total emissions / revenue per million NTD.

Note 1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from Company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: Greenhouse gas emission intensity = total emissions / revenue per million NTD. Revenue refers to Fong Chien Construction's consolidated operating income.

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

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.
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The consolidated entity have not been verified by an external third-party organization.
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Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. If the Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, it shall note that "Complete assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it shall note that "Complete assurance information will be disclosed on the Market Observation Post System (MOPS)," and shall disclose the complete assurance information in the annual report of the following fiscal year.

Note 2: The assurance institutions shall meet the directions regarding assurance of sustainability reports prescribed by the TWSE and the TPEX.

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

## 1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

As the impacts of climate change become increasingly severe, reducing carbon emissions has become an urgent priority. In response to this decarbonization trend, Fong Chien Construction initiated a voluntary greenhouse gas (GHG) inventory in 2024 to identify internal emissions. That same year, the company conducted an organizational-level GHG inventory in accordance with the latest ISO 14064-1:2018 standard to obtain specific carbon emissions data. Fong Chien Construction has also implemented various energy-saving measures in its office areas to reduce GHG emissions.

Strategy	GHG Management Methods	Goals
Policy Commitment	<ol style="list-style-type: none"> <li>In 2025, the company will establish an “Energy Conservation, Carbon Reduction, and Environmental Management Policy” to enhance internal environmental management effectiveness.</li> <li>Conduct annual GHG inventories to track carbon emission data.</li> </ol>	Implement energy-saving and carbon-reduction practices to gradually reduce GHG emissions and aim for a 10% reduction in Scope 1 and Scope 2 emissions by 2029.
Resource Investment	<ol style="list-style-type: none"> <li>Relevant departments are responsible for daily electricity consumption tracking.</li> <li>GHG data is collected and consolidated annually by the management department.</li> </ol>	Systematic data collection process is in place.
Management Action Plan	<ol style="list-style-type: none"> <li>Regularly track and inspect electricity usage.</li> <li>Establish a GHG Inventory Task Force to conduct emissions calculations.</li> </ol>	Ensure confirmation of the task force and the inventory methodology.
Evaluation Mechanism	<ol style="list-style-type: none"> <li>Annual electricity usage, power savings, and energy intensity.</li> <li>Annual GHG emissions.</li> <li>Conduct GHG inventories and verifications in line with the Sustainability Governance 3.0 policy.</li> </ol>	<ol style="list-style-type: none"> <li>Quantify energy data to serve as a reference for conservation.</li> <li>Complete greenhouse gas inventory and inspection according to the following schedule: The greenhouse gas inventory of the Company (including its subsidiaries) for 2024 will be completed in 2025. Check the company's greenhouse gases in 2027. In 2028, the greenhouse gases of the Company (including its subsidiaries) will be verified.</li> </ol>
Evaluation results	The GHG emission intensity for 2024 was 0.0824 tCO <sub>2</sub> e.	2024 marked the base year for Fong Chien’s first-ever GHG inventory.

To effectively reduce actual carbon emissions, Fong Chien Construction has set goals that follow the SMART principle: Specific, Measurable, Achievable, Relevant, and Time-bound. The Company's short-, mid-, and long-term goals are outlined as follows:

Phase	Timeframe	Reduction Strategy	Goal Example	Reduction Target	Measures
Short-term 2025–2029	1–5 years	Low-cost optimization Improve energy efficiency, equipment management	10% emission reduction by 2029 (compared to 2024)	10%	Office energy-saving me
Mid-term 2030–2034	5–10 years	Technological upgrades Replace high-carbon equipment	30% emission reduction by 2034 (compared to 2024)	30%	Use eco-friendly refriger company vehicles.
Long-term 2035–2050	11–25 years	Carbon neutrality Carbon offsets, supply chain transformation	Achieve net-zero emissions by 2050	100%	Carbon neutrality throug green electricity.

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations.

Note 2: The base year shall be the fiscal year in which the greenhouse gas inventory is completed based on the consolidated financial reporting boundary. For example, under the order issued under Article 10, paragraph 2 of the Regulations, a company with capital of NT\$10 billion shall complete the inventory for its fiscal 2024 annual consolidated financial report in 2025, so the base year will be 2024.

If a company has disclosed its inventory in its consolidated financial report in an earlier year, it may take the earlier fiscal year as its base year. Also, the data for the base year may be calculated based on a single fiscal year or the average of multiple fiscal years.

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

(6) Fulfillment of Ethical Corporate Management and Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”

Evaluation Items	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the Company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p> <p>(2) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the Company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs above effectively and perform regular reviews and amendments?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company's Board of Directors has decided to implement Ethical Corporate Management Best Practice Principles. The code specifies the obligations that directors, managers, employees, and substantial controllers should follow and is disclosed on the Company's website.</p> <p>(2) In order to promote ethical business practices, the Company has established measures to prevent unethical behavior in the "Ethical Corporate Management Best Practice Principles" which is followed by directors, managers, employees, and substantial controllers when carrying out their business activities. Additionally, the Company has set up a "Codes of Ethical Conduct" and "Regulations on the Management of the Reporting System" that provides appropriate disciplinary actions and a channel for complaints against those who violate the code. The Company has also established an "Employee Reward and Punishment System," and provides education and training to new employees. Those who violate the regulations will be dealt with according to the rewards and punishment management regulations.</p> <p>(3) The company has instituted standards that are routinely reviewed and revised, including the "Ethical Corporate Management Best Practice Principles," "Codes of Ethical Conduct," and "Employee Reward and Punishment System" and "Regulations on the Management of the Reporting System" as guidelines.</p>	No deviations
<p>2. Implement Ethical Corporate Management</p> <p>(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p>	<p>✓</p>		<p>(1) The Company has established Ethical Corporate Management Best Practice Principles, which stipulates that business activities should be conducted in a fair and transparent manner, and transactions with those who have a record of dishonest behavior should be avoided.</p>	No deviations

Evaluation Items		Implementation Status	Deviations from the “Ethical Corporate
<p>(2) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors, which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p> <p>(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?</p> <p>(5) Does the Company regularly hold internal and external educational training on ethical corporate management?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>(2) The Company has established a part-time unit to promote Ethical Corporate Management and supervise all departments to follow the code of honest management in accordance with their duties.</p> <p>(3) The Company has established a Code of Ethical Management, which states that directors, managers, and all employees must not sacrifice the Company's interests in the benefit of specific individuals or groups.</p> <p>(4) To ensure the Company's ethical business practices, the Company has established an effective accounting system and internal control system, and internal auditors regularly conduct relevant audits.</p> <p>(5) The Company regularly evaluates its directors and employees and conducts integrity-related education and training at board or monthly meetings to ensure the effectiveness of ethical business practices.</p>	<p>No deviations</p>
<p>3. Implementation Status of the whistle-blowing system</p> <p>(1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?</p> <p>(3) Does the Company provide proper informant protection?</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>(1) The Ethical Corporate Management Best Practice Principles of the Company include a reporting system for unethical or improper behavior, which is also governed by the Codes of Ethical Conduct and the Employee Reward and Punishment System. To promote ethical conduct and implement integrity in corporate governance, the Company has established a reporting system and management regulations, encouraging employees to promptly report any illegal or unethical behavior to the audit supervisor. If the reported behavior is found to be in violation of ethical business practices, it will be handled in accordance with the Employee Rewards and Punishments Management Regulations.</p> <p>(2) The Company's has established management measures for the whistleblowing system that guarantees whistleblower confidentiality and conducts confidential investigations by forming an investigation team for each reported event.</p> <p>(3) The Company's Codes of the whistle-blowing system that the identity of whistleblowers must be kept confidential and clearly stipulates the terms to protect the whistleblower.</p>	<p>No deviations</p>
<p>4. Strengthening information disclosure</p> <p>Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?</p>	<p>✓</p>	<p>The Company discloses the content of the Codes of Ethical Conduct and Ethical Corporate Management Best Practice Principles in the investor section of its official website and on the Market Observation Post System, and strengthens the promotion and dissemination of the concept of ethical and integrity operations.</p>	<p>No deviations</p>

Evaluation Items	Implementation Status	Deviations from the "Ethical Corporate
<p>5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," the Company established "Ethical Corporate Management Best Practice Principles," which it revised with the approval of the Board of Directors in March 2020. The Company adheres to the principle of integrity in conducting business operations and promotes sound corporate governance.</p>		
<p>6. Other important information to facilitate better understanding of the Company's ethical corporate management implementation: The Company has established an "Ethical Corporate Management Best Practice Principles" for compliance and continuous review and Amendment. The Company also discloses its corporate governance operations in the investor section of its website, which helps the public understand the Company's implementation status on ethical corporate management. Company's Website: <a href="http://www.fong-chien.com.tw">http://www.fong-chien.com.tw</a> To access the Company's Ethical Corporate Management Best Practice Principles on the Taiwan Stock Exchange Market Observation Post System, select "Corporate Governance" and then choose "Regulations and Rules related to Corporate Governance." Then, select "OTC Company."</p>		

- (7) Other essential information sufficient to enhance comprehension of the corporate governance status must also be disclosed: The Company has established "Procedures for Handling Material Inside Information and the Prevention of Insider Trading" as a guideline for the behavior of directors, supervisors, executives, and employees, and it is fully disclosed in the "Investor Relations - Corporate Governance" section of the Company's website.

## (8) Implementation Status of Internal Control System

### A. Internal Control Statement:

#### Fong Chien Construction Co., Ltd. Statement of Internal Control System

Date: February 25, 2025

The internal control system of the Company for the fiscal year 2024 has been evaluated based on self-assessment, and hereby declare the following:

- (1) The Company recognizes that the establishment, implementation, and maintenance of the internal control system are the responsibility of the Board of Directors and management. The Company has already established this system in order to achieve the goals of enhancing the effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), providing reliable and timely reporting, ensuring compliance with relevant regulations and laws, and maintaining transparency.
- (2) The internal control system has its inherent limitations and, regardless of how well-designed it may be, can only provide reasonable assurance in achieving the above-mentioned goals. Moreover, the effectiveness of the internal control system may change due to changes in the environment and circumstances. However, the Company's internal control system has a self-supervision mechanism, and any deficiencies identified will be promptly corrected.
- (3) The Company has evaluated the effectiveness of its internal control system based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Regulations"). The regulations divide the internal control system into five components: 1. Control of Environment, 2. Risk assessment, 3. Control activities, 4. Information and Communication, 5. Monitoring activities. Each constituent element consists of multiple items. Regarding the aforementioned items, please refer to "The Regulations."
- (4) The Company has adopted the above-mentioned regulations to evaluate the effectiveness of the design and implementation of its internal control system.
- (5) Based on the assessment results, the Company believes that its internal control system (including supervision and management of its subsidiaries) is effective as of December 31, 2024, which includes the design and implementation of the internal control system related to understanding the degree of achieving operational effectiveness and efficiency objectives, reliable and timely reporting, and compliance with relevant regulations and laws.
- (6) This Statement will comprise the majority of the Company's annual report and prospectus, and it will be made public. In accordance with Articles 20, 32, 171, and 174 of the Securities and Exchange Act, the above-mentioned disclosed content is subject to legal liability if it contains falsehoods, concealment, or other illegal conduct.
- (7) The Board of Directors approved this statement on February 25, 2025. None of the five directors present opposed the statement, and all five directors agreed with its contents.

Fong Chien Construction Co., Ltd.

Chairman: Yuan, Yu-Chi Signature

General Manager: Liu, Jui-Lin Signature

B. If the Company entrusts an accountant to review the internal control system, they shall disclose their internal control system audit report:  
None.

(9) Major Resolutions of the Shareholders' Meeting and the Board of Directors during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report

A. Major Resolutions of Annual General Meeting

Date	Major Resolutions	Implementation Status
2024/05/29	•The approval of the 2023 fiscal year business report and financial statements.	Adhere to the resolution.
	•Approval of the 2023 profit distribution. Implementation Status: The ex-dividend base date is June 12, 2024, and the cash distribution date is July 5, 2024. A total of NT\$232,502,196 in cash dividends (NT\$1.5 per share) will be distributed.	Adhere to the resolution.

B. Major Resolutions of the Board of Directors

Date:	Major Resolutions
2024/05/07	<ul style="list-style-type: none"> <li>• The Company's consolidated financial statements for the first quarter of 2024.</li> <li>• Pre-sale Housing Performance Guarantee for the "HOME+" project in Beitun District, Taichung City.</li> </ul>
2024/07/30	<ul style="list-style-type: none"> <li>• The Company's consolidated financial statements for the second quarter of 2024 were approved.</li> </ul>
2024/10/29	<ul style="list-style-type: none"> <li>• The Company's consolidated financial statements for the third quarter of 2024 were approved.</li> <li>• The Company's 2024 budget Implementation Status and 2025 business plan for the parent-subsidary annual budget were approved.</li> <li>• Proposal for outsourcing the "HOME+" project in the Beitun District of Taichung City to BLESSING &amp; PRAISE CONSTRUCTION CORP.</li> <li>• Proposal for outsourcing the formwork engineering of the "HOME+" project in the Beitun District of Taichung to the related party, Hung Yeu Construction.</li> <li>• Proposal for outsourcing the "Green &amp; House " project in the Nantun District of Taichung City to BLESSING &amp; PRAISE CONSTRUCTION CORP.</li> <li>• The audit plan for the fiscal year 2025 was approved.</li> <li>• Remuneration of the company's certified accountants.</li> <li>• Addition of the "Sustainability Report Preparation and Assurance Procedures."</li> <li>• Addition of the "Sustainability Information Management Procedures."</li> <li>• Revision of the "Financial and Business Transactions Procedures among Related Parties."</li> <li>• The "Cyber Security Management Measures" were added.</li> </ul>
2025/02/25	<ul style="list-style-type: none"> <li>• Review of the 2024 individual financial statement, consolidated financial statement, and business report.</li> <li>• The remuneration for directors and employees and distributional weight for 2024.</li> <li>• The profit distribution plan for 2024.</li> <li>• The Company's internal control systems Statement for 2024.</li> <li>• To revise the "Articles of Incorporation"</li> <li>• Matters related to the 2025 annual general meeting were discussed</li> <li>• The appointment and change of signing auditor in 2025.</li> <li>• The "Regulations on the Management of the Reporting System" were added.</li> </ul>

(10) If any directors or supervisors expressed disagreement with important resolutions passed by the Board of Directors during the most recent fiscal year and up to the date of printing of the annual reports and made any records or written statements regarding their disagreement, the following are the main contents of such records or statements:  
None.

4. Accountant Fees for Certified Public Accountant

Accountant Fees for Certified Public Accountant

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee (Note)	Total	Remarks
PricewaterhouseCoopers Taiwan	Wang, Yu-Chuan Hung, Shu-Hua	2024.01.01 to 2024.12.31	1,650	152	1,802	

Please provide a detailed description of non-audit fee services (such as tax certification, assurance, or other financial consulting advisory services):

Note: Non-audit fees: tax certification fee of NT\$130 thousand business tax for mixed operation using the direct offset method NT\$20 thousand and a seal certification fee of NT\$2 thousand.

- (1) If the audit fees paid for the current year after changing the accounting firm and changing the annual audit fees are less than the previous year, the before-and-after audit fees and the reasons for the change should be disclosed: None.
- (2) If the audit fees have decreased by more than 10% compared to the previous year, the amount, proportion, and reasons for the decrease in audit fees should be disclosed: None.

5. Change of Accountants:

If the company has changed its accountant during the past two fiscal years or subsequent interim periods, it shall disclose the following information:

(1) Regarding the former CPA

Replacement Date	From the First Quarter of 2023 and the First Quarter of 2025		
Reasons for the change and explanation	Rotation within the firm		
Explain whether it was due to the appointers or accountant's termination or the accountant's declination of the appointment	Status	Parties	The Company
		CPA	
	Termination of appointment	-	-
	No longer accepted (continued) appointment	-	-
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the Company	Yes	-	Accounting principles or practices
		-	Disclosure of Financial Statements
		-	Audit scope or steps
		-	Others
		-	
	None	Remarks/specify details:	
Other Revealed Matters (Article 10, Paragraph 5, Subparagraph 1, Item 4 to Item 7 of this Code shall be disclosed)	None		

(2) Regarding the succeeding CPA

CPA firm	PricewaterhouseCoopers Taiwan	
Name of CPA	Wang, Yu-Chuan Hung, Shu-Hua	Wang, Yu-Chuan Lai, Chih-Wei
Date of appointment	From the First Quarter of 2023	From the First Quarter of 2025
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the Company's financial reports that the CPA might issue prior to the engagement.	None	
Succeeding CPA's written opinion of disagreement toward the former CPA	None	

(3) The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.5.A and 10.5.B(c) of the Regulations: None.

6. The Employment of the Company's Chairman, General Manager, Financial or Accounting Manager with the Firm of the Auditing CPA or its Affiliated Businesses in the Past Year, shall disclose the job title, name, and the accounting firm of the CPA or its affiliated companies: None.

7. Particulars about Changes in Shareholding and Equity Pledge of Directors, Supervisors, Managers and Shareholders Holding More Than 10% of the Company's Shares in the Past Year and as of the Date of Publication of the Annual Report:

(1) Changes in Shareholding of Directors, Managers, and Major Shareholders

Title	Name	2024		As of March 30, 2025	
		Shareholding Increase/(Decrease)	Pledged share Increase/(Decrease)	Shareholding Increase/(Decrease)	Pledged share Increase/(Decrease)
Chairman	MORNING HONOR INVESTMENT CO., LTD..	-	-	-	5,900,000
	Representative: Yuan, Yu-Chi	-	-	-	-
Director	MORNING HONOR INVESTMENT CO., LTD..	-	-	-	5,900,000
	Representative: Liu, Yu-Lin	26,000	-	60,000	-
Independent Director	Liao, Fu-Pen	-	-	-	-
Independent Director	Lin, Li-Hsuan	-	-	-	-
Independent Director	Li, Yan-Wen	-	-	-	-
General Manager	Liu, Jui-Lin	-23,000	-	198,000	-
Finance Manager	Chen, Chiung-Fei	-	-	-	-
Major Shareholder	Blessing & Praise Construction Corp.	-	-	-	-

Note 1: Shareholders who own more than 10% of the Company's total outstanding shares should be identified as major shareholders and listed separately.

Note 2: If the counterparty to a share transfer or share pledge is a related party, the following table must be completed.

(2) Related parties in equity transfers involving directors, managers, and shareholders owning more than 10% of the shares: None.

(3) Related parties involved in the transfer of shares pledged by directors, managers, and shareholders owning more than 10% of the shares: None.

8. The shareholding ratio accounts for the top ten shareholders, and they are relatives or spouses, information on the relationship within the second degree of relatives

### Relationships Among the Top 10 Shareholders

Base Date: March 30, 2025

Name (Note 1)	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Remarks
	No. of Shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	Name	Relationship	
MORNING HONOR INVESTMENT CO., LTD.	34,411,027	22.20%	-	-	-	-	None		
MORNING HONOR INVESTMENT CO., LTD. Responsible Person: Liu, Jui-Lin							MORNING HONOR INVESTMENT CO., LTD. Representative: Liu, Yu-Lin-	Brother	
							DaMei Investment Co., Ltd. Responsible Person: Huang, Shu-Mei	The first degree relative	
							JingCi Development Co., Ltd. Responsible Person: Liu, Jui-Lin -	Responsible person same	
							Truth Investment Co., Ltd. Responsible Person: Liu, Shu-Chu	The first degree relative	
MORNING HONOR INVESTMENT CO., LTD. Representative: Yuan, Yu-Chi	-	-	2,661,025	1.72%	-	-	None		
MORNING HONOR INVESTMENT CO., LTD. Representative: Liu, Yu-Lin-							MORNING HONOR INVESTMENT CO., LTD. Responsible Person: Liu, Jui-Lin	Brother	
							DaMei Investment Co., Ltd. Responsible	The first degree relative	

							Person: Huang, Shu-Mei		
							JingCi Development Co., Ltd. Responsible Person: Liu, Jui-Lin -	Brother	
							Truth Investment Co., Ltd. Responsible Person: Liu, Shu-Chu	The first degree relative	
Blessing & Praise Construction Corp. Responsible Person: Chang, Ya-Ching	29,696,536	19.16%	-	-	-	-	None		
	-	-	-	-	-	-	None		
Cornerstone Investment Co., Ltd. Responsible Person: Chang, Ya-Ching	14,822,277	9.56%	-	-	-	-	None		
	-	-	-	-	-	-	None		
Truth Investment Co., Ltd.	7,637,777	4.93%	-	-	-	-	None		
Truth Investment Co., Ltd. Responsible Person: Liu, Shu-Chu	-	-	-	-	-	-	MORNING HONOR INVESTMENT CO., LTD. Responsible Person: Liu, Jui-Lin	The first degree relative	
							MORNING HONOR INVESTMENT CO., LTD. Representative: Liu, Yu-Lin-	The first degree relative	
							DaMei Investment Co., Ltd. Responsible Person: Huang, Shu-Mei	Spouse	
							JingCi Development Co., Ltd. Responsible Person: Liu, Jui-Lin -	The first degree relative	
DaMei Investment Co., Ltd.	7,537,407	4.86%	-	-	-	-	None		
DaMei Investment Co., Ltd. Responsible Person: Huang, Shu-Mei	-	-	-	-	-	-	MORNING HONOR INVESTMENT CO., LTD. Responsible Person: Liu, Jui-Lin	The first degree relative	
							MORNING HONOR INVESTMENT CO., LTD. Representative: Liu, Yu-Lin-	The first degree relative	
							JingCi Development Co., Ltd. Responsible Person: Liu, Jui-Lin -	The first degree relative	

							Truth Investment Co., Ltd. Responsible Person: Liu, Shu-Chu	Spouse	
JingCi Development Co., Ltd.	7,508,000	4.84%	-	-	-	-	None		
JingCi Development Co., Ltd. Responsible Person: Liu, Jui-Lin -							MORNING HONOR INVESTMENT CO., LTD. Responsible Person: Liu, Jui-Lin	Responsible person same	
							MORNING HONOR INVESTMENT CO., LTD. Representative: Liu, Yu-Lin-	Brother	
							DaMei Investment Co., Ltd. Responsible Person: Huang, Shu-Mei	The first degree relative	
							Truth Investment Co., Ltd. Responsible Person: Liu, Shu-Chu	The first degree relative	
Fullness Construction Co., Ltd. Responsible Person: Chao, Chia-Ming	3,701,411	2.39%	-	-	-	-	None		
	-	-	-	-	-	-	None		
HeFong Investment Co., Ltd Responsible Person: Chen, Hung-Yi	2,258,971	1.46%	-	-	-	-	None		
	-	-	-	-	-	-	None		
Ting, Cheng-Fu	2,192,000	1.41%	-	-	-	-	None		

Note 1: The top ten shareholders should all be listed, and for corporate shareholders, the name of the corporate shareholder and the name of the representative should be listed separately.

Note 2: The calculation of the shareholding ratio refers to calculating the shareholding ratio of the individual and their spouse, minor children, or nominee.

Note 3: When listing the above-mentioned shareholders, which include both corporations and natural persons, the relationship between them should be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

9. The company, its directors, managers, and businesses controlled directly or indirectly by the Company must disclose their respective shareholdings in the Re-invested businesses and calculate the total shareholding percentage through consolidation.

### Total Shareholding Ratio

March 30, 2025 Unit: Shares; %

Re-invested businesses (Note)	Investment by the Company		Direct or Indirect Investment by Directors/ Managers		Total Investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Hung Yeu Construction CO.,LTD.	22,000,000	92.83%	-	-	22,000,000	92.83%
Fong Suei Construction CO.,LTD.	18,000,000	30.00%			18,000,000	30.00%

Note: The Company makes investments using the equity method.

### III. Capital Overview

#### 1. Capital and Shares

##### (1) Source of Share Capital

##### A. Process of Capital Formation

March 30, 2025

Unit: Thousand shares/ NT\$ thousands

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Sources of Capital	Capital Increased by Assets Other than Cash	Remarks  Others
		Shares	Amount	Shares	Amount			
04/1984	1,000	30	30,000	30	30,000	Cash Establishment	None	The par value was adjusted from NT\$1,000 per share to NT\$10 per share on December 23, 1994
07/1989	1,000	120	120,000	120	120,000	Cash Capital Increase	None	
07/1990	1,000	180	180,000	180	180,000	Cash Capital Increase	None	
01/1995	10	70,000	700,000	33,000	330,000	Cash Capital Increase	None	December 23, 1994, No.: (83)Tai-Cai-Certificate(1) No.43896
06/1997	10	70,000	700,000	40,260	402,600	Cash Capital Increase of 49,500 Capitalization of retained earnings of 23,100	None	June 5, 1997, No.: (86)Tai-Cai-Certificate(1) No.44473
05/1998	10	70,000	700,000	49,236	492,360	Cash Capital Increase of 49,500 Capitalization of retained earnings of 40,260	None	May 19, 1998, No.: (87)Tai-Cai-Certificate(1) No.43425
12/1999	10	70,000	700,000	54,200	542,000	Capitalization of retained earnings of 49,640	None	December 7, 1999, No.: (88)Tai-Cai-Certificate(1) No.103020
03/2003	7.5	70,000	700,000	64,200	642,000	Capitalization of retained earnings of 100,000	None	March 10, 2003, No.: (92)Tai-Cai-Certificate(1) No. 0920104213
05/2004	10	100,000	1,000,000	69,336	693,360	Capitalization of retained earnings of 51,360	None	May 31, 2004, No.: (93)Tai-Cai-Certificate(1) No. 0930123952
08/2005	10	117,000	1,170,000	74,330	743,330	Capitalization of retained earnings of 49,940	None	August 15, 2005, No.: (94)Jin-Guan-Certificate-1 No.0940133589
06/2006	10	117,000	1,170,000	82,824	828,240	Capitalization of retained earnings of 84,940	None	June 29, 2006, No.: (95)Jin-Guan-Certificate-1 No.0950127395
08/2007	10	150,000	1,500,000	94,292	942,920	Capitalization of retained earnings of 114,680	None	August 1, 2007, No.: (96)Jin-Guan-Certificate-1 No.0960040566
10/2008	10	150,000	1,500,000	109,323	1,093,232	Capitalization of retained earnings of 109,720 Conversion of corporate bonds for 40,592	None	August 19, 2008, No.: Jin-Guan-Certificate-1 No.0970042162  October 15, 2008, Commercial Affairs Bureau Document No. 09701263880
04/2011	10	150,000	1,500,000	146,704	1,467,048	Conversion of privately placed corporate bonds for 373,816	None	April 6, 2011, Commercial Affairs Bureau Document No. 10001064920
07/2011	10	200,000	2,000,000	176,705	1,767,048	Private common stock 300,000	None	July 20, 2011, Commercial Affairs Bureau Document No. 10001161070
08/2013	10	200,000	2,000,000	112,852	1,128,518	Reduction of capital by 638,530	None	August 15, 2013, Commercial Affairs Bureau Document No. 10201168210
09/2017	10	200,000	2,000,000	155,002	1,550,015	Conversion of privately placed corporate bonds for 421,497	None	September 6, 2017, Commercial Affairs Bureau Document No. 10601127780

## B. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total	
Common Shares	155,001,464 Shares	44,998,536 Shares	200,000,000 Shares	OTC Companies Stocks

## C. Information for Shelf Registration: None

### (2) List of Major Shareholders

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

Base Date: March 30, 2025

Name of Major Shareholders	Shares	Shareholdings	Shareholding Percentage
MORNING HONOR INVESTMENT CO., LTD..		34,411,027	22.20%
Blessing & Praise Construction Corp.		29,696,536	19.16%
Cornerstone Investment Co., Ltd.		14,822,277	9.56%
Truth Investment Co., Ltd.		7,637,777	4.93%
DaMei Investment Co., Ltd.		7,537,407	4.86%
JingCi Development Co., Ltd.		7,508,000	4.84%
Fullness Construction Co., Ltd.		3,701,411	2.39%
Chang, Shu-Chen		2,661,025	1.72%
He Feng Investment Co., Ltd.		2,258,971	1.46%
Ting, Cheng-Fu		2,192,000	1.41%

### (3) Dividend Policy and Implementation Status:

#### A. Dividend Policy in Articles of Incorporation:

Article 26: In order to motivate employees and the management team, if a company has profits after recouping accumulated losses in a fiscal year, it must allocate:

- (1) Employee remuneration shall not be less than 0.1%.
- (2) Director remuneration shall not exceed 3%.

Article 27: If the Company's annual settlement results in profits, they must be distributed as follows:

- (1) Pay taxes and make donations.
- (2) Make up for losses.
- (3) Set aside 10% as statutory surplus; however, if the statutory surplus has reached the total capital, it is not limited to this.
- (4) According to relevant laws and regulations, set aside or transfer any special surplus.
- (5) The remaining amount, which is the cumulative distributable surplus of the previous period, shall be proposed by the Board of Directors for distribution and approved by the shareholders' meeting.

The Company's dividend policy is based on the Company's operating conditions, capital requirements, internal and external changes in the overall environment, and taking into account the interests of shareholders.

Dividends may be distributed in full or in part in the form of cash dividends or stock dividends. However, cash dividends must not be less than 10% of the total dividends.

If the Company distributes cash dividends, the Board of Directors must comply with Corporation Law Article 240, Paragraph 5 and report the matter to the shareholders' meeting without seeking shareholder approval.

#### B. The proposed dividend distribution for this shareholders' meeting is as follows:

For the 2024 fiscal year profit distribution, according to the Company's articles of incorporation, dividends shall be distributed in cash, and the Board of Directors shall handle it in accordance with Article 240 of the Corporate Law and report it to the shareholders' meeting, without the need to submit a request for approval to the shareholders' meeting. After being approved by the Board of Directors on February 25, 2025, it is proposed to distribute cash dividends of NT\$0.5 per share, totaling NT\$77,500,732. The Board of Directors has authorized the Chairman to set the ex-dividend date, payment date, and other related matters.

#### C. When there is a substantial modification to the dividend policy, it must be explained: There is no significant change in the dividend policy.

(4) The impact of the proposed bonus shares on the Company's business performance and earnings per share:

This does not apply as the Company does not offer bonus shares.

### (5) Compensation of Employees and Directors:

#### A. Percentage or range of employee compensation and director remuneration specified in the Articles of Incorporation:

If the Company's annual financial statements reflect a profit, it must first recoup losses from prior years and then allocate the surplus to the following:

- (a) Employee compensation for not less than 0.1%.
- (b) Director remuneration limited to no more than 3%.

With the approval of at least two-thirds of the present directors and the majority of present directors, the Board of Directors may decide to pay employee compensation in the form of stocks or cash and report this decision to the shareholders' meeting.

The compensation described above can only be paid in cash.

The recipients of employee compensation paid in stocks or cash may include employees of subsidiary companies who meet certain conditions.

- B. Accounting treatment of differences between the estimated amount of employee and director remuneration for the current period, the calculation basis for employee compensation paid in stocks, and the actual amount of distribution:

For the estimated amount of employee and director remuneration for the 2024 fiscal year, the estimation was based on multiplying the pre-tax net profit before deducting employee and director remuneration by 0.1% for employee compensation and by 1% for director remuneration. If there is a difference between the actual amount of distribution and the estimated amount, it shall be handled according to accounting estimates and adjusted in the distribution year.

- C. Board resolution on the distribution of remuneration:

- (a) The amount of employee compensation and director remuneration distributed in cash or stocks (if there is a difference between the estimated amount of recognized expenses and the actual amount of distribution, the difference, reasons and treatment shall be disclosed):

On February 25, 2025, the Board of Directors approved the distribution of NT\$120,910 in employee compensation and NT\$1,209,100 in director remuneration in cash, which is consistent with the amounts reported in the 2024 financial report.

- (b) Ratio of employee compensation paid in stocks to the post-tax net income and total employee compensation in the current individual financial report:

Employee compensation was not paid in stocks in this distribution.

- D. Actual distribution of employee compensation, director and supervisor remuneration in the prior fiscal year (including the number of shares, amount, and stock price), and the differences with the recognized employee compensation, director and supervisor remuneration, and the differences, reasons, and treatment shall be disclosed:

The annual general meeting on May 29, 2024, approved the distribution of employee compensation of NT\$580,943 and director remuneration of NT\$5,809,432 in cash, which the Board of Directors approved on March 5, 2024, with no differences in the distribution.

(6) Repurchase of Company Shares: None.

2. Corporate Bond: None.

3. Preferred Shares: None.

4. Overseas Depositary Receipts: None.

5. Issuance of Employee Stock Options: None.

6. New Restricted Shares for Employees: None.

7. Status of the Issuance of New Shares in Connection with Mergers and Acquisitions (including Mergers, Acquisitions, Splits): None.

8. Financing Plans and Implementation: None.

## IV. Operations Profile

### 1. Business Scope

#### (1) Main areas of business operations

##### A. Main Business

- (1) H701010 Residence and Buildings Lease Construction and Development.
- (2) H701020 Industrial Factory Development and Rental
- (3) H701040 Specific Area Development
- (4) H701050 Public Works Construction and Investment
- (5) H703090 Real Estate Business
- (6) H703100 Real Estate Rental and Leasing
- (7) F106030 Wholesale of Molds
- (8) F113030 Wholesale of Precision Instruments
- (9) F119010 Wholesale of Electronic Materials
- (10) F401010 International Trade
- (11) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

##### B. Business Proportion

The Company's main business is "commissioning construction companies to build rental and sales of residential, large-scale communities, residential buildings, detached houses, and commercial buildings." Domestic sales account for one hundred percent of the Company's revenue.

##### C. Company's Current Products and Newly Developed Products

Currently, the Company's primary offerings consist of the construction of large-scale communities, apartment suites, commercial and residential buildings for sale or rent. The Company will develop in the direction of regional large-scale developers in addition to its original products in order to diversify its offerings and meet the needs of various customer groups for an improved standard of living. The Company will adopt a diversified business strategy and engage in vertical integration in order to broaden the scope of its operations and reduce business risks.

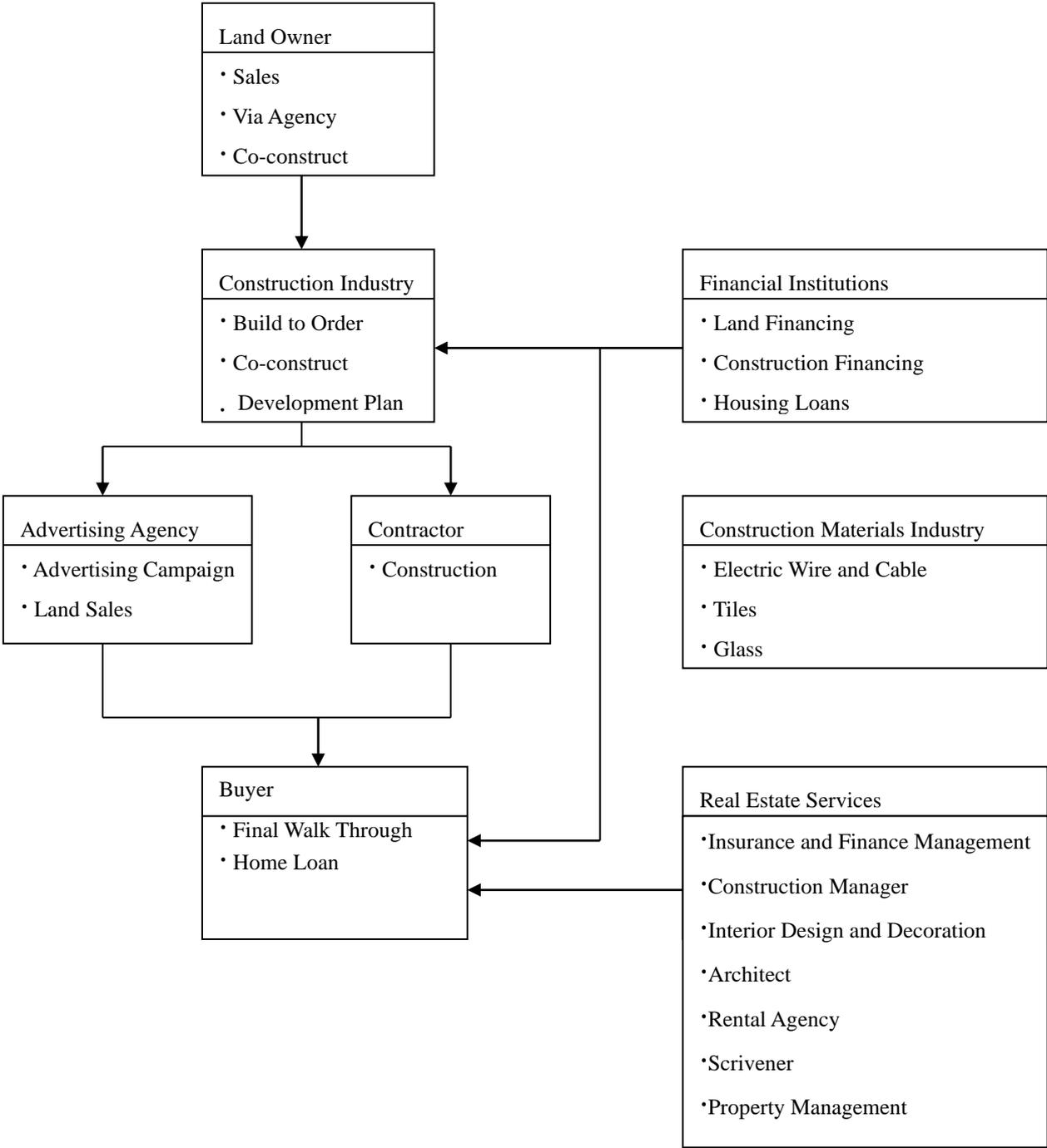
#### (2) Industry Overview

##### A. Industry Status and Development

The average interest rate on new home purchase loans provided by the leading five banks during the fourth quarter of 2024 was 2.57%. Furthermore, it is anticipated that the implementation of the "Preferential Housing Loans for the Youth" will further stimulate the demand for residential real estate acquisitions. The government's sensible housing market control measures, typical land rights laws, the establishment of a single tax system for real estate and land, and prohibition on contract exchange and transfer of pre-sale houses have all had an impact on the real estate industry recently, which has led to a gradual decline in buying interest. The domestic market is in a condition of observation and waiting in the short term, while housing demand will be modified based on population growth trends in the long term. In the future, products that prioritize location, transportation, future potential, quality, safety, and community services will ultimately be recognized and approved.

B. Relationship with Upstream, Midstream, and Downstream Businesses

Interrelationship Diagram of the upper, middle and downstream of the construction industry



### C. Future Development Trends of Real Estate Products

#### (a) The Completeness of Community Convenience

In the past, due to inadequate planning, residential communities lacked living functions, causing residents to have to go outside the community for their main activities, resulting in inconvenience in their daily lives. Nowadays, newly built communities emphasize the completeness of functions, with many facilities such as sports fields, libraries, swimming pools, public leisure green spaces, and more, allowing residents to enjoy the convenience of living within the community.

#### (b) Future of Regional Transportation

With the advent of the information age, home buyers prioritize considerations such as the potential for future development, major construction projects, and transportation convenience when selecting properties, with access to transparent information through the internet. Companies promote land purchases based on these criteria, and product positioning is determined based on market trends.

#### (c) Clear Difference for First-Time and Trade-Up Homebuyers

First-time and trade-up homebuyers have different financial capabilities and varied preferences. First-time homebuyers are more sensitive to prices and as long as the product is fully functional, they have greater flexibility in selecting regions. Trade-up customers, however, place a higher emphasis on quality, including the completeness of community functions, convenience of living, and safety, and tend to prioritize region selection.

#### (d) Booming of Leisure Real Estate

With the increase in national income, people are gradually paying more attention to their quality of life, allocating a greater proportion of their income to leisure travel. The implementation of the two-day weekend policy has further fostered this trend. Real estate products related to leisure and recreational activities are increasing in response to demand and will be introduced in different formats into the market.

#### (e) After-Sales Service Provided by Developers

Fong Chien Construction has launched many cases, with a focus on developing after-sales services. The Company places great emphasis on after-sales services and actively seeks to understand customer needs and feedback.

### D. Product Competition Situation

The regional characteristics of the construction investment industry are quite strong, with regional case competition being the main form of market competition. By establishing a brand for the Taichung City block, and as an OTC-listed company with over 40 years of history, Fong Chien Construction has withstood the test of many years of economic downturns and is a stable company. Most of the cases launched by the Company have good sales rates, indicating that its competitiveness is above average.

### (3) Research and Development Overview

A. R&D expenses during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report: None.

B. Successful technology or product development:

Based on industry characteristics, the best R&D for the construction industry is land development. The Company will take a professional and proactive approach to land development, identifying areas with development potential, collecting data and acquiring land, and bringing together business departments, development design departments, architects, designers, and structural engineers for intensive

planning and design sessions. This will ensure that the products developed can meet the unpredictable market changes and respond to the needs of various customer segments, thereby increasing gross profit and establishing a better reputation.

#### (4) Long and Short-Term Business Development Plans

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

Taichung:

- "Chien 18" `The Dingqiaozitou section in the East District was sold in 2023.
- "HOME+" the 14th phase of Renping was sold in June 2024.
- Green & House " the Zhenfu section in the Nantun District was sold in November 2024.

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

- (a) The company will promote brand marketing in accordance with the company's business philosophy of "Innovation, Diligence."
- (b) In response to smart green building, the company will create a community that incorporates energy-saving and low-carbon technology with sunlight, water, and green plants.

C. For community management planning, the Company will follow the principle of sustainable development and provide guidance for community management for all cases in Fong Chien. The Company will also strengthen customer service and provide cultural and artistic activities and establish a brand image.

## 2. Market and Sales Overview

### (1) Market Analysis

#### A. Main Sales (Service) Region

The Company mainly offers products such as large-scale community development and residential and commercial buildings. The East District and the Beitun District the Fourteenth Phase and Unit 5 of Taichung City were the main sales regions , and land in the Chiayi area will be liquidated. The products are mainly aimed at first-time homebuyers and those looking to upgrade, with 3–4-bedroom options and a focus on establishing a good reputation in consumers' minds with the brand and construction quality.

#### B. Market Share

Currently, online cases primarily focus on 3-bedroom products, with small to medium-sized units being the most popular, with the highest market share.

#### C. Future Supply and Demand of the Market

##### (a) Supply

According to data from the Ministry of the Interior, the number of low-use residential units nationwide in the first half of 2024 was 862,446 units, accounting for 9.32% of the total residential properties in the national housing tax register. This is a slight increase of 0.07 percentage points compared to 9.25% in the second half of 2023. The supply of new unsold homes nationwide remained above 100,000 units, with approximately 15,925 units in Taichung City. In the third quarter of 2024, the national residential price index rose by 2.19% compared to the second quarter.

To strengthen the management of bank credit resources, reduce speculation in the real estate market, and cool down the expectation of rising housing prices, the Central Bank has been guiding banks to independently control the total amount of real estate loans since August 2024. In September, the seventh wave of credit control measures was implemented, and the cooling effect on the real estate market has gradually taken effect.

##### (b) Demand

In 2024, the main products in the housing market continued to be small and medium-sized apartments. The introduction of the "Preferential Housing

Loans for the Youth” in the first half of 2024 stimulated an increase in transaction volume. However, in the second half of 2024, the housing market quickly cooled due to the tightening of bank mortgages and the implementation of the seventh round of selective credit control measures. Comparing the data on building transfers and annual growth rates between the fourth quarters of 2023 and 2024, it is evident that the tightening of bank mortgages and the seventh round of selective credit control measures had a significant impact on the housing market. In the fourth quarter of 2024, the number of building transfers in the seven major metropolitan areas decreased compared to the previous quarter. Among these, the number of transfers in New Taipei, Hsinchu, and Tainan dropped by 25% compared to the same period last year. The ability of the public to afford homes has been significantly affected. In the second half of 2024, the transaction volume in the housing market rapidly declined. Observing the data on building transfers from the Ministry of the Interior, except for Taoyuan and Taichung, where the number of building transfers continued to grow in the third quarter of 2024, all other metropolitan areas saw a decrease in transaction volume. Homebuyers and those seeking to upgrade their existing residences have dominated the real estate market in recent years, with a gradual reduction in property size and an emphasis on moderate to low total prices. Property unit prices continue to increase in each district because of inflation and land price increases. As a result of exorbitant price hikes, the aggregate cost of standard properties has surpassed the means of purchase for purchasers with intentions of self-use. As a result, the continued reduction of property sizes is anticipated to be the supply trend of the future. In 2025, the Company will focus on customer demand and purchasing power in land acquisition and product planning to increase product competitiveness.

#### D. Competitive Niche

##### a. Good Corporate Image

The Company has always adhered to the business philosophy of integrity, sustainable operation, quality improvement, professional service, and grateful feedback. The Company has successfully expanded its operations in Taichung and northern Taiwan. Additionally, the Company has strengthened its construction management to ensure project quality, strictly control completion and delivery schedules, and provide excellent after-sales service to prevent transaction disputes. As a result, they have established a strong foundation in the industry and a good reputation in the eyes of consumers. Furthermore, the Company has also received many awards, including the "Chinese Architectural Golden Stone Award" and the "National Golden Award for Architecture," and has a strong brand image.

##### b. Professional Management Team

The Company's management team is well-educated and experienced, and it adheres to the philosophy of long-term operation. The Company has persevered through many economic ups and downs.

##### c. Land Development Ability

The Company has stably cultivated its business in Taichung, allowing them to precisely understand local mood and market preferences, providing them with a keen skill for land development. The Company has assembled a skilled team, and its operations will be concentrated in Taichung and the Zhubei district of Hsinchu County. The Company is confident in their capacity to continue their exceptional land development ability by leveraging their previous knowledge and their new professional workforce.

##### d. Professional After-Sales Service, Highly Trusted by Customers

Based on the philosophy of sustainable operation and rooted service, the Company assigns a dedicated person to quickly handle customer problems. In its after-sales service, the Company assists customers with both warranty and non-warranty issues. Furthermore, the Company places great importance on community management issues after project completion and delivery. Before the implementation of the Condominium Administration Act, the Company helped establish building management committees for their projects upon delivery to maintain community management and improve residents' living environment. They also hold community events and building visits regularly, receiving high praise from customers.

e. Excellent Engineering Management Skills

The Company has established a complete internal control process for engineering quality control and cooperates with reliable and high-quality contractors to strengthen construction supervision management, ensuring project quality, strictly controlling completion and delivery schedules, and providing excellent after-sales service to prevent transaction disputes.

E. Favorable and Unfavorable Factors and Countermeasures in the Long Term

(a) Favorable Factors

- a. In a low interest rate and high inflation era, real estate is still a better investment target.
- b. Compared to other cases in the same area, the brand and quality of the Company are more competitive.
- c. The Company's product positioning meets market demand, with smooth sales, less finished house inventory, and a quick turnover of funds.
- d. The real purchasing power has not increased, and the Company's cases are located in areas with good transportation conditions and superior living functions, which are more in line with the purchasing power of the target customer group, and sales are guaranteed.

(b) Unfavorable Factors

- a. Out-of-town developers continue to enter the market and hunt for land, driving up land prices, increasing competition, and making cost reduction impossible.
- b. Inflation is looming, and the cost of land and construction continues to rise, increasing the burden of expenditure.
- c. The construction industry is a capital-intensive industry that requires massive funding. Due to industry characteristics, bank financing is relatively conservative, and funding channels are not easy.

(c) Countermeasures

- a. Integrate sales techniques to improve excess house clearing and sensitive land development capabilities to improve product planning, residential safety, and after-sales services. Conduct thorough evaluations before purchasing land, and carefully plan and evaluate each project as a whole, strengthen construction cost management, and select high-quality building materials to increase product value and profitability.
- b. To maintain a good company brand image and increase competitiveness with peers, construction companies should improve construction quality, carefully select building materials, strictly regulate and supervise the construction process.
- c. Strengthen procurement and outsourcing capabilities, seek reasonably priced and high-quality suppliers through multiple inquiries and collective bargaining to reduce project costs.
- d. Conduct research and analysis on future potentially developing regional

markets, timely grasp environmental trends, and maintain appropriate concern and vigilance for changes in the housing market.

(2) Production Procedures of Main Products

A. Production Procedures of Main Products

Major Products	Main Usage
Buildings	Residential, office and commercial buildings, providing parking lots
Apartment	Residential, Shops

B. Production Procedures



(3) Supply Status of Major Raw Materials

A. Supply of Construction Sites

The main areas where the Company promotes its products are in Taichung City. After rigorous market evaluation, analysis, qualitative and quantitative positioning of products, high-grade and high-quality products with market segmentation are designed. These products are located in excellent areas with elegant environments. They are recommended to the Company by intermediaries, intermediary companies or landlords who are familiar with the Company's main operating areas. They are also acquired through land bidding released by government agencies such as the National Property Administration and banks, or through auctions of prime locations by courts. The Company focuses on acquiring land that can be immediately developed and constructed.

B. Construction Projects

The Company has a good relationship with various construction companies, and the construction progress can be completed on schedule. Due to the Company's strict construction contracting methods and construction standards, the progress and quality of the project can be effectively monitored and understood from the contracting stage to the acceptance stage. Therefore, the quality of the completed cases delivered by the Company can be maintained at a high level. The construction contractors responsible for the subsidiary materials such as gravel, reinforcing bars, sand and other related building materials market prices will pay attention and respond accordingly.

(4) Provide the names of customers who accounted for more than 10% of the total sales in either of the past two years, along with their corresponding sales amounts and proportions, and explain the reasons for any changes in their levels of contribution.

A. Suppliers who have accounted for more than 10% of the total purchases in any of the last two years

Unit: NT\$ thousands

Item	2023				2024				As of the end of the previous quarter of 2025 (Note 2)			
	Name	Amount	Total annual purchase net amount ratio(%)	Relationship with issuer	Name	Amount	Total annual purchase net amount ratio(%)	Relationship with issuer	Name	Amount	Purchase net percentage as of the last quarter of the current fiscal year	Relationship with issuer
1	Blessing & Praise Construction Corp.	236,425	50.83	None	Blessing & Praise Construction Corp.	491,172	87.40	None	Blessing & Praise Construction Corp.	114,284	86.98	無
2	Urban Development Bureau, Taichung City Government	168,530	36.23	None	-	-	-	-	-	-	-	-
3	Others	60,181	12.94	None	Others	70,779	12.60	None	Others	17,101	13.02	無
	Net Total Supplies	465,136	100		Net Total Supplies	561,951	100		Net Total Supplies	131,385	100	

Note 1: List all suppliers accounting for 10 percent or more of the Company's total procurement amount in the 2 most recent fiscal years and the amounts bought from each and the percentage of total procurement accounted for by each. If the company is prohibited by contract from revealing the name of a supplier, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEX listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note: Differences between the two periods:

- Blessing & Praise Construction Corp.: The main reason for this is because the construction project was contracted to Blessing & Praise Construction Corp., and the construction cost was invested.
- Urban Development Bureau, Taichung City Government: No.448, Renping Section, Beitun District, Taichung and 5 other land parcels' substitutive fee for transfer of development rights.

## B. Major Clients Accounted for More than 10% of Total Sales in Any of the Last Two Calendar Years

Unit: NT\$ thousands

		2023				2024				As of the end of the previous quarter of 2025 (Note 2)			
Item	Name	Amount	Ratio of annual net sales (%)	Relationship with issuer	Name	Amount	Ratio of annual net sales (%)	Relationship with issuer	Name	Amount	Ratio of annual net sales (%) (As of the previous quarter)	Relationship with issuer	
1	-	-	-	-	-	-	-	-	SUSHI EXPRESS CO., LTD.	618	54.55	None	
2	-	-	-	-	-	-	-	-	Hsia, oChun	451	39.84	None	
3	Others	3,331,795	100	None	Others	512,836	100	None	Others	64	5.61	None	
	Net sales	3,331,795	100		Net sales	512,836	100		Net sales	1,133	100		

Note 1: List all customers accounting for 10 percent or more of the Company's total sales amount in the 2 most recent fiscal years and the amounts sold to each and the percentage of total sales accounted for by each. If the company is prohibited by contract from revealing the name of a customer, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: If, up to the date of publication of the annual report for a TWSE or TPEX listed or Emerging Stock company, there is any financial data audited and attested or reviewed by a CPA for the most recent period, it shall also be disclosed.

Note: Differences between the two periods:

- The Company's products are mainly sold to the public, with no customer accounting for more than 10% of the total sales in 2023 and 2024.
- Except for customers associated with fixed asset leasing, there were no sales customers that accounted for more than 10% of the total sales revenue in the first quarter of 2025.

3. Employee information for the last two years and up to the date of printing of the annual report, including the number of employees, average years of service, average age, and distribution of educational qualifications.

Year		2023	2024	As of March 31, 2025 (Note)
No. of Employees	Employees	16	16	16
	Total	16	16	16
Average Age		39.5	40.63	40.5
Average Years of Service		5.76	6.47	6.44
Education	Masters	18.75%	18.75%	18.75%
	Bachelor's Degree	75.00%	75.00%	81.25%
	Vocational School	6.25%	6.25%	-
	Senior High School	-	-	-
Below Senior High School		-	-	-

Note: Data through the date of printing of the annual report must be entered.

#### 4. Environmental Expenditure Information

- (1) Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents: None.
- (2) The estimated amount and response measures that may occur in the present and future are as follows:

The Company is in the construction industry, and construction projects are contracted to construction companies. Environmental pollution and related waste disposal that may arise during construction are specified in the construction contract as the construction company's obligation. To avoid producing pollution sources, the Company is accountable for oversight and control.

#### 5. Labor Relations

- (1) Employee Benefits, Education and Training, Retirement System, and Implementation of Labor-Management Agreements and Employee Rights Protection Measures

##### A. Employee Benefits, Education and Training:

- All employees receive standard benefits such as basic labor insurance, health insurance, retirement benefits, and group insurance. In keeping with its people-oriented corporate philosophy, the Company has established independent employee rest areas to allow all employees to take short breaks and reduce stress while promoting communication.
- In order to promote employee welfare and ensure the long-term viability of the business, the Company has formed an Employee Welfare Committee. The committee members are elected on a recurring basis by the employees in order to oversee the implementation of a range of welfare initiatives. Consistent gatherings are conducted to organize staff welfare initiatives, which are accessible to every employee. The Employee Welfare Committee administers the funds allocated from the Company's operating revenue for these activities, which provides employees with a portion of the Company's profits. The principal measures of welfare and their execution are as follows:
  - ① Year-end bonuses
  - ② Birthday gifts
  - ③ Regular and irregular gatherings for meals
  - ④ Annual group travel activities and individual travel subsidies
  - ⑤ Subsidies for weddings, funerals, and other celebrations
  - ⑥ Annual health check-ups
  - ⑦ Monthly afternoon tea gatherings to facilitate employee communication.
- Education and Training: The Company fosters employee engagement in a variety of training courses as a means to cultivate talent and uphold the foundational tenets of education and training. The training program encompasses a wide range of topics, such as employee orientation, general education, professional skills development, teaching management, and financial assistance for additional education. In order to generate added value and guarantee that personnel are equipped with training that is beneficial to their professional growth, periodic invitations are extended to expert speakers to deliver seminars.

##### B. Retirement System and Implementation:

- The Company's retirement system is implemented in accordance with relevant laws and regulations.

New labor pension system: The new labor retirement pension system has been implemented since July 1, 2005. The Company contributes monthly retirement pension payments not less than 6% of an employee's monthly salary to the employee's personal account at the Labor Pension Fund set up by the Bureau of Labor Insurance. The ownership of the personal account belongs to the employee.

C. Labor-management accord and safeguards for employee rights:

- The Company emphasizes rational and humane self-management, and has established smooth communication channels and regularly holds labor-management meetings. Through each meeting, labor representatives can raise issues for discussion, communicate opinions, and pass various resolutions in an open and two-way communication approach to convey policies and understand employees' opinions. The Company also follows the regulations of the Labor Standards Act to establish management rules to maintain good relations between labor and management.

D. Employee Code of Conduct or Ethics:

- The Company places great importance on the professional ethics of every colleague to ensure that all employees can engage in business operations with the highest ethical standards. The Company has established a "Code of Ethical Conduct" to ensure that all employees can accept the Company's position or appointment while adhering to the highest level of personal integrity, conduct, and behavior.

(2) Disclosure of losses incurred due to labor disputes in the current and previous fiscal years until the printing date of this annual report. The estimated amount of potential future losses and corresponding measures should also be disclosed. If the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be explained:

- As of the publication date of the annual report, there has been no loss due to labor disputes.
- Loss incurred: none
- Future measures taken by the Company: The Company upholds the spirit of win-win cooperation between labor and management, and properly plans human resource management systems, adheres to laws and regulations, respects employees, and values employee welfare. As a result, labor and management have always maintained harmony, and the Company predicts that there will be no labor-management disputes in the future.

(3) Employee Safety and Workplace Protection Measures and Their Implementation:

Employee safety measures have been implemented at the Company. All employees are covered by group insurance to ensure their welfare.

A. On-site:

- Personnel and construction vehicle access control.
- Personnel working at heights must wear safety harnesses and helmets.
- Environmental protection and cleanliness are maintained in accordance with company standardized procedures.
- Drinking water is regularly maintained to ensure its quality.
- Medical supplies are stored in the construction office.
- Daily safety meetings are held at the construction site to identify and address safety issues.
- Contractors are trained daily and supervised to ensure construction safety.

B. Office:

- The water dispenser is regularly maintained and filter cartridges are replaced to ensure employee safety when drinking water.
- The office is equipped with surveillance cameras to ensure employee safety.
- The building management committee conducts multiple annual fire safety awareness campaigns and fire drills.
- The building management committee arranges multiple annual office disinfection and pest control operations.
- Personnel access is controlled in the building starting at 11 pm, and elevator usage

is also monitored.

## 6. Cyber Security Management:

(1) This section outlines the cyber security risk management framework, cyber security policies, specific management plans, and resources invested in cyber security management:

### A. Cyber Security Risk Management Framework:

(a) The cyber security responsibilities lie with the information professionals in the management department of the Company. They are responsible for formulating company cyber security policies, planning and implementing cyber security protection, and promoting cyber security policy enforcement, as well as executing related cyber security operations.

(b) To achieve effective cyber security management, the Company should establish a cyber security organization, including a security supervisor and at least one dedicated security personnel, responsible for promoting, coordinating, and supervising the following cyber security management matters:

- Approval and supervision of cyber security policies.
- Assignment and coordination of cyber security responsibilities.
- Oversight of information asset protection measures.
- Review and supervision of cyber security incidents.
- Approval of other cyber security matters.

(c) Regular assessment and review of cyber security policies should be conducted to reflect the latest developments in management policies, government regulations, and company operations. This ensures the feasibility and effectiveness of the cyber security management system.

### B. Cyber Security Policies and Management Plans:

(a) The Company's cyber security facilities and management methods are as follows:

#### 1.1 Server Room Security Management:

- Access to the server room is recorded, and information personnel accompany visitors.
- The server room has independent air conditioning to maintain the temperature for proper server operation.
- To prevent system damage or data loss in the event of a power outage, the server room is equipped with an uninterruptible power supply (UPS) system to provide sufficient time for file saving and a proper shutdown during a power failure.

#### 1.2 Network Security Management:

- Firewall equipment is in place to block external malicious threats.
- Firewall information reports are monitored and analyzed.
- Email is strictly controlled, with both outgoing and incoming emails being scanned for viruses by the mail server, ensuring that emails cannot contain virus-infected attachments.

#### 1.3 Access Control Management:

- Employees must apply to the Company for system access permission (including remote access), which is approved by the supervisor. The information provider will then provide the user with an account and password and set access rights based on the application items.
- Access to the system using administrative privileges by external personnel is restricted on all unit servers. If non-authorized personnel need to use or maintain the equipment, they must obtain authorization from the IT department to open the required permissions.

- Identity verification and login/logout access logs are maintained for all servers and personal computers within the information systems.
- All company information systems and computer accounts are centrally managed by the IT department, with regulations requiring appropriate password strength, length, and complexity (mixing letters, numbers, and special characters). Regular notifications are sent to enforce password changes.
- When an employee leaves the Company or takes a leave of absence without pay, the information system will delete their account or temporarily suspend their access.

#### 1.4 Virus and Threat Detection and Protection Management:

- Servers and employee computers have anti-virus software installed that automatically updates virus codes and detects them in real-time to prevent malicious viruses from invading.
- The anti-virus software will isolate and delete detected viruses and send a system warning notification to the information personnel's email for them to take responsive measures.
- Both server hosts and employee computers have threat detection mechanisms that monitor and protect against threats, including access records, critical activities, important data changes, attacks, unauthorized connections, functional errors, and administrator actions. Abnormal behavior is recorded monthly.

#### 1.5 Backup and Recovery Management:

- A daily backup system is implemented for important information and files, automatically backed up by local storage devices to ensure quick recovery in the event of system failure or data errors, restoring normal operations and correct data.
- System configuration files, server files, and database data are automatically backed up to the cloud on a periodic basis.
- Regular manual backups are performed to verify the reliability of the backup and the integrity of the information.

#### (b) Personal Cyber Security Management:

- 2.1 Sensitive or confidential data should be encrypted and stored primarily on office desktop computers, with physical isolation being considered and avoiding storing such data on portable storage devices.
- 2.2 If it is necessary to bring official computer data home for processing, sensitive or confidential data in portable storage devices should be deleted first to maintain security.
- 2.3 Colleagues who download files via the Internet or use USB drives should immediately perform virus scans to confirm that they are safe and virus-free before use.
- 2.4 The IT department is responsible for the unified management of computer system security settings, including antivirus software. Users should not change settings or install software that does not comply with company regulations.
- 2.5 Users of network drives should practice proper data management, regularly removing unnecessary or duplicate data to ensure optimal use of storage space.
- 2.6 Regularly conduct information security promotions to company colleagues to improve their awareness of information security crises.

#### (c) Business Continuity Planning and Management:

- 3.1 The Company will include the impact and responses to cybersecurity management incidents in the annual report.

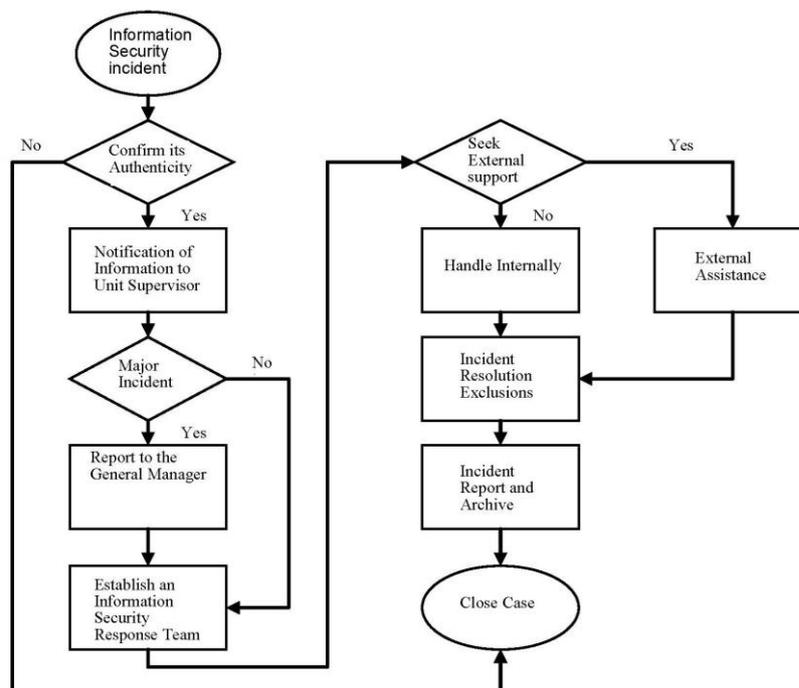
- 3.2 The Company has joined the Taiwan Computer Emergency Response Team/Coordination Center (TWCERT/CC) as a member to collect cybersecurity intelligence and promote internal awareness.
- 3.3 In the event of a major cybersecurity incident that meets the criteria outlined in the “Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEX Listed Securities” by the Taiwan OTC Securities Exchange, the Company will follow the relevant regulations for handling the incident.
- 3.4 The internal audit department will regularly review the Company's cybersecurity controls as part of the internal control processes, ensuring proper operations and continuous improvements.
- 3.5 The Company will provide quarterly reports to the cybersecurity manager on the implementation of information security measures to ensure operational appropriateness and effectiveness.

(d) Reporting and Handling of Company Cyber Security Incidents:

- 4.1 Verification of the authenticity of cyber security incidents.
- 4.2 Notification of information and security management.
- 4.3 Determine whether to report to the general manager based on the severity of the incident.
- 4.4 Handling the incident on one's own or seeking external support.
- 4.4 Archiving records and reports of cyber security incidents.

(e) Attachment

5.1 Figure 1: Cyber Security Incident Process Flowchart.



C. Investment in Information and Communication Security Management Resources:

- 3.1 Hardware: Firewall, UPS uninterrupted power system, regular updates of computers and related equipment.
- 3.2 Software: Anti-virus software, threat detection mechanism, cloud backup system, regular updates of relevant software.

3.3 Personnel: Cyber security education and training, regular internal audits, daily checking of the equipment in the machine room, review of firewall information reports, permission settings, anti-virus software updates and detection reports, threat detection system performance, and data backup status.

- (2) List of losses, potential impacts, and response measures suffered due to significant information and communication security incidents up until the date of publication of the latest annual report. If unable to estimate reasonably, it should be explained that such estimation is not possible:

The Company has not experienced or discovered any significant cyber security or cyber-attacks incidents in the latest fiscal year and up until the date of publication of the annual report.

7. Important Contracts: The following are the parties, main contents, limitation clauses, and start and end dates of the supply and sales contracts, technical cooperation contracts, engineering contracts, long-term loan contracts, and other important contracts that are still valid and have expired in the most recent year as of the date of the annual report.

Contract Nature	Parties Involved	Contract Period	Main Contents	Limitation Clauses
Engineering Contract	Blessing & Praise Construction Corp.	2024/03/06~Completion	Construction of Chien 18, located in the East District of Taichung.	None
Engineering Contract	Blessing & Praise Construction Corp.	2024/10/29~Completion	Construction of Home+, located in the Beitun District of Taichung.	None
Engineering Contract	Blessing & Praise Construction Corp.	2024/11/28~Completion	Construction of Green & House, located in the Nantun District of Taichung.	None
Long-term Loan Contract	Land Bank of Taiwan, Nantun Branch	2017/04/19-2032/04/19	Fixed Assets (investment real estate) and working capital in Chiayi	None
Long-term Loan Contract	Land Bank of Taiwan, Nantun Branch	2017/08/11-2032/08/11	Fixed Assets (Investment properties) in Chiayi	None
Short-term Loan Contract	First Commercial Bank, Chung-Kang Branch	2021/07/13-2030/06/30	Construction land at No. 49, Jhenfu Section, Nantun District, Taichung City	None
Short-term Loan Contract	First Commercial Bank, Chung-Kang Branch	2022/04/27-2030/06/30	Construction land at No. 52 and 55, Jhenfu Section, Nantun District, Taichung City	None
Short-term Loan Contract	First Commercial Bank, Chung-Kang Branch	2024/12/31-2030/06/30	Construction at Jhenfu Section, Nantun District, Taichung City	None
Short-term Loan Contract	Chang Hwa Commercial Bank, Chung-Kang Branch	2022/06/09-2027/06/09	Construction land at Dingqiaozitou Section, East District, Taichung City	None
Short-term Loan Contract	Chang Hwa Commercial Bank, Chung-Kang Branch	2022/11/14-2027/06/09	Contiguous relocation land at Dingqiaozitou Section, East District, Taichung City	None
Short-term Loan Contract	Chang Hwa Commercial Bank, Chung-Kang Branch	2023/01/18-2027/06/09	Construction land at Dingqiaozitou Section, Dong District, Taichung City	None
Short-term Loan Contract	Chang Hwa Commercial Bank, Chung-Kang Branch	2024/11/18-2027/06/09	Construction at Dingqiaozitou Section, Dong District, Taichung City	None
Short-term Loan Contract	Chang Hwa Commercial Bank, Chung-Kang Branch	2023/03/15-2028/03/15	Construction land at Renping Section, Beitun District, Taichung City	None
Short-term Loan Contract	Chang Hwa Commercial Bank, Chung-Kang Branch	2024/12/17-2028/03/15	Construction at Renping Section, Beitun District, Taichung City	None

## V. Review and Analysis of Financial Status and Business Results and Risk Issues

### 1. Financial Status

In the past two fiscal years, the major reasons for significant changes in assets, liabilities, and equity, and their impacts on the Company should be explained. If there is a significant impact, future response plans should also be described:

Unit: NT\$ thousands

Financial Status Analysis of the Last Two Years					
Item	Year	2024	2023	Difference	
				Amount	%
Current assets		4,528,087	4,494,101	33,986	0.76
Investments accounted for using equity method		178,441	179,518	(1,077)	(0.60)
Property, plant and equipment		40,142	41,750	(1,608)	(3.85)
Net investment properties		108,433	108,966	(533)	(0.49)
Other assets		2,558	15,101	(12,543)	(83.06)
Total assets		4,857,661	4,839,436	18,225	0.38
Current liabilities		1,798,049	904,627	893,422	98.76
Non-current liabilities		31,395	758,900	(727,505)	(95.86)
Total liabilities		1,829,444	1,663,527	165,917	9.97
Equity attributable to shareholders of the parent		3,017,748	3,165,553	(147,805)	(4.67)
Capital stock		1,550,015	1,550,015	0	0.00
Capital reserve		5,226	5,226	0	0.00
Retained earnings		1,462,507	1,610,312	(147,805)	(9.18)
Total equity		3,028,217	3,175,909	(147,692)	(4.65)

Note: Explain the main reasons for significant changes in the Company's assets, liabilities, and shareholders' equity in the past two years (changes in the percentage of 20% or more between the previous and current period, with a change in amount of NT\$10 million or more), their impact, and future plans to address them.

1. Analysis of Changes in Increase/Decrease Ratio (changes in percentage of 20% or more between the previous and current period, with a change in amount of NT\$10 million or more):

- Decrease in other assets : Mainly due to the recognition of deferred income tax assets arising from temporary differences in 2024, which were recognized in the profit and loss statement.
- Increase in current liabilities: Mainly due to the reclassification of long-term loans to short-term loans.
- Decrease in non-current liabilities: Mainly due to the reclassification of long-term loans to short-term loans.

2. Impact and Future Plans for Significant Changes: There is no impact on the financial position, and there is no need to formulate a response plan.

## 2. Financial Performance

Main reasons for significant changes in operating revenue, operating profit, and pre-tax profit in the past two years, expected sales quantity and its basis, and possible impacts and response plans on the Company's future financial operations.

- (1) Main reasons for major changes in operating income, operating net profit and pre-tax net profit in the last two years

Unit: NT\$ thousands

Analysis of the Financial Performance of the Last Two Years					
Item	Year	2024	2023	Difference	
				Amount	%
Operating revenue		512,836	3,331,795	(2,818,959)	(84.61)
Operating margin		146,064	754,244	(608,180)	(80.63)
Operating income		86,053	578,062	(492,009)	(85.11)
Non-operating income and expenses		33,641	(3,433)	37,074	1,079.93
Net income before income tax		119,694	574,629	(454,935)	(79.17)
Net income (loss)		84,810	578,594	(493,784)	(85.34)
Net income attributable to stockholders of the parent		84,697	578,518	(493,821)	(85.36)

Explanation of Significant Changes in Ratio Analysis (for changes of 20% or more and a change in amount of NT\$10 million or more between the current and prior period):

- Decrease in Operating Revenue, Gross Profit, Operating Profit (Loss), Net Profit for the Period, and Net Profit Attributable to Owners of the Parent Company: Mainly due to the recognition of income the completion of projects "VITA" and "Forest Cube" in 2023. The recognition of income the completion of projects " Forest Cube " and the sale of parking spaces in this period.
- Increase in non-operating income and expenses: Mainly due to the earthworks income from the construction projects "Chien 18," "HOME+," and " Green&House."

- (2) Expected sales quantity and its basis, possible impact on the Company's future financial business, and response plan:

A. Please refer to the "Letter to Shareholders".

B. The Company has not disclosed the financial forecast for the year 2024, therefore we do not plan to disclose the expected sales quantity.

## 3. Cash Flow: Analysis of recent year's cash flow changes, improvement plan for insufficient liquidity, and analysis of cash flow for the next year:

- (1) Analysis of the Cash Liquidity of the Last Two Years

Item	Year	2024	2023	Increase (Decrease) Ratio (%)
Cash Flow Ratio (%)		(3.47)	231.37	(101.50)
Cash Flow Adequacy Ratio (%)		768.62	104.39	636.30
Cash Reinvestment Ratio (%)		(9.97)	48.75	(120.45)
Analysis of Changes in Increase/Decrease Ratios: Cash flow ratio, and cash reinvestment ratio have all decreased: Mainly due to the decrease in net profit before tax and inventory in this period, and the repayment of short-term loans. Cash flow adequacy ratio in increase: Mainly due to the net cash inflow from operating activities and the reduction of inventories in the last five years.				

- (2) Improvement plan for insufficient liquidity: None.

- (3) Analysis of cash flow for the next year:

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities of the Year (2)	Net cash flow from investing and financing activities for the year (3)	Cash surplus (deficiency) (1)+(2)+(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
576,040	-1,395,873	1,043,665	223,832	-	-
1. Analysis of expected cash flow changes for the next year: (1) Net cash outflow from operating activities: mainly due to the payment of construction project costs.. (2) Net cash inflow from investing and financing activities: mainly due to cash dividends and bank loan repayments. 2. Remedial measures for expected cash deficiency and liquidity analysis: the expected cash surplus is NT\$223,832 thousand, so no remedial measures are needed.					

4. Impact of Major Capital Expenditure in the Past Year on the Financial Status:None.

5. Recent investment policy changes, the main reasons for profit or loss, improvement plans, and future investment plans:

(1) Main reasons for profit from reinvestment policy changes:

For the current period, Fong Chien recorded a profit of NT\$1,454 thousand resulting from its investment in Hung Yeu Construction. In contrast, Fong Suei Company incurred a loss of NT\$1,077 thousand for the same period.

(2) Improvement plan:

Fong Suei Constructions was established in 2023 and currently has no revenue from its main business operations. It will urge affiliated enterprises to manage their selling, general, and administrative expenses to break even.

(3) Investment plan for the coming year: None.

## 6. Risk assessment

(1) Impact of interest rate, exchange rate fluctuations, and inflation on the Company's profitability and future response measures:

A. Interest rate: A portion of the financial liabilities borrowed by the Company has a floating interest rate, which will vary with market interest rates, causing fluctuations in cash flows. Domestic interest rate fluctuations are not significant and do not pose significant risks.

▪Future Counter measurements: Negotiate with partner banks to secure preferential loan interest rates, reducing interest expenses.

B. Exchange rate: The Company is in the domestic market industry, and exchange rate fluctuations have a minimal direct impact on real estate.

▪Future Counter measurements:None.

C. Inflation: Construction-related materials and wages are increasing.

▪Future Counter measurements:which the Company will seize appropriate procurement opportunities to control construction costs and maintain a good competitive advantage.

(2) Policies, main reasons for profits or losses, and future response measures for engaging in high-risk, high-leverage investments, lending funds to others, endorsing guarantees, and derivative trading:

A. Engaging in high-risk, high-leverage investments and derivative trading: None.

B. Lending funds to others: None.

C. Endorsing guarantees:

(1) The Group provided endorsement and guarantee to other related parties for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act. The details are as follows:

<u>Endorser and guarantor</u>	<u>Endorsee and guarantee</u>	<u>Construction name</u>	<u>Date of signing guarantee contract</u>	<u>Endorsement and guarantee amount (construction cost on the license)</u>	<u>Acquisition of usage license</u>	<u>Note</u>
	Fong Yi		2021.03.18	<u>\$ 425,690</u>		
Fong-Chien Construction	Construction Cornerstone Investment	Fenghe	2021.10.07 (Change in the name of the builder)		2024.03.22	
Fong-Chien Construction	Fong Yi Construction	Senhuo	2024.03.06	<u>\$ 692,204</u>	(Not yet acquired)	Note
Hung Yeu Construction	Grace Hospitality	Fong Suei	2022.06.01	<u>\$ 159,101</u>	2024.08.26	

(2) Other related parties provide endorsement and guarantee to the Group for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act. The details are as follows:

<u>Endorser and guarantor</u>	<u>Endorsee and guarantee</u>	<u>Construction name</u>	<u>Date of signing guarantee contract</u>	<u>Endorsement and guarantee amount (construction cost on the license)</u>	<u>Acquisition of usage license</u>
Jing Chi Development	Fong-Chien Construction	Forest Cube	2020.07.10	<u>\$ 257,965</u>	2023.07.28
Grace Hospitality	Fong-Chien Construction	Chien18	2023.09.08	<u>\$ 311,906</u>	(Not yet acquired)
Truth Investment Co. Ltd	Fong-Chien Construction	HOME+	2024.10.04	<u>\$ 188,692</u>	(Not yet acquired)

(3) The Group provided endorsement and guarantee for associates as follows:

The board of directors resolved on May 23, 2023 to become the joint guarantor for the bank loans of associate, Fong Suei Construction Co., Ltd., based on the 30% of shareholding ratio. The loan amount is NT\$1,086,000 thousand, and the credit line has been received on November 20, 2023.

(4)The Group provided endorsement and guarantee to Hundredfold Development Co., Ltd. for a

performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act. The details are as follows:

<u>Endorser and guarantor</u>	<u>Endorsee and guarantee</u>	<u>Construction name</u>	<u>Date of signing guarantee contract</u>	<u>Endorsement and guarantee amount (construction cost on the license)</u>	<u>Acquisition of usage license</u>
Hung Yeu Construction	Hundredfold Development	Fengsentai	2024.09.13	\$ 171,525	(Not yet acquired)

D. Future response measures:

Control the endorsement evaluation process strictly, and the audit committee and the Board of Directors should review and approve the evaluation data before execution.

- (3) Future research and development plans and expected R&D expenses: Not applicable.
- (4) The impact of important domestic and foreign policies and legal changes on the Company's financial business and response measures:  
The Company has sought opinions from relevant government agencies and certified public accountants on recent important domestic and foreign policies and legal changes and has taken appropriate measures to respond.
- (5) The impact of technological changes (including cybersecurity risks) and industry changes on the Company's financial business and response measures:
  - A. The Company has significantly emphasized cybersecurity risks in response to changing trends and has trained information personnel to strengthen cybersecurity protection and conduct network drills.
  - B. Response to industry changes:  
The construction industry has been affected by short-term rapid increases in raw material and labor costs, which will not only affect profits but also lead to the central bank's repeated reduction in construction financing ratios, increasing the use of self-owned funds for land purchase and development, and future land purchases will be evaluated carefully for cash flow.
- (6) The impact of changes in corporate image on crisis management and response measures:  
In the event of a crisis that affects changes in the company's corporate image, an emergency response team will be immediately established, and actions will be taken promptly to respond.
- (7) Expected benefits, possible risks, and response measures for mergers and acquisitions:  
The Company currently has no plans for mergers and acquisitions.
- (8) Expected benefits, possible risks, and response measures for expanding factories:  
There are currently no plans by the Company to expand the factory.
- (9) Risks and response measures faced in centralized purchasing or sales:  
The Company's purchase of goods from suppliers and payment for engineering fees are all based on the completion of project phases. The payment is made after the local government's construction management section and the architect inspect and confirm the completion of the project. Payment is generally made in a 50% cash and 50% promissory note format, and all construction projects have been financed by banks, requiring the contractor to abandon mortgage rights and register requests for rights, providing relative protection for the Company.  
In addition, the Company's sales targets are the public, and there is no centralized sales situation.
- (10) The impact, risks, and response measures of the transfer or replacement of large shareholders holding more than 10% of the Company's shares:  
The transfer of director's shareholding in the Company is carried out in accordance with the provisions of Article 22-2 and Article 25 of the Securities and Exchange Act, and the directors' shareholdings are maintained at the statutory shareholding ratio, with little variability.
- (11) The impact, risks, and response measures of changes in management control: Not applicable.

(12) Lawsuits or non-litigation events involving the Company, company directors, general manager, substantial responsible person, shareholders holding more than 10% of the shares, and affiliated companies that have been judicially determined or are currently pending and may have a significant impact on shareholder equity or securities prices should disclose the disputed facts, amount involved, date of litigation, major litigants, and processing status as of the date of the annual report:None.

(13) Other important risks and response measures:  
Please refer to "Cyber Security Management".

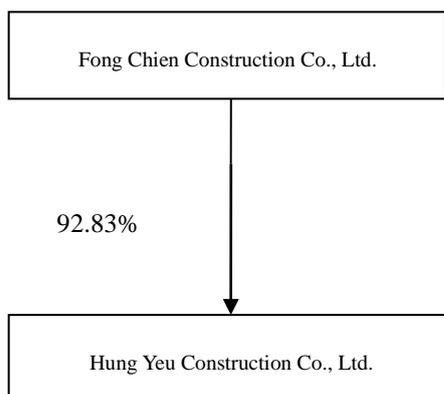
7.Other important matters: None.

## VI. Special notes

### 1. Information about the Company's Affiliates

#### (1) Consolidated Business Report of Affiliates

##### A. Organizational chart of the affiliates



##### B. Information of Affiliated Companies

Unit: NT\$ thousands

Company Name	Establishment date	Address	Paid-in capital	Main Business Activities
Hung Yeu Construction CO.,LTD.	1980/07/29	25F-1, No.501, Sec. 2, Taiwan Blvd.,west Dist., Taichung City	237,000	Integrated construction services, real estate, residential and commercial building development for lease or sale, upholstery.

C. Presumed controlling and subsidiary relationships among the shareholders: None.

D. Industries covered by the overall related business operations:

Residential and commercial building development for lease or sale, construction, civil engineering, real estate investment and development, hotel and catering services, etc.

E. Information on directors, supervisors, and general managers of each related company:

Unit: shares; %

Company Name	Title	Name or Representative	Shareholding	
			Shares	Shareholding ratio
Hung Yeu Construction CO.,LTD.	Director	Fong Chien Construction Co., Ltd. Representative: Chao, Chia-Ming	22,000,000	92.83%
	Director	Fong Chien Construction Co., Ltd. Representative: Yuan, Yu-Chi		
	Director	Fong Chien Construction Co., Ltd. Representative: Liu, Jui-Lin		
	Supervisor	Liao, Chun-Chieh	0	0

F. Operations Profile

Financial status and operating results of each affiliate company

Unit: NT\$ thousands

December 31, 2024

Company Name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating Revenue	Operating net profit (loss)	Net income after tax	Earnings per share after tax (NT\$)
Hung Yeu Construction CO.,LTD.	237,000	151,519	5,511	146,008	-	(699)	1,567	0.07

(2) Consolidated Financial Statements and Relationship Report of Affiliates:

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Fong Chien Construction Company Limited as of and for the year ended December 31, 2024, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Fong Chien Construction Company Limited and subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

COMPANY NAME:FONG CHIEN CONSTRUCTION COMPANY LIMITED

PRINCIPAL:YU QI YUAN

February 25, 2025

(3) Affiliation Reports: None.

2. Private Securities in the Past Year and as of the Date of Publication of the Annual Report: None.

3. Other necessary supplementary information: None.

**VII. Occurrences under the second paragraph of Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act had a substantial influence on shareholder equity or securities prices during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report: None**

Fong Chien Construction Co., Ltd.

**Chairman: Yuan, Yu-Chi**