

Stock Code : 9946

## **San Far Property Limited**

### **2021 Annual Shareholders' Meeting Handbook**

Time: 9:00 am, May 31 (Monday), 2021

Place: 15F, No. 99, Fuxing North Road, Songshan District, Taipei City  
(Primasia Conference & Business Center)

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## **The 2021 Shareholders' meeting Agenda**

Time: 9:00 am, May 31 (Monday), 2021

Place: 15F, No. 99, Fuxing North Road, Songshan District, Taipei City (Primasia Conference & Business Center)

I. Call the meeting to order

II. Chairman's opening statement

III. Report Items

Proposal 1: The company's 2020 Business Report

Proposal 2: The 2020 Audit Committee Review Report

Proposal 3: The company's 2020 Report on the distribution of remuneration to employees and directors

Proposal 4: Report on the implementation of the company's repurchase of treasury shares

Proposal 5: The company's earnings distribution proposal for 2020

Proposal 6: The process result of the "proposal of shareholders" and "director candidates nominated by shareholders"

IV. Ratification

Proposal 1: The company's 2020 business report and financial statements

Proposal 2: The company's earnings distribution proposal for 2020

V. Discussions

Proposal 1: Amendments to the company's "Articles of Incorporation"

Proposal 2: The company's 2020 profit distributed in the form of new shares

VI. Election

Proposal 1: The company's election of the board directors

VII. Other proposals

Proposal 1: Lifting the non-competition restriction on the company's newly elected directors (including independent directors) and their representatives

VIII. Motions

IX. Meeting adjourned

## Report Items

### Proposal 1

Cause of action: The company's 2020 Business Report is hereby presented for review and approval.

Note: Please refer to Attachment 1 of the Agenda Handbook for the company's 2020 Business Report.

### Proposal 2

Cause of action: The 2020 Audit Committee Report is hereby presented for review and approval.

Note: Please refer to Attachment 2 of the Agenda Handbook for the 2020 Audit Committee Report.

### Proposal 3

Cause of action: The company's 2020 Report on the distribution of remuneration to employees and directors is hereby presented for review and approval.

Note: Please refer to Attachment 3 of the Agenda Handbook for the company's 2020 Report on the distribution of remuneration to employees and directors.

### Proposal 4

Cause of action: The treasury stock report is hereby presented for review and approval.

Note: The company's 4th, 5th, and 6th repurchase of treasury shares from the secondary market are handled in accordance with the "Regulations Governing Share Purchase by Exchange-Listed and OTC-Listed Companies" as follows:

Repurchase term	4th	5th	6th
Board resolution date	July 29, 2020	September 23, 2020	February 3, 2021
Purpose of repurchase	Protecting the company's credit and shareholders' equity	Protecting the company's credit and shareholders' equity	Protecting the company's credit and shareholders' equity
Type of shares repurchased	Common stock	Common stock	Common stock

Repurchase term	4th	5th	6th
Scheduled repurchase period	July 30, 2020 to September 17, 2020	September 24, 2020 to November 3, 2020	February 4, 2021 to March 31, 2021
Expected number of shares to be repurchased	6,000,000 shares	6,000,000 shares	10,000,000 shares
Repurchase price range	NT\$10.75~NT\$22.50	NT\$12.67~NT\$26.00	NT\$9.87~NT\$22.71
Actual repurchase period	July 31, 2020 to September 15, 2020	September 30, 2020 to November 3, 2020	February 5, 2021 to March 29, 2021
Actual number of shares repurchased	6,000,000 shares	3,899,000 shares	10,000,000 shares
The ratio of the actual number of shares repurchased to the total number of shares issued (%)	1.99%	1.30%	3.12%
Actual amount in shares repurchased	NT\$103,820,429	NT\$74,503,935	NT\$167,409,475
Average repurchase price per share	NT\$17.30	NT\$19.11	NT\$16.74
The ratio of the number of shares repurchased to the expected number of shares to be repurchased	100%	65%	100%
Number of shares written-off	6,000,000 shares	3,899,000 shares	0 shares
Cumulative number of the company's shares held	6,000,000 shares	9,899,000 shares	10,000,000 shares
The ratio of the cumulative number of the company's shares held to the total number of shares issued (%)	1.99%	3.29%	3.12%
Reasons for	None	The repurchase	None

Repurchase term	4th	5th	6th
incomplete execution		strategy by installments is adopted within the price range depending on the changes in the stock price to safeguard the overall shareholder's equity and take into account market mechanism; therefore, the repurchase has not been implemented completely.	

### Proposal 5

Cause of action: The company's earnings distribution proposal for 2020 is hereby presented for review and approval.

Note: According to Article 23-2 of the company's Articles of Incorporation, the company's earnings distribution or loss allowance can be made at the end of each quarter. If the earnings distribution is paid in cash, it is to be resolved by the board of directors for process and should be reported to the shareholders' meeting. The company did not distribute earnings in the second and third quarters of 2020. The earnings were distributed in 2020 for an amount in NT\$93,301,186, that was, NT\$0.3 per share paid in cash, which was calculated and rounded up to dollars. The amount for the odd shares with less than NT\$1 distributed should be booked as the company's other income.

## Proposal 6

Cause of action: The process results of the “proposal of shareholders” and “director candidates nominated by shareholders” are hereby presented for review and approval.

Note:

I. Reporting the result of the “proposals of shareholders:”

The company has announced to accept shareholders' proposals for the regular shareholders' meeting in accordance with 172-1 of the Company Act for a period from February 5, 2021 to February 17, 2021. No shareholder with more than 1% shareholding had made a proposal in the current shareholders' meeting.

II. Reporting the results of the “director candidates nominated by shareholders:”

According to Article 192-1 of the Company Act and the company's Articles of Incorporation, the candidate nomination system is adopted for the election of directors. The nomination period for directors (including independent directors) is from February 5, 2021 to February 17, 2021. There is not any shareholder with more than 1% shareholding submitted a “director nominees list” (including independent directors) before the deadline.

## **Ratification**

Proposal 1

**【Proposed by the board of directors】**

Cause of action: The company's 2020 business report and financial statements are hereby presented for ratification.

Note:

- I. The preparation of the company's 2020 business report and financial statements is completed. An independent auditor's report with an unqualified opinion is issued by CPA Chung-Che Chen and CPA Shu-Ying Chang of KPMG Taiwan, which is reviewed and approved by the Audit Committee along with the financial statements.
- II. Please refer to Attachment 1 and Attachment 4 of the Agenda Handbook for the business report and the financial statements.

Resolutions:



## Proposal 2

【Proposed by the board of directors】

Cause of action: The company's earnings distribution proposal for 2020 is hereby presented for ratification.

Note:

I. The company's earnings distribution for 2020 is as follows:

## Sanfar Property Limited

## The company's earnings distribution for 2020

Unit: NT\$

Item	Amount
Unappropriated earnings - beginning	2,435,314,200
Subsidiary's pension actuarial profit and loss	( 77,326 )
Net income	182,974,158
Appropriated 10% legal reserve	( 18,289,683 )
Distributable earnings - ending	2,599,921,349
Distribution:	
Cash dividend (NT\$0.3/share)	( 93,301,186 )
Stock dividend (NT\$ 0.5 /share)	( 155,501,970 )
Unappropriated earnings - ending	2,351,118,193

- Explanation:
1. Distribute the 2020 earnings with priority.
  2. Cash dividends and stock dividends per share are calculated according to the number of 311,003,953 outstanding shares after deducting the number of Treasury shares on April 19, 2021.
  3. For the current earnings distribution, if the outstanding number of shares is affected by the changes in the company's stock capital before the ex-dividend or capital increase date due to the changes in law and regulations and the requirements of the competent authority, resulting in changes in the distribution of shares and the dividend rate of shareholders, a proposal may be made in the regular shareholders' meeting to have the board of directors authorized to handle all matters related to such changes.

Chairman: Chih-Chieh Tsai      Manager: Chih-Chieh Tsai      Chief Accountant: Chia-Chin Lin

II. Distribute cash dividend to shareholders that should be calculated and rounded up to dollar. The amount for the odd shares with less than NT\$1 distributed should be booked as the company's other income.

Resolutions:

## Discussions

### Proposal 1

【Proposed by the board of directors】

Cause of action: Amendments to the company's "Articles of Incorporation" are hereby presented for discussion.

Note:

- I. The amendment to the "Articles of Association" is proposed to meet the company's operational needs. Please refer to Attachment 5 of the Agenda Handbook for the amendments made in details.
- II. Proposed for resolutions

Resolutions:

### Proposal 2

【Proposed by the board of directors】

Cause of action: The company's 2020 profit distributed in the form of new shares is hereby presented for discussion.

Note:

- I. The company appropriated NT\$300,820,867 from the distributable earnings of FY2019 for capital increase with approximately 30,082,086 shares issued at NT\$10 par. The remaining NT\$7 per share is distributed in cash. In addition, it is planned to appropriate NT\$155,501,970 from the distributable earnings of FY2020 for capital increase with approximately 15,550,197 shares issued at NT\$10 par.
- II. The current profit distributed in the form of new shares through the capital increase of earnings is calculated based on the shareholders and the number of shares documented in the shareholder registry on the capital increase date. Also, a stock dividend of NT\$0.5/share (based on the number of shares outstanding after deducting the number of Treasury shares on April 19, 2021) and 50 shares for each 1,000 shares held is paid. Also, for the distribution of odd share that is less than one share, the shareholders may, within five days from the book closure date, apply to the company's stock affairs agency to have it consolidated with others; however, if it is still less than one share

afterwards, it will be paid in cash for the face value rounded up to dollar; also, such share will be sold at the face value to the buyer designated by the chairman. If subsequent changes in the company's capital stock are affecting the number of outstanding shares and also causing changes in the shareholder's stock dividend ratio, a proposal may be made to the shareholders' meeting to have the board of directors authorized to handle all matters related to such changes.

III. There is no stock certificate issued for the issuance of new shares, but the rights and obligations of the new shares are the same as the originally issued shares.

IV. The board of directors, after having the proposal of capital increase with new shares issued resolved in the regular shareholders' meeting and approved by the competent authority, shall be authorized by the shareholders meeting to schedule the base date for capital increase separately with the approval of the competent authorities. If the competent authority modifies it, or when it is necessary to be modified in response to the objective environment, the board of directors shall be entrusted with discretionary authorization by the shareholders' meeting to handle all related matters.

V. Proposed for resolutions

Resolutions:

## **Elections**

Proposal 1

**【Proposed by the board of directors】**

Cause of action: The company's election of the board directors is hereby proposed.

Note:

- I. The company's current 12th term of office of directors was originally scheduled to expire on May 27, 2021. According to Article 195, Paragraph 2 of the Company Act, when the term of office of directors expires before the re-election is held, they shall perform duties continuously until the re-elected directors on board. The board of directors election will be held in the 2021 regular shareholders' meeting; also, a total of 7 directors (including 3 independent directors) will be elected for a 3-year office term in accordance with the company's Articles of Incorporation.
- II. The term of office of the newly-elected directors is effective from the date of election for a 3-year term starting from May 31, 2021 to May 30, 2024.
- III. According to the company's Articles of Incorporation, a candidate nomination system is adopted for the election of directors, and they are to be elected from the director candidates list in the shareholders' meeting. The directors' professional qualifications, shareholding, restrictions on holding a part-time job, nomination and selection methods, and other matters to be complied with shall be handled in accordance with the relevant regulations of the competent authority. Please refer to Attachment 6 of the Agenda Handbook for the director candidates list.
- IV. Please hold the election.

Result of election:

## **Other proposals**

Proposal 1

**【Proposed by the board of directors】**

Cause of action: Lifting the non-competition restriction on the company's newly elected directors (including independent directors) and their representatives are hereby presented for discussion.

Note:

- I. It is to be handled in accordance with the "directors who act for themselves or others within the business scope of the company shall explain the important contents of their actions and obtain permission in the shareholders' meeting" stated in Article 209 of the Company Act.
- II. Due to the consideration of the investment or other business development and without prejudice to the interests of the company, it is proposed to report to the shareholders' meeting to have the non-competition restriction on the company's newly elected directors (including independent directors) and their representatives; also, explain the contents of the competition in person before the proposal is discussed in the shareholders' meeting.
- III. Proposal for resolutions

Resolutions:

## **Motions**

**Meeting adjourned**

## 【Attachment 1】 The 2020 Business Report

## Sanfar Property Limited

## The 2020 business performance

## I. The 2020 Business plan implementation and achievement

Unit: NT\$ Thousand

Item	2020	2019	Amount increase (decrease)
Operating income	1,491,772	5,079,135	-3,587,363
Gross profit	436,056	2,012,706	-1,576,650
Total profit and loss	190,817	1,599,297	-1,408,480

The company's operating income in 2020 decreased by 70.63% compared with that of in 2019. The projects of Guanghua section, Qiaobei section, and Fengming section in particular were completed and booked. The decline in operating income was mainly due to the pandemics impact at the beginning of the year, and no new construction project was completed in 2020. The real estate market gradually recovered in 2020. The company continues to be optimistic about the housing market in the future and is cautiously optimistic to evaluate each project for market launch, actively sell the newly completed housing, and grasp the business the business movement. Also, continue to promote the company's various plans and create performance and growth to meet the expectations of shareholders and investors with the vision of "sustainable operation" and "customer satisfaction."

## II. Budget execution

According to the "Regulations Governing the Publication of Financial Forecasts of Public Companies," the company is exempted from the obligation of preparing the 2020 financial forecast.

## III. Financial income and expenditure

Unit: NT\$ Thousand

Item	2020	2019
Net operating income	209,575	1,588,910
Non-operating income and expense	11,177	-9,420
Net income before tax of the continuing business unit	220,752	1,579,490
Net income	182,975	1,588,304
Total profit and loss	190,817	1,599,297

## IV. Profitability analysis

Item		2020	2019
Return on assets (%)		1.63	13.68
Return on equity (%)		2.76	26.69
Ratio to paid-in capital (%)	Operating profit	6.33	52.81
	Net income before tax	6.67	52.50
Net profit rate (%)		12.27	31.27
Basic earnings per share (NT\$)		0.57	4.80

## V. Research and development

- (I) Key projects development: Urban subcenter section Project 235, Linkou Lilin section Project, Yongshin section Project, Shinbon section Project, Wuquancho section Project, and Shinzuan section Project.
- (II) Sustainable operation and customer satisfaction: Base on the company's core concept of sustainable operation, value the management and communication with consumers, continue to improve product quality, and launch projects that meet consumer needs and expectations, while demonstrating financial and non-financial performance. Implement the vision of sustainable operation with the spirit of "courage, water-friendly, and waterproof."
- (III) Market research and development: Grasp accurate real-price registration and real estate related information, collect statistics on regional land market transaction prices, quantities, and the floorage and prices of housing projects in recent years, so as to facilitate the analysis of the favorite products in each district and grasp the changes in market demand and consumer mentality for reference in product positioning, product design, customer experience, and marketing strategies in order to increase sales.
- (IV) Studying construction methods and project management: Recruit quality and cooperative manufacturers carefully, reinforce structural safety, quality comes first, innovate work methods, protect work safety, and ensure superior products and site safety.

Chairman: Chih-Chieh Tsai

Manager: Chih-Chieh Tsai

Chief Accountant: Chia-Chin Lin

【Attachment 2】 Audit Committee Report

Sanfar Property Limited

Audit Committee Report

The board of directors had prepared the company's 2020 business report, financial statements, and earnings distribution proposal. Also, the financial statements were audited by CPA Chung-Che Chen and CPA Shu-Ying Chang of KPMG Taiwan with an independent auditor's report issued. The Audit Committee had reviewed the aforementioned business report, financial statement, and earnings distribution proposal without any discrepancies found. Therefore, an Audit Committee had a report issued for review and approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely yours

The 2021 Regular Shareholders' meeting of Sanfar Property Limited

Sanfar Property Limited

Convener of Audit Committee: Chin-Chang Wu

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## 【Attachment 3】 Distribution of remuneration to employees and directors

- I. If the company's current net income before tax without taking into account the remuneration to employees and directors and after being applied to make up for losses is with a positive balance, it is necessary to appropriate an amount not more than 5% of the balance as remuneration to directors and an amount not less than 1% of the balance as remuneration to employees accordingly. The aforementioned employee remuneration is paid in the form of stock shares or cash, including employees of affiliated companies who meet certain conditions that are to be stipulated by the board of directors. The decision of paying employee remuneration in the form of stock shares or cash is to be resolved in the board meeting with the attendance of two-thirds of the shareholders and with the consent of the majority of the directors present; also, it must be reported to the shareholders' meeting.
- II. The board of directors approved the distribution of remuneration to directors and employees as follows:

The company's 2020 remuneration to directors and employee proposal was resolved by the board of directors on March 12, 2021 as follows:

The distribution of remuneration to employees and directors was NT\$2,237,703 and NT\$2,237,703, respectively.

Unit: NT\$

Distribution category	The distribution amount resolved by the board of directors	Expense recognition year Estimated amount	Difference ①-②	Reasons and adjustments
Remuneration to directors (Cash)	2,237,703	2,237,703	0	None
Remuneration to employees (Cash)	2,237,703	2,237,703	0	

## 【Attachment 4】 Independent auditor's report and the 2020 financial statements



安侯建業聯合會計師事務所

KPMG

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## Independent Auditors' Report

To the Board of Directors of San Far Property Limited:

### Opinion

We have audited the consolidated financial statements of San Far Property Limited and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that, in our professional judgment, should be communicated are as follows:

#### 1. Revenue recognition

For the revenue recognition account policy, please refer to Note4(n); for the details of the revenue recognition during the years, please refer to Note 6(o).



#### Description of key audit matter:

A major income of Sanfa real Estate Company Limited and its subsidiaries is from selling the real estate, and the risk of material misrepresentation lies in the authenticity of income. Since operating income involves the operating performance of the management, a possible risk of material misstatement may occur if the management does not recognize the income at the right point of time in accordance with the regulations. Therefore, the recognition of sales revenue is one of the most important evaluation in performing our audit procedures.

#### Audit procedures performed:

- Test on the control of sales and payments received, evaluate and eliminate any possible misstatement or fraud recognized;
- Test on the appropriateness of the time income is recognized; randomly select samples to check whether the contract and relevant documents are transferred between the Company and customers; check the documents in the selling systems and general ledger to evaluate whether the Company's revenue recognition policy is in accordance with relevant regulations.

## 2. Valuation of inventories

Please refer to Note 4(h) and Note 5 for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainty of the valuation of inventory, respectively. Information of estimation of the valuation of inventory are disclosed in Note 6(d) of the consolidated financial statements.

#### Description of key audit matter:

The key asset of Sanfa real Estate Company Limited and its subsidiaries is its inventories, with a portion of 68% of the total assets. Inventory evaluation of the Company is in accordance with International Accounting Standards for Report No. 2. There may be a misstatement of financial report when the net realizable value is inappropriate. Therefore, the test on inventory valuation is regarded as one of the most important evaluation in performing our audit procedures.

#### Audit procedures performed:

Acquire assessment data of the net realizable value of inventories of the company and its subsidiaries, randomly select samples to check the signed contracts, and refer to the latest current real estate prices announced by the Ministry of the Interior or obtain transaction quotations in neighboring areas. Then, convert the average selling price to net realizable value of the real estate inventory, and compare whether there is a significant difference in between. In addition, analysis tables of investment return by cases are also acquired to compare with the market condition and evaluate whether the assessment data of the net realizable value of inventories are fairly measured and presented.

## Other Matter

San Far Property Limited has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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



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

The engagement partners on the audit resulting in this independent auditors' report are Chung-Che Chen and Shu-Ying Chang.

KPMG

Taipei, Taiwan (Republic of China)  
March 12, 2021

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets:</b>				
1100 Cash and cash equivalents (note 6(a))	\$ 2,532,976	23	3,267,860	28
1140 Current contract assets (notes 6(o) and 7)	20,980	-	18,879	-
1150 Notes receivable, net (notes 6(c) and (o))	152	-	900	-
1160 Notes receivable due from related parties, net (notes 6(c),(o) and 7)	39,816	-	-	-
1170 Accounts receivable, net (note 6(c) and (o))	2,590	-	135,646	1
1180 Accounts receivable due from related parties, net (notes 6(c),(o) and 7)	19,908	-	-	-
1300 Inventories, merchandising business, net (note 6(d))	4,815	-	3,695	-
1320 Inventories (for construction business), net (notes 6(d),8 and 9)	7,387,259	68	7,387,362	64
1410 Prepayment	49,055	-	74,042	1
1476 Other financial assets-current (notes 6(i), 7 and 8)	119,084	1	71,687	1
1479 Other current assets, others	24,240	-	23,540	-
1480 Current assets recognised as incremental costs to obtain contract with customers (note 6(e))	74,129	1	60,918	-
	<u>10,275,004</u>	<u>93</u>	<u>11,044,529</u>	<u>95</u>
<b>Non-current assets:</b>				
1517 Non-current financial assets at fair value through other comprehensive income (notes 6 (b))	79,920	1	72,000	1
1600 Property, plant and equipment (notes 6(f) and 8)	78,500	1	79,222	1
1760 Investment property (note 6(j))	66,841	1	38,653	-
1780 Intangible assets	17,658	-	15,707	-
1840 Deferred tax assets (note 6(l))	91,166	1	64,905	1
1975 Net defined benefit asset, non-current (note 6(k))	2,342	-	2,473	-
1980 Other non-current financial assets (notes 8)	250,287	3	250,173	2
1990 Other non-current assets, others	16,643	-	8,082	-
	<u>603,357</u>	<u>7</u>	<u>531,215</u>	<u>5</u>
<b>Total assets</b>	<u>\$ 10,878,361</u>	<u>100</u>	<u>11,575,744</u>	<u>100</u>
<b>Liabilities and Equity</b>				
<b>Current liabilities:</b>				
2100 Short-term borrowings (notes 6(g) and 8)	\$ 1,540,210	14	1,143,320	10
2130 Current contract liabilities (note 6(i),(o) and 9)	229,267	2	104,096	1
2150 Notes payable	54,598	1	58,549	1
2170 Accounts payable	140,820	1	153,446	1
2200 Other payables (note 6(p) and 7)	94,703	1	177,517	2
2230 Current tax liabilities (note 6(l))	51,964	-	5,231	-
2321 Current Portion of puttable bonds (notes 6(h) and 8)	-	-	997,498	9
2399 Other current liabilities, others	19,865	-	27,417	-
	<u>2,131,427</u>	<u>19</u>	<u>2,667,074</u>	<u>24</u>
<b>Non-Current liabilities:</b>				
2530 Bonds payable (notes 6(h) and 8)	2,198,773	20	2,198,256	19
2570 Deferred tax liabilities (notes 6(l))	468	-	500	-
2600 Total other non-current liabilities	7,350	-	1,572	-
	<u>2,206,591</u>	<u>20</u>	<u>2,200,328</u>	<u>19</u>
	<u>4,338,018</u>	<u>39</u>	<u>4,867,402</u>	<u>43</u>
<b>Total liabilities</b>				
<b>Equity attributable to owners of parent (note 6(m)):</b>				
Common stock	3,309,030	30	3,008,209	26
Capital surplus	196,752	2	286,998	2
Total retained earnings	3,194,165	30	3,402,335	29
Other equity	18,720	-	10,800	-
Treasury stock	(178,324)	(1)	-	-
<b>Total equity</b>	<u>6,540,343</u>	<u>61</u>	<u>6,708,342</u>	<u>57</u>
	<u>\$ 10,878,361</u>	<u>100</u>	<u>11,575,744</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		2020		2019	
		Amount	%	Amount	%
4000	<b>Operating revenue (notes 6(o) and 7)</b>	\$ 1,491,772	100	5,079,135	100
		1,491,772	100	5,079,135	100
5000	<b>Operating cost (note 6(d))</b>	<u>1,055,716</u>	<u>71</u>	<u>3,066,429</u>	<u>60</u>
5900	<b>Gross profit (loss) from operations</b>	<u>436,056</u>	<u>29</u>	<u>2,012,706</u>	<u>40</u>
6000	<b>Operating expenses (note 6(e), (k), (p) and 7):</b>				
6100	Selling expenses	133,714	9	290,384	6
6200	Administrative expenses	<u>92,767</u>	<u>6</u>	<u>133,412</u>	<u>3</u>
		<u>226,481</u>	<u>15</u>	<u>423,796</u>	<u>9</u>
6900	<b>Operating profit</b>	<u>209,575</u>	<u>14</u>	<u>1,588,910</u>	<u>31</u>
7000	<b>Non-operating income and expenses:</b>				
7100	Total interest income	7,727	1	5,793	-
7010	Other income (note 6(j))	8,315	1	3,792	-
7020	Other gains and losses (note 6(q))	(137)	-	(101)	-
7050	Finance costs, net	<u>(4,728)</u>	<u>-</u>	<u>(18,904)</u>	<u>-</u>
		<u>11,177</u>	<u>2</u>	<u>(9,420)</u>	<u>-</u>
7900	<b>Profit (loss) from continuing operations before tax</b>	220,752	16	1,579,490	31
7950	<b>Less: Income tax expense (note 6(l))</b>	<u>37,777</u>	<u>3</u>	<u>(8,814)</u>	<u>-</u>
8200	<b>Profit (loss)</b>	<u>182,975</u>	<u>13</u>	<u>1,588,304</u>	<u>31</u>
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Gains on remeasurements of defined benefit plans (note 6(k))	(97)	-	241	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (notes 6(b) and (m))	7,920	1	10,800	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(19)</u>	<u>-</u>	<u>48</u>	<u>-</u>
8300	<b>Other comprehensive income (net of tax)</b>	<u>7,842</u>	<u>1</u>	<u>10,993</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 190,817</u>	<u>14</u>	<u>1,599,297</u>	<u>31</u>
	<b>Basic earnings per share (note 6(n))</b>				
9750	Basic earnings per share	<u>\$ 0.57</u>		<u>4.80</u>	
9850	Diluted earnings per share	<u>\$ 0.57</u>		<u>4.79</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent							Total other equity interest	
	Ordinary shares	Retained earnings				Total retained earnings	Treasury shares		Total equity
		Capital surplus	Legal reserve	Unappropriated retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income				
<b>Balance at January 1, 2019</b>	2,811,410	371,340	382,439	1,628,198	2,010,637	-	5,193,387		
Profit	-	-	-	1,588,304	1,588,304	-	1,588,304		
Other comprehensive income (net for tax)	-	-	-	193	193	10,800	10,993		
Comprehensive income	-	-	-	1,588,497	1,588,497	10,800	1,599,297		
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	34,665	(34,665)	-	-	-		
Stock dividends of ordinary share	196,799	-	-	(196,799)	(196,799)	-	-		
Cash dividends from capital surplus	-	(84,342)	-	-	-	-	(84,342)		
Balance at December 31, 2019	3,008,209	286,998	417,104	2,985,231	3,402,335	10,800	6,708,342		
Profit	-	-	-	182,975	182,975	-	182,975		
Other comprehensive income	-	-	-	(78)	(78)	7,920	7,842		
Comprehensive income	-	-	-	182,897	182,897	7,920	190,817		
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	158,850	(158,850)	-	-	-		
Cash dividends of ordinary share	-	-	-	(90,246)	(90,246)	-	(90,246)		
Stock dividends of ordinary share	300,821	-	-	(300,821)	(300,821)	-	-		
Other changes in capital surplus:									
Cash dividends from capital surplus	-	(90,246)	-	-	-	-	(90,246)		
Purchase of treasury share	-	-	-	-	-	(178,324)	(178,324)		
<b>Balance at December 31, 2020</b>	<b>3,309,030</b>	<b>196,752</b>	<b>575,954</b>	<b>2,618,211</b>	<b>3,194,165</b>	<b>18,720</b>	<b>6,540,343</b>		

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ <u>220,752</u>	<u>1,579,490</u>
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	3,688	2,097
Amortization expense	1,740	1,419
Interest expense	4,728	18,904
Interest income	(7,727)	(5,793)
Pension	<u>34</u>	<u>26</u>
<b>Total adjustments to reconcile profit (loss)</b>	<u>2,463</u>	<u>16,653</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Increase in contract assets	(2,101)	(18,879)
Increase (decrease) in notes receivable - related parties	(39,068)	2,283
Decrease in accounts receivable - related parties	113,148	202,996
Decrease in inventories	67,784	2,788,158
Decrease in other prepayments	24,987	45,859
Increase (decrease) other current assets	(700)	2,385
Increase (decrease) in other financial assets	(112,567)	7,815
Increase (decrease) in assets recognised as incremental costs to obtain contract with customers	<u>(13,211)</u>	<u>57,685</u>
<b>Total changes in operating assets</b>	<u>38,272</u>	<u>3,088,302</u>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in contract liabilities	125,171	(309,802)
Decrease in notes payable	(3,951)	(45,948)
Decrease in accounts payable	(12,626)	(362,651)
Decrease increase in other receivable	(82,584)	20,466
Decrease in other current liabilities	<u>(10,972)</u>	<u>(46,342)</u>
<b>Total changes in operating liabilities</b>	<u>15,038</u>	<u>(744,277)</u>
<b>Total changes in operating assets and liabilities</b>	<u>53,310</u>	<u>2,344,025</u>
<b>Total adjustments</b>	<u>55,773</u>	<u>2,360,678</u>
Cash inflow generated from operations	276,525	3,940,168
Interest paid	(99,580)	(102,507)
Income taxes paid	<u>(17,318)</u>	<u>(22,034)</u>
<b>Net cash flows from (used in) operating activities</b>	<u>159,627</u>	<u>3,815,627</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows (CONT'D)**

**For the years ended December 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

	2020	2019
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(61,200)
Acquisition of property, plant and equipment	(875)	(861)
Acquisition of intangible assets	(2,829)	(2,295)
Decrease (increase) in other financial assets	65,056	(250,149)
Increase in other non current assets	(495)	(1,400)
Interest received	7,727	5,793
<b>Net cash flows from (used in) investing activities</b>	<b>68,584</b>	<b>(310,112)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	396,900	10
Decrease in short-term borrowings	(10)	(2,057,210)
Proceeds from issuing bonds	-	1,198,745
Repayments of bonds	(1,000,000)	-
Payment of lease liabilities	(1,408)	-
Increase in other non-current liabilities	239	444
Cash dividends paid	(180,492)	(84,342)
Payments to acquire treasury shares	(178,324)	-
<b>Net cash flows from used in financing activities</b>	<b>(963,095)</b>	<b>(942,353)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(734,884)</b>	<b>2,563,162</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,267,860</b>	<b>704,698</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 2,532,976</b>	<b>3,267,860</b>

See accompanying notes to consolidated financial statements.



安侯建業聯合會計師事務所

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## Independent Auditors' Report

To the Board of Directors of San Far Property Limited:

### Opinion

We have audited the financial statements of San Far Property Limited("the Company"), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 1. Revenue recognition

Please refer to note 4(m) for the Company's individual financial statement on revenue recognition, and 6(p) for detailed contract revenue from customers.

Description of key audit matter:

A major income of the Company is from selling the real estate, and the risk of material misrepresentation lies in the authenticity of income. Since operating income involves the operating performance of the management, a possible risk of material misstatement may occur if the management does not recognize the income at the right point of time in accordance with the regulations. Therefore, the recognition of sales revenue is one of the most important evaluation in performing our audit procedures.



Audit procedures performed:

- Test on the control of sales and payments received, evaluate and eliminate any possible misstatement or fraud recognized;
- Test on the appropriateness of the time income is recognized; randomly select samples to check whether the contract and relevant documents are transferred between the Company and customers; check the documents in the selling systems and general ledger to evaluate whether the Company's revenue recognition policy is in accordance with relevant regulations.

## 2. Inventory valuation

Please refer to note 4(f) of individual financial statement for detailed inventory valuation policy, and to note 6(d) for assumptions and uncertainties.

Description of key audit matter:

The key asset of the Company is its inventories, with a portion of 68% of the total assets. Inventory evaluation of the Company is in accordance with International Accounting Standards for Report No. 2. There may be a misstatement of financial report when the net realizable value is inappropriate. Therefore, the test on inventory valuation is regarded as one of the most important evaluation in performing our audit procedures.

Audit procedures performed:

Acquire assessment data of the net realizable value of inventories of the Company and its subsidiaries, randomly select samples to check the signed contracts, and refer to the latest current real estate prices announced by the Ministry of the Interior or obtain transaction quotations in neighboring areas. Then, convert the average selling price to net realizable value of the real estate inventory, and compare whether there is a significant difference in between. In addition, analysis tables of investment return by cases are also acquired to compare with the market condition and evaluate whether the assessment data of the net realizable value of inventories are fairly measured and presented.

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

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

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

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



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

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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



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

The engagement partners on the audit resulting in this independent auditors' report are Chung-Che Chen and Shu-Ying Chang.

KPMG

Taipei, Taiwan (Republic of China)

March 12, 2021

#### **Notes to Readers**

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
SAN FAR PROPERTY LIMITED

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019		December 31, 2020		December 31, 2019		
	Amount	%	Amount	%	Amount	%	Amount	%	
<b>Assets</b>									
<b>Current assets:</b>									
1100 Cash and cash equivalents (note 6(a))	\$ 2,496,225	23	3,190,384	28	2100 Short-term borrowings (note 6(h) and 8)	\$ 1,540,210	14	1,143,310	10
1150 Notes receivable, net (note 6(c) and (p))	-	-	500	-	2130 Current contract liabilities (note 6(i), (p) and 9)	229,267	2	104,096	1
1170 Accounts receivable, net (note 6(c) and (p))	44	-	132,898	1	2151 Notes payable	29,441	-	11,136	-
1200 Other receivables, net	6	-	-	-	2161 Notes payable to related parties (note 7)	28,165	-	107,658	1
1320 Inventories (for construction business), net (note 6(d), 7 and 8)	7,294,062	68	7,360,551	63	2170 Accounts payable	20,786	-	17,607	-
1410 Prepayment	30,932	-	57,861	-	2180 Total accounts payable to related parties (note 7)	34,869	-	85,098	1
1476 Other financial assets-current (note 6(j) and 8)	111,933	1	65,170	1	2200 Other payables (note 7)	85,073	1	161,683	1
1479 Other current assets, others	11,666	-	16,038	-	2230 Current tax liabilities (note 6(m))	51,207	1	5,231	-
1480 Current assets recognised as incremental costs to obtain contract with customers (note 6(e))	74,129	1	60,918	1	2321 Current Portion of puttable bonds (note 6(i) and 8)	-	-	997,498	9
	10,018,997	93	10,884,320	94	2399 Other current liabilities, others	5,315	-	16,270	-
						2,024,333	18	2,649,587	23
<b>Non-current assets:</b>									
1517 Non-current financial assets at fair value through other comprehensive income (note 6(b))	79,920	1	72,000	1	<b>Non-Current liabilities:</b>				
1550 Investments accounted for using equity method, net (note 6(f))	176,207	2	166,955	1	Bonds payable (note 6(i) and 8)	2,198,773	21	2,198,256	19
1600 Property, plant and equipment (notes 6(g) and 8)	77,022	1	77,746	1	Total other non-current liabilities	477	-	262	-
1760 Investment property (note 6(k))	66,841	-	38,653	-	<b>Total liabilities</b>	2,199,250	21	2,198,518	19
1780 Intangible assets	892	-	163	-	<b>Equity attributable to owners of parent:(note 6(n))</b>	4,223,583	39	4,848,105	42
1840 Deferred tax assets (note 6(m))	90,414	1	63,441	1	Common stock	3,309,030	31	3,008,209	26
1920 Guarantee deposits paid	3,346	-	2,996	-	Capital surplus	196,752	2	286,998	2
1980 Other non-current financial assets (notes 8)	250,287	2	250,173	2	Total retained earnings	3,194,165	30	3,402,335	30
	744,929	7	672,127	6	Other equity (note 6(b))	18,720	-	10,800	-
					Treasury stock	(178,324)	(2)	-	-
					<b>Total equity</b>	6,540,343	61	6,708,342	58
<b>Total assets</b>	\$ 10,763,926	100	11,556,447	100	<b>Total liabilities and equity</b>	\$ 10,763,926	100	11,556,447	100

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**SAN FAR PROPERTY LIMITED**

**Statements of Comprehensive Income**

**For the years ended December 31, 2020 and 2019**

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		<u>2020</u>		<u>2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (note 6 (p))	\$ 1,342,142	100	5,013,181	100
5000	Operating cost (notes 6(l))	<u>950,481</u>	<u>71</u>	<u>3,108,697</u>	<u>62</u>
5900	<b>Gross profit (loss) from operations</b>	<u>391,661</u>	<u>29</u>	<u>1,904,484</u>	<u>38</u>
6100	Selling expenses (note 6(e), (l) and 7)	114,131	8	267,465	5
6200	Administrative expenses (note 6(l), (q) and 7)	<u>79,378</u>	<u>6</u>	<u>111,814</u>	<u>3</u>
		<u>193,509</u>	<u>14</u>	<u>379,279</u>	<u>8</u>
6900	<b>Net operating income (loss)</b>	<u>198,152</u>	<u>15</u>	<u>1,525,205</u>	<u>30</u>
7000	<b>Non-operating income and expenses:</b>				
7100	Total interest income	7,628	1	5,650	-
7010	Other income (note 6(k) and 7)	6,566	-	2,927	-
7020	Other gains and losses	-	-	(19)	-
7050	Finance costs, net (notes 6(r))	(4,653)	-	(18,899)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	<u>11,603</u>	<u>1</u>	<u>64,303</u>	<u>1</u>
		<u>21,144</u>	<u>2</u>	<u>53,962</u>	<u>1</u>
7900	<b>Profit (loss) from continuing operations before tax</b>	219,296	17	1,579,167	31
7950	Less: Income tax expenses (profits) (note 6(m))	<u>36,321</u>	<u>3</u>	<u>(9,137)</u>	<u>-</u>
	<b>Profit (loss)</b>	<u>182,975</u>	<u>14</u>	<u>1,588,304</u>	<u>31</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(n))	7,920	1	10,800	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(78)	-	193	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>7,842</u>	<u>1</u>	<u>10,993</u>	<u>-</u>
	<b>Total comprehensive income</b>	<u>\$ 190,817</u>	<u>15</u>	<u>1,599,297</u>	<u>31</u>
	<b>Basic earnings per share (note 6(o))</b>				
	Basic earnings per share(NT dollars)	<u>\$ 0.57</u>		<u>4.80</u>	
	Diluted earnings per share(NT dollars)	<u>\$ 0.57</u>		<u>4.79</u>	

See accompanying notes to parent company only financial statements.



(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**SAN FAR PROPERTY LIMITED**

**Statements of Changes in Equity**

**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Ordinary shares	Retained earnings				Total other equity interest		Total equity
		Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury shares	
<b>Balance at January 1, 2019</b>	\$ 2,811,410	371,340	382,439	1,628,198	2,010,637	-	-	5,193,387
Profit (loss)	-	-	-	1,588,304	1,588,304	-	-	1,588,304
Other comprehensive income	-	-	-	193	193	10,800	-	10,993
Total comprehensive income	-	-	-	1,588,497	1,588,497	10,800	-	1,599,297
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	34,665	(34,665)	-	-	-	-
Stock dividends of ordinary share	196,799	-	-	(196,799)	(196,799)	-	-	-
Other changes in capital surplus:								
Cash dividends from capital surplus	-	(84,342)	-	-	-	-	-	(84,342)
Balance at December 31, 2019	3,008,209	286,998	417,104	2,985,231	3,402,335	10,800	-	6,708,342
Profit (loss)	-	-	-	182,975	182,975	-	-	182,975
Other comprehensive income	-	-	-	(78)	(78)	7,920	-	7,842
Total comprehensive income	-	-	-	182,897	182,897	7,920	-	190,817
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	158,850	(158,850)	-	-	-	-
Cash dividends of ordinary share	-	-	-	(90,246)	(90,246)	-	-	(90,246)
Stock dividends of ordinary share	300,821	-	-	(300,821)	(300,821)	-	-	-
Other changes in capital surplus:								
Cash dividends from capital surplus	-	(90,246)	-	-	-	-	-	(90,246)
Purchase of treasury share	-	-	-	-	-	-	(178,324)	(178,324)
<b>Balance at December 31, 2020</b>	\$ 3,309,030	196,752	575,954	2,618,211	3,194,165	18,720	(178,324)	6,540,343

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
SAN FAR PROPERTY LIMITED

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 219,296	1,579,167
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	1,536	1,286
Amortization expense	250	152
Interest expense	4,653	18,899
Interest income	(7,628)	(5,651)
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	(11,603)	(64,303)
<b>Total adjustments to reconcile profit (loss)</b>	(12,792)	(49,617)
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease in notes receivable	500	2,130
Decrease in accounts receivable	132,854	201,258
Decrease (increase) in other receivable	(6)	3
Decrease in inventories	135,291	2,909,119
Decrease in prepayments	26,929	47,672
Decrease in other current assets	4,372	1,893
Increase in other financial assets	(111,933)	-
Decrease (increase) in assets recognised as incremental costs to obtain contract with customers	(13,211)	57,685
<b>Total changes in operating assets</b>	174,796	3,219,760
<b>Changes in operating liabilities:</b>		
Increase (decrease) in contract liabilities	125,171	(309,802)
Decrease in notes payable	(61,188)	(78,498)
Decrease in accounts payable	(47,050)	(475,990)
Decrease in other payable	(76,380)	43,357
Increase (decrease) in other current liabilities	(10,955)	(47,220)
<b>Total changes in operating liabilities</b>	(70,402)	(868,153)
<b>Total changes in operating assets and liabilities</b>	104,394	2,351,607
<b>Total adjustments</b>	91,602	2,301,990
Cash inflow (outflow) generated from operations	310,898	3,881,157
Interest paid	(99,506)	(102,502)
Income taxes refund (paid)	(17,318)	(14,314)
<b>Net cash flows from (used in) operating activities</b>	194,074	3,764,341

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)**  
**SAN FAR PROPERTY LIMITED**

**Statements of Cash Flows (CONT'D)**

**For the years ended December 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

	2020	2019
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(61,200)
Acquisition of property, plant and equipment	(160)	(644)
Increase in refundable deposits	(350)	(1,080)
Acquisition of intangible assets	(979)	(296)
Decrease (increase) in other financial assets	65,056	(250,149)
Interest received	7,628	5,651
Dividends received	2,273	31,700
<b>Net cash flows from (used in) investing activities</b>	<b>73,468</b>	<b>(276,018)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	396,900	-
Decrease in short-term loans	-	(2,057,210)
Proceeds from issuing bonds	-	1,198,745
Repayments of bonds	(1,000,000)	-
Increase in other non-current liabilities	215	250
Cash dividends paid	(180,492)	(84,342)
Payments to acquire treasury shares	(178,324)	-
<b>Net cash flows from (used in) financing activities</b>	<b>(961,701)</b>	<b>(942,557)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(694,159)</b>	<b>2,545,766</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,190,384</b>	<b>644,618</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 2,496,225</b>	<b>3,190,384</b>

See accompanying notes to parent company only financial statements.

## 【Attachment 5】 Amendments to the “Articles of Incorporation”

**Sanfar Property Limited**  
**Amendments to the “Articles of Incorporation”**

Article No.	Amended Article	Current Article	Note
Article 5	The stock capital of the company is NT\$4.5 billion with 450 million common stock shares issued at NT\$10 par; also, the board of directors is authorized to issue stock shares in installments.	The stock capital of the company is NT\$3.8 billion with 380 million common stock shares issued at NT\$10 par; also, the board of directors is authorized to issue stock shares in installments.	In order to meet the needs of the company's operations, increase the rated total.
Article 15	The board of directors is organized by directors with the attendance of two-thirds of the directors and the approval of the majority of the directors present. The chairman is selected among the directors who shall represent the company externally. <u>The board of directors may decide to appoint a vice chairman when necessary, and the vice chairman is to be selected among the directors as stated in the preceding paragraph.</u>	The board of directors is organized by directors with the attendance of two-thirds of the directors and the approval of the majority of the directors present. The chairman is selected among the directors who shall represent the company externally.	<ol style="list-style-type: none"> <li>1. In consideration of the company's business operation, the board of directors is authorized to appoint a vice chairman when necessary depending on the company's business needs.</li> <li>2. The vice chairman is selected the same way as the chairman.</li> </ol>
Article 23-2	<del>The company's earnings distribution or loss allowance can be made at the end of each quarter.</del> If the earnings distribution is paid in cash, it is to be resolved by the board of directors for process and should be reported to the shareholders' meeting in accordance with Article <del>228-1</del> and Article 240, Paragraph 5 of the Company Act. However, it is not necessary to have the	The company's earnings distribution or loss allowance can be made at the end of each quarter. If the earnings distribution is paid in cash, it is to be resolved by the board of directors for process. It should be reported to the shareholders' meeting in accordance with Article 228-1 and Article 240, Paragraph 5 of the Company Act. However, it is not necessary to have	<ol style="list-style-type: none"> <li>1. This Article is deleted and modified.</li> <li>2. In consideration of the company's policy on earnings distribution, the original provision of having earnings distributed on a quarterly basis is hereby deleted.</li> </ol>

	proposal presented to the shareholders' meeting for approval.	the proposal presented to the shareholders' meeting for approval.	
Article 25	(Omitted) The 27th amendment was made on June 29, 2020. <a href="#">The 28th amendment was made on May 31, 2021</a>	(Omitted) The 27th amendment was made on June 29, 2020.	Add the date of the 28th amendment.

## 【Attachment 6】 Director candidate list

## Director candidate list

Nominees Name	Education	Experience	Shareholding (Unit: Shares)
Shang Shan Enterprise Co., Ltd. Representative: Mingshen Gao	Tamkang University / Department of Banking	Experience: Bank of Panshin/President Land Bank of Taiwan/President Land Bank of Taiwan/Managing Director Small & Medium Enterprise Credit Guarantee Fund of Taiwan /Director	7,898,480 shares
Shang Shan Enterprise Co., Ltd. Representative: Dingsheng Zhong	Duke University/ Bachelor of Electrical Engineering and Information Science	Incumbent: San Far Property Limited/Aide to President Zenfar Architecture Co., Ltd. /Chairman Experience : Jinfuxing Construction Co., Ltd./Manager	7,898,480 shares
Shang Shan Enterprise Co., Ltd. Representative: Dingshin Zhong	Tamkang University / Department of Architecture	Incumbent: Minfar Real Estate Development Co., Ltd./Chairman Michaeldin Creativity Marketing Company /Chairman	7,898,480 shares
Cheng-nan Huang	National Sun Yat-sen University/Executive Master Program of Business Administration National Kaohsiung First University of Science and Technology / Master Program of Banking and Finance graduated	Incumbent: Ding He Lawyer & Law Firm / Attorney San Far Property Limited / Independent Director, Remuneration Committee member, Nomination Committee member, and Audit Committee member Thinking Electronics Industrial Co., Ltd. / Independent Director, Audit Committee member, and Remuneration Committee	0 shares

		member Experience: Passed attorney bar examination in 1992 Patent agent in 1992	
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## Independent director candidate list

Nominees Name	Education	Experience	Shareholding (Unit: Shares)
Chin-Chang Wu	National Chiao Tung University / Executive Master Program of Business Administration	Incumbent: Sunfar Computer Co., Ltd. /Legal representative of director San Far Property Limited / Independent Director, Remuneration Committee member, Nomination Committee member, and Audit Committee member Yihong Investment Co., Ltd. / Chairman Shenghong Investment Co., /Chairman I-Sunfar Co., Ltd./Chairman Jiahong Investment Co., Ltd., / Director Kuenling Air Co., Ltd. / Remuneration Committee member Ling Dong Digital Co., Ltd. / Chairman & President National Kaohsiung University of Science and Technology – Angels Investment / Managing Director Spring Foundation of NCTU / Director NGUSCHOOL / Director Experience: Sunfar Computer Co., Ltd. /	0 shares

Nominees Name	Education	Experience	Shareholding (Unit: Shares)
		Director	
Hsu-hui Hsu	National Chengchi University / EMBA Tulane University / MBA	Incumbent: Taiwan Express Co., Ltd. / Chairman San Far Property Limited / Independent Director, Remuneration Committee member, Nomination Committee member, and Audit Committee member T3EX Global Holdings Corp. / Director CAR QUALITY AUTOMOTIVE CO., LTD. / Director Central Taiwan Science Park Logistics Co., Ltd. / Supervisor Eastern Civil Aviation Agency Co., Ltd. / Supervisor FocalTech Systems Co., Ltd. / Independent Director Experience: The 25th Model of Entrepreneurs Chairman of National Innovation and Entrepreneurship Association, R.O.C. (TAIWAN) Taiwan Chamber of Commerce and Industry (4th term) / Supervisor Executive of Taiwan International Logistics & Supply Chain Association	0 shares
Yanfend Wu	Tunghai University / Bachelor of Law	Incumbent: T.Y.T. Law Offices / Attorney Experience: T.Y.T. Law Offices / Attorney	0 shares



Nominees Name	Education	Experience	Shareholding (Unit: Shares)
		Taiwan Tea Corporation / Director Shengshan Finance Co., Ltd. / Director	

## **【Appendix 1】 Articles of Incorporation**

### **Sanfar Property Limited Articles of Incorporation**

Amendments were passed in the regular shareholders' meeting on June 29, 2020

#### **Chapter 1 General Principles**

Article 1: The company is organized in accordance with the Company Act and is named  
“SAN FAR PROPERTY LIMITED.”

Article 2: The businesses operation of the company is as follows:

1. H701010 Residential and building development, lease, and sale business
2. H701020 Industrial factories development, lease, and sale business
3. H701040 Specific professional zones development business
4. H701050 Public construction investment business
5. H701060 New towns and communities development business
6. H701070 Sectional expropriation and municipal rezoning agency business
7. H701080 Urban renewal and reconstruction business
8. H702010 Construction management business
9. H703090 Real estate trading business
10. H703100 Real estate leasing business
11. H703110 Seniors home business
12. E801010 Interior decoration business
13. F106020 Daily necessities wholesale business
14. F111090 Building materials wholesale business
15. F113010 Machinery wholesale business
16. F211010 Building materials retail business
17. F213080 Machinery appliance retail business
18. F301010 Department store business
19. F301020 Supermarket business
20. F501060 Restaurant business
21. G202010 Parking lot business
22. I102010 Investment consulting business
23. I103060 Management consulting business
24. I301010 Information software service business
25. I503010 Landscape and interior design business
26. J503010 Radio broadcasting production business
27. J503020 TV programs production business
28. J503030 Radio broadcasting and television program distribution business
29. J503040 Radio broadcasting and television advertising business

20. J503050 Video tape business
31. J701020 Amusement park business
32. J701040 Entertainment square business
33. J801010 Golf course business
34. J901020 General hotel business
35. JD01010 Industrial and commercial credit check service business
36. D401010 Thermal energy supply business
37. F199990 Other wholesale businesses
38. F501030 Beverage store business
39. F401010 International trade business
40. F113050 Computer and office machinery and equipment wholesale business
41. F213030 Computer and office machinery and equipment retail business
42. E605010 Computer equipment installation business
43. IE01010 Telecommunications service and phone number agency business
44. F113070 Telecommunications equipment wholesale business
45. F213060 Telecommunications equipment retail business
46. F119010 Electronic materials wholesale business
47. I401010 General advertising services business
48. J301010 Newspaper business
49. J303010 Magazine (periodical) publishing business
50. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

Article 3: The company's head office is located in Taipei City. If necessary, the company may establish branches domestically and abroad through a resolution of the board of directors, so is the investment in Taiwan and abroad. When being a shareholder with limited responsibility, the total investment is not subject to the restriction of not exceeding 40% of the paid-in as stated in Article 13 of the Company Act

Article 3-1: The company may make external guarantees for business needs, and it is to be handled in accordance with the company's "Regulations Governing Making Endorsements/Guarantees."

Article 4: Deleted

## **Chapter 2 Shares**

Article 5: The stock capital of the company is NT\$3.8 billion with 380 million common stock shares issued at NT\$10 par; also, the board of directors is authorized to issue stock shares in installments. One million shares are reserved for the

issuance of warrants, preferred stocks with warrants, or corporate bonds with warrants to exercise the stock options; also, the board of directors is authorized to issue stock shares in installments. The company may have stock shares transferred to employees at an average price lower than the actual purchase price or may issue employee stock warrant for a subscription price lower than market price in a meeting with the attendance of shareholders who represent more than half of the total number of issued shares, and shall be executed with the approval of more than two-thirds of the voting rights of the shareholders present.

Article 6: The company's stocks are all ordered that are signed or sealed by the directors and issued after being attested by the competent authority or the issuance and registration agency authorized by the competent authority. The stock shares issued by the company may be exempted from printing certificates. They should be registered with the centralized securities depository enterprises and proceed in accordance with the regulations of such institutions.

Article 7: The book closure date for the transfer of the stock shares is scheduled 60 days prior to the regular shareholders' meeting, 30 days prior to the extraordinary shareholders' meeting, or 5 days prior to the company's distributing dividends, bonuses, and other benefits.

### **Chapter 3 Shareholders' meeting**

Article 8: There are two types of shareholders' meetings: regular shareholders' meeting and extraordinary shareholders' meeting. The regular shareholders' meeting shall be convened at least once a year and shall be convened within six months after the end of each fiscal year. An extraordinary meeting will be convened lawfully, when necessary.

Article 9: A shareholders' meeting is convened by the board of directors and chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, one of the directors shall be appointed to act as chair in accordance with Article 208 of the Company Act. If the shareholders' meeting is convened by a party with the power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 10: A shareholder who cannot attend the shareholders' meeting for reasons may have the company's proxy form issued with the scope of authorization detailed and signed or sealed for the agent to attend the meeting instead.

Article 11: The company's shareholders shall be entitled to one vote for each share held.

However, those subject to the restrictions as stated in Article 179 of the Company Act have no voting rights.

Article 12: Unless otherwise provided by the Company Act, the resolutions of the shareholders' meeting shall be with the attendance of shareholders who represent more than half of the total number of issued shares and shall be executed with the approval of more than half of the voting rights of the shareholders present. According to the regulations of the competent authority, the company's shareholders may exercise their voting rights electronically. A shareholder exercising voting rights by electronic means will be deemed to have attended the meeting in person, and related matters are handled in accordance with law and regulations.

Article 13: Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed by an announcement. The meeting minutes must detail the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberation and the voting results. The meeting minutes must be retained indefinitely. The minutes of the proceedings should be kept in the company together with the signature book of the shareholders present and the proxy attendance letter.

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

Article 14: The company has seven to nine directors to organize the board of directors. The board of directors is authorized to determine the actual number of directors to be appointed. Elections of directors of the company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. Shareholders shall have directors selected from the director candidates list. The matters related to the nomination and announcement of the director candidates shall be handled in accordance with the Company Act, Securities Exchange Act, and relevant law and regulations. The term of office of directors is three years, and they may be re-elected. Among the number of directors in the preceding paragraph, there should be at least three independent directors (at least one independent director should have accounting or financial expertise) and no less than one-fifth of the number of directors.

The election of independent and non-independent directors may be conducted together, and the number of people elected is calculated separately.

The company has established an Audit Committee in accordance with the provisions of the Securities Exchange Act, which is composed of all independent directors.

Article 15: The board of directors is organized by directors with the attendance of two-thirds of the directors and the approval of the majority of the directors present. The chairman is selected among the directors who shall represent the company externally.

Article 16: The reason for convening the board meeting shall be specified in the notice that is to be issued to all board directors 7 days in advance. But a meeting can be called at any time when there is an emergency. The meeting notice in the preceding paragraph can be made in writing, e-mail, or fax. A director participating a meeting by video conference will be deemed to have attended the meeting in person.

The board of directors, except for the first board meeting of each term to be convened in accordance with Article 203 of the Company Act, shall be convened by the chairman of the board and serve as chairman at the same time; unless otherwise provided by the company, the resolutions must be reached with the attendance of more than half of all directors and with the consent of more than half of the directors present. If a director is unable to attend the board meeting for reasons, he/she may issue a proxy to entrust other directors to attend the meeting in accordance with Article 205 of the Company Act, but it is limited to only one proxy.

Article 17: Deleted

Article 18: The resolution reached in the board meeting must be included in the meeting minutes that shall be signed or sealed by the chairperson for distribution to each director within 20 days after the conclusion of the meeting. The meeting minutes shall accurately record the time, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and the voting results. The meeting minutes should be kept in the company together with the signature book of the shareholders present and the proxy attendance letter.

Article 19: When the chairman of the board asks for leave or is unable to exercise his/her powers for some reason, his/her agency shall be handled in accordance with Article 208 of the Company Act.

Article 20: When the term of office of a director expires and is no time for re-election,

his/her executive duties shall be extended until the time when the re-elected director takes office.

Article 20-1: When directors perform the company's business, regardless of profit or loss resulted, the company shall pay salaries and attendance compensation in accordance with the general standards of the industry.

Article 20-2: The company may purchase liability insurance for directors in respect of their being held liable for the scope of business performed by them throughout the term of office.

### **Chapter 5 Managers**

Article 21: The company has several managers, whose appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Act.

### **Chapter 6 Accounting**

Article 22: The board of directors at the end of each fiscal year shall prepare the following reports for the review of the Audit Committee 30 days before the scheduled regular shareholders' meeting and for the ratification of the shareholders' meeting.

1. Business report
2. Financial statements
3. Proposal for the distribution of earnings and appropriation for making up losses

Article 23: If the company's current net income before tax without taking into account the remuneration to employees and directors and after being applied to make up for losses is with a positive balance, it is necessary to appropriate an amount not more than 5% of the balance as remuneration to directors and an amount not less than 1% of the balance as remuneration to employees accordingly. The aforementioned employee remuneration is to be paid in the form of stock shares or cash, including employees of affiliated companies who meet certain conditions that are to be stipulated by the board of directors. The decision of paying employee remuneration in the form of stock shares or cash is to be resolved in the board meeting with the attendance of two-thirds of the shareholders and with the consent of the majority of the directors present; also, it must be reported to the shareholders' meeting.

Article 23-1: The company may have the net income, if any, distributed in the following order:

- (1) Applied to pay taxes;
- (2) Applied to make up for the losses;
- (3) Appropriate 10% of the amount as legal reserve; But when the legal reserve equals the paid-in capital, it is not subject to this requirement.
- (4) Appropriate or reverse special reserve lawfully or for business operation.
- (5) The board of directors will resolve to have the balance amount, if any, and the unappropriated earnings of previous years retained or distributed dividends to shareholders depending on the capital status and economic development of the current year, which shall be submitted to the shareholders' meeting for approval.

The company, for sustainable and stable business development and considering capital needs and long-term financial planning, formulates dividend policies; also, comprehensively considers retained earnings and future profitability to determine the distributable amount each year. Dividends are distributed in the form of stock dividends and cash dividends. The distribution of cash dividends shall not be less than 10% of the current years total dividends. However, when the cash dividend is less than NT\$0.5/share, stock dividends may be distributed instead.

Article 23-2: The company's earnings distribution or loss allowance can be made at the end of each quarter. If the earnings distribution is paid in cash, it is to be resolved by the board of directors for process and should be reported to the shareholders' meeting in accordance with Article 228-1 and Article 240, Paragraph 5 of the Company Act. However, it is not necessary to have the proposal presented to the shareholders' meeting for approval.

Article 23-3: If there are not any earnings available for distribution, of the amount in earnings is much lower than the actual earnings previously distributed by the company, or according to the consideration of the company's financial, business, and operating aspects, the earnings may be distributed entirely or partially in accordance with law or regulations or the requirements of the competent authority. The earnings distribution that is paid in cash is to be handled by the board of directors in accordance with Article 241 of the Company Act and reported to the shareholders' meeting, but it is unnecessary to have it



presented to the shareholders' meeting for approval.

### **Chapter 8 Annex**

Article 24: Matters not specified in the Articles of Incorporation shall be handled in accordance with the provisions of the Company Act.

Article 25: The Articles of Incorporation was enacted on September 1, 1993.

The 1st amendment was made on September 16, 1993.

The 2nd amendment was made on April 10, 1998.

The 3rd amendment was made on May 16, 1998.

The 4th amendment was made on May 20, 1999.

The 5th amendment was made on July 2, 1999.

The 6th amendment was made on November 8, 1999.

The 7th amendment was made on April 8, 2000.

The 8th amendment was made on August 17, 2000.

The 9th amendment was made on October 20, 2000.

The 10th amendment was made on November 13, 2000.

The 11th amendment was made on June 6, 2001.

The 12th amendment was made on June 8, 2002.

The 13th amendment was made on June 20, 2004.

The 14th amendment was made on June 20, 2004.

The 15th amendment was made on June 20, 2005.

The 16th amendment was made on June 15, 2006.

The 17th amendment was made on June 21, 2007.

The 18th amendment was made on May 13, 2008.

The 19th amendment was made on June 19, 2009.

The 20th amendment was made on June 25, 2010.

The 21st amendment was made on May 27, 2011.

The 22nd amendment was made on May 25, 2012.

The 23rd amendment was made on May 31, 2013.

The 24th amendment was made on June 2, 2015.

The 25th amendment was made on June 27, 2016.

The 26th amendment was made on May 22, 2017.

The 27th amendment was made on June 29, 2020.

## 【Appendix 2】 Rules of Procedures for Shareholders' meetings

### Sanfar Property Limited Rules of Procedures for Shareholders' meeting

Passed by the regular shareholders' meeting on June 29, 2020.

- I. In order to establish a good governance system for the shareholders' meeting, improve supervision function, and strengthen management mechanism, the company has formulated the "Rules of Procedures for Shareholders' meeting" in accordance with Article 5 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."
- II. Unless otherwise provided by law and regulations or the company's Articles of Incorporation, the company's meeting agenda shall be conducted in accordance with the "Rules of Procedures for Shareholders' meeting."
- III. Unless otherwise provided by law or regulation, the company's shareholders' meetings shall be convened by the board of directors.

The company shall prepare electronic versions of the shareholders' meeting notice and proxy forms and the origins of explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular shareholders' meeting or 15 days before the date of an extraordinary shareholders' meeting. The company shall prepare electronic versions of the shareholders' meeting agenda handbook and supplemental meeting materials to be uploaded to the MOPS 21 days before the regular shareholders' meeting or 15 days before the date of the extraordinary shareholders' meeting. The company shall have prepared the shareholders' meeting agenda handbook and supplemental meeting materials available for shareholders 15 days before the shareholders' meeting date. The meeting agenda handbook and supplemental materials shall also be displayed at the company and the professional shareholder services agent designated and distributed on-site at the meeting place. The reasons for convening the shareholders' meeting shall be specified in the

meeting notice and public announcement. The meeting notice may be given in electronic form with the consent of the addressee.

Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the cease of a public offering, approval of competing with the company by directors, profit distributed in the form of new shares, additional paid-in capital distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 should be detailed in the meeting notice instead of being proposed in motions; also, the proposal contents should be published on the network designated by the securities authorities or the company and the network information must be stated in the meeting notice.

Where the election of board directors and the inauguration date is stated in the meeting notice, the inauguration date may not be altered by a motion or any other way upon the completion of the election in the same meeting.

A shareholder holding 1% or more of the total number of issued shares may submit to the company a written proposal for discussion at a regular shareholders' meeting. However, the number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. However, if the shareholders' proposal is to urge the company to promote the public interest or fulfill its social responsibilities, the board of directors may still include it in the agenda. The Board of Directors may disregard shareholder proposals if the proposed agendas exhibit any of the conditions described in Paragraph 4, Article 172-1 of the Company Act.

The company, before holding a regular shareholders' meeting, shall announce accepting the proposal of shareholders, proposal filing in person or in an electronic form, and place and time of accepting the proposals prior to the book closure date; also, the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The proposing shareholder shall attend the regular shareholders' meeting in person or

by proxy and take part in discussing the proposal.

The company shall inform the proposal screening results to the proposing shareholders prior to the meeting notice date and shall list in the meeting notice the proposals that conform to this Articles provisions. The board of directors shall explain the reason for excluding any shareholder proposals not included in the agenda at the shareholders' meeting.

- IV. A shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the company with the scope of authorization detailed for each shareholders' meeting.

A shareholder may issue only one proxy form and mandate only one proxy for any given shareholders' meeting. The proxy form shall be delivered to the company five days before the shareholders' meeting date and the proxy received the earliest shall prevail. Unless a written notice of proxy cancellation has been submitted to the company.

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

- V. The venue for a shareholders' meeting shall be the companys premises, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the independent directors opinions with respect to the place and time of the meeting.

- VI. The company shall specify in its shareholders' meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the meeting commence time. The place at which attendance registrations are accepted shall be

clearly marked, and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The company shall give attending shareholders with the meeting agenda handbook, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by a number of representatives equivalent to the number of directors (including independent directors) elected currently. When a juristic person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting.

VII. If the shareholder meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one acting director to act as chair. If there is no acting director in place, one director shall be appointed to act as a chair. Where the chairperson does not make such a designation, the acting directors or directors shall select from among themselves one person to serve as chair.

An acting director or a director who serves as chair as stated in the preceding paragraph shall have held the office for more than six months and understand the financial conditions of the company. A corporate director that serves as chair shall

meet the aforementioned conditions.

The chairman of the board of directors should chair the shareholders' meeting convened by the board of directors, and the majority of the directors should attend such meeting. At least one Audit Committee member, and at least one representative of each functional committee; also, the attendance should be documented in the meeting minutes.

If the meeting of shareholders is convened by an authorized party other than the board of directors, the convening party shall chair the meeting. If there are two or more convening parties, they shall select one party to chair among themselves.

The company may appoint its attorneys, certified public accountants, or related personnel to attend the shareholders' meeting.

VIII. The company shall have the process of accepting shareholder attendance registrations, the proceeding of the shareholders' meeting, and the voting and vote counting procedures recorded in audio and video form uninterruptedly.

The audio and video recording referred to in the preceding paragraph shall be safe kept for at least one year. However, if a shareholder files a lawsuit pursuant to Article 189 of the Company Act, such material shall be retained until the conclusion of the litigation.

IX. Attendance at shareholders' meetings shall be calculated based on the number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the scheduled meeting time; however, the chair may have the meeting postponed if the attending shareholders do not represent more than half of the total shares issued. The meeting postponement is limited to 2 times for a total of less than 1 hour. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph. Still, the attending shareholders represent one third or more of the total

number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.

When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

- X. If the shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including motions and amendments to the original proposals). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders' meeting convened by an authorized party other than the board of directors.

The chair may not declare the meeting adjourned prior to the completion of deliberation on the meeting agenda of the preceding two paragraphs (including motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other board directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the voting rights represented by the attending shareholders, and then continue the meeting.

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

- XI. An attending shareholder before speaking, must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card

number), and account name. The order in which shareholders speak will be set by the chair.

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

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

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

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

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

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

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

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

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

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed



as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

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

When the company holds a shareholder meeting, it shall adopt voting rights by electronic means and may adopt voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. However, the motion and the amendment to the original proposal of the shareholders' meeting shall be deemed as a waiver. Therefore, the company shall avoid the submission of motions and amendments to original proposals.

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

If the shareholder after delivering a proxy form to the company intends to attend the shareholders' meeting in person, a written notice of proxy cancellation shall be submitted to the company two days before the shareholders' meeting date in the way same as exercising voting right. If the cancellation notice is submitted after that time, votes cast by correspondence or electronically shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend the shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Unless otherwise provided in the Company Act and the company's Articles of Incorporation, the passage of a proposal requires an affirmative vote of a majority

of the voting rights represented by the attending shareholders. At the time of voting, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders for each proposal, followed by a poll of the shareholders. The number of votes for and against each proposal and the waiver should be announced on the MOPS upon the conclusion of the shareholders' meeting.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal for voting in an orderly manner. When any proposal among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.

The chair shall appoint the monitoring and counting personnel for the voting on a proposal; provided that all monitoring personnel shall be shareholders of the company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. The voting results, including the statistical votes, shall be announced on-site at the meeting, with a record made immediately upon the completion of the vote counting.

- XIV. The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. However, if a shareholder files a lawsuit pursuant to Article 189 of the Company Act, such material shall be retained until the conclusion of the litigation.
- XV. Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed

in an electronic form.

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

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

XVI. On the day of a shareholders' meeting, the company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders' meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable law or regulations or under the regulations of Taiwan Stock Exchange Corporation (or TPEX), the company shall upload the content of such resolution to the MOPS within the prescribed time period.

XVII. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands.

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

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

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

meeting.

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

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

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

XIX. The "Rules of Procedures for Shareholders' meetings" shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be handled in the same manner.

The "Rules of Procedures for Shareholders' meetings" was enacted on May 20, 1999.

The 1st amendment was made on June 18, 2001.

The 2nd amendment was made on June 8, 2002.

The 3rd amendment was made on June 15, 2006.

The 4th amendment was made on June 25, 2010.

The 5th amendment was made on May 25, 2012.

The 6th amendment was made on May 31, 2013.

The 7th amendment was made on June 2, 2015.

The 8th amendment was made on May 22, 2017.

The 9th amendment was made on June 24, 2019.

The 10th amendment was made on June 29, 2020.

## **【Appendix 3】 Regulations Governing Election of Directors**

### **Sanfar Property Limited**

#### **Regulations Governing Election of Directors**

Date of amendment: Passed by the  
shareholders' meeting on June 29, 2020

Article 1: For the fair, just, and open selection of directors, this procedure is established in accordance with Articles 21 and Article 41 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."

Article 2: The election of the directors and independent directors of the company, unless otherwise provided by law and regulations or the Articles of Incorporation, shall be conducted in accordance with the "Regulations Governing Election of Directors."

Article 3: The overall composition of the board of directors shall be taken into consideration in the selection of the company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include but not limited to the following two general standards:

- I. Basic requirements and values: Gender, age, nationality, and culture.
- II. Professional knowledge and skills: A professional background (e.g. law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

All board directors shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

- I. The ability to make judgments about operations
- II. Accounting and financial analysis ability
- III. Business management ability
- IV. Crisis management ability
- V. Knowledge of the industry
- VI. An international market perspective
- VII. Leadership
- VIII. Decision-making ability

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The company's board of directors shall consider adjusting its composition based on the results of performance evaluation.

Article 4: The qualifications of the company's independent directors shall meet Article

2, Article 3, and Article 4 of the “Regulations Governing Election of Independent Directors and Compliance Matters for Public Companies.”

The election of the company's independent directors must comply with Article 5, Article 6, Article 7, Article 8, and Article 9 of the “Regulations Governing Election of Independent Directors and Compliance Matters for Public Companies.” The election should be handled in accordance with Article 24 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.”

Article 5: Elections of the company's directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

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

When the number of independent director falls below the quorum under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, the provisions of the “Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings,” and “Standards for Determining Unsuitability for TPEX Listing under Article 10, Paragraph 1 of the Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEX” Section 8, a by-election shall be held at the next shareholders' meeting to fill the vacancy. When all the independent directors are dismissed, a special shareholders' meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6: The election of the company's directors shall adopt the cumulative voting system, and each share shall have the same voting rights as the number of directors to be elected with all votes casted to one candidate or to several candidates.

The election of the company's directors may be carried out in person or by electronic voting. If shareholders use electronic voting to exercise their voting rights in the preceding paragraph, they shall exercise it on the electronic voting platform designated by the company.

Article 7: The board of directors shall prepare the number of election ballots equal to the number of directors to be elected, fill in the number of voting rights, and distribute them to the attending shareholders. The voter's name may be replaced by the attendance certificate number printed on the ballot.

Article 8: The directors of the company shall calculate the voting rights of independent

directors and non-independent directors in accordance with the number of directors specified in the company's Articles of Incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

If electronic voting is adopted, the number of voting rights in the preceding paragraph is calculated based on the number of voting rights voted by the shareholders' meeting on site plus the number of voting rights in electronic voting. The results of the electronic voting in the preceding paragraph shall be verified by an organization that meets the requirements of Article 44-6 of the "Regulations Governing the Administration of Shareholder Services of Public Companies" before the shareholders' meeting, and complete statistical verification

Article 9: The chair at the beginning of the election shall appoint a number of monitoring and counting personnel with a shareholder status to perform the respective duties of the vote. The ballot boxes shall be prepared by the board of directors and publicly checked by the monitoring personnel before voting commences.

Article 10: If the candidate is a shareholder, the voter must fill in the name in the "Candidate" column of the ballot with his/her shareholder number noted. If the candidate is not a shareholder, the name and the ID card number of the candidate should be filled in the said column of the ballot. However, when the government or corporate shareholder is a candidate, the government or corporate title should be filled in the "Candidate" column of the ballot with the name of its representative stated. If there are several representatives appointed, their names should be filled in respectively.

Article 11: An election ballot is invalid under any of the following circumstances:

- I. The ballot is not prepared by the company.
- II. A blank ballot is placed in the ballot box.
- III. The writing is unclear and unreadable or the ballot has been altered.
- IV. The candidate whose name is entered in the ballot is a shareholder and his/her account name and account number do not conform to the information on the shareholders registry; the candidate whose name is entered in the ballot is not a shareholder and his/her name and identity card number provided are with discrepancy found.
- V. Other words or marks are entered in addition to the account name (full name) of the candidate and the shareholder number (or ID card number) and voting rights allocated.
- VI. The candidate's name is the same as other shareholders, and there is no shareholder account number or the ID card number available for

identification.

Article 12: The voting rights shall be calculated on-site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel for safekeeping. If electronic voting is adopted, the monitoring personnel shall seal the on-site voting ballots together with the electronic voting materials with a signature affixed for safekeeping. And should be kept in proper custody for at least one year. However, if a shareholder files a lawsuit pursuant to Article 189 of the Company Act, such material shall be retained until the conclusion of the litigation.

Article 13: The company's board of directors shall issue notifications to the persons elected as directors.

Article 14: The Matters not specified in the "Regulations Governing Election of Directors" shall be handled in accordance with the provisions of the Company Act and relevant law and regulations.

Article 15: The "Regulations" shall be implemented after approval by a shareholders' meeting. Subsequent amendments thereto shall be handled in the same manner.

Article 16: The "Regulations Governing Election of Directors" was enacted on June 2, 2015.

The 1st amendment was made on May 22, 2017.

The 2nd amendment was made on June 29, 2020.



**[Appendix 4] Shareholding of all the board directors**

Sanfar Property Limited

## Shareholding of all the board directors

Base date: April 2, 2021, Unit: Shares

Job title	Name	Shareholder Registry on the book closure date Number of shares booked
Director	Representative of Shin-Tin Investment Co., Ltd.: Chih-Chieh Tsai Kang-Chi Lu	186,094
Director	Representative of Chengshin Investment Co., Ltd.: Chun-Jung Chung Fu-Hsing Li	47,126,519
Independent Director	Cheng-nan Huang	0
Independent Director	Chin-Chang Wu	0
Independent Director	Hsu-hui Hsu	0
Shareholding of all the directors		47,312,613

Note: The company's paid-in capital as of April 2, 2021 is NT\$3,210,039,530 with 321,003,953 shares issued. According to the provisions of Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies:" the shareholding of the company's board directors has met the specifications.

1. The mandatory shareholding of the company's directors is 12,840,158 shares, and the actual shareholding of the company's directors is 47,312,613 shares.

2. The company has set up an Audit Committee in accordance with the Securities and Exchange Act; therefore, the company is not subject to the requirement that the supervisor's shareholding may not be less than a specific ratio.