

Stock code: 2530

Delpha Construction Co., Ltd.
Parent Company Only Financial Statements
For the Years Ended December 31, 2021 and 2020
Together with Independent Auditors' Report

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Delpha Construction Co., Ltd.

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Independent Auditors' Report

Delpha Construction Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Delpha Construction Co., Ltd. (the "Company") as of December 31, 2021 and 2020, and the related parent company only financial statements of comprehensive income, changes in equity and cash flows for the years then ended and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2021 and 2020, and its parent company only financial performance and its parent company only cash flows for the years then ended, in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers".

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the **Independent auditor's responsibilities for the audit of the parent company only financial statements** section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certificate Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with this Code. Based on our audits, we believe that our audits provide a reasonable basis for our opinion.

Independent Auditors' Report (Continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. We determined the key audit matters should be communicated in our audit report are as follows:

Evaluation of inventories

Please refer to Note 4(12) to the parent company only financial statements for the accounting policies of evaluation of inventories; refer to Note 5(2) to the parent company only financial statements for the accounting estimates and assumptions of the evaluation of inventories; and please refer to Note 6(6) to the parent company only financial statements for the details of inventories account.

The inventory is an important asset of the Company's operation, which accounts for 76% of the total Company's assets. The accounting treatment for inventory evaluation is in accordance with the International Accounting Standard 2 "Inventories". The financial statements will not present fairly if the assessment of net unrealized value of inventories is inappropriate. Therefore, we considered the evaluation of inventories as one of the key audit matters for the year.

Our audit procedures included, but not limited to, by referencing to the total transaction price registered in the Ministry of the Interior's real estate transaction database, the average selling price converted into the net realized value of the lands and buildings for sale to assess whether there is a significant difference. And to obtain the valuation report issued by the appraiser or by referencing to the present value of land announced by the Ministry of the Interior to assess whether there is a significant difference between the construction land and the construction in progress;

Independent Auditors' Report (Continued)

and for the valuation report issued by the appraiser, to assess the rationality of the basic assumptions and expert qualifications such as the percentage of factor adjustment, the direct and indirect costs of the development period, the integrated capital interest rates, etc.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Independent Auditors' Report (Continued)

Independent auditor's responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only parent 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls 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 controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditors' Report (Continued)

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 report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 parent company only financial statements, including the footnote disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentations.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the Company's investee companies accounted for under equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of audit of the Company's investee companies. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding 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.

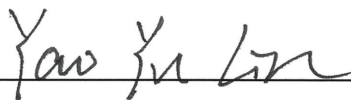
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our 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.



Chen, Kuang- Hui



Yao, Yu-Lin

For and on behalf of ShineWing CPAs

March 30, 2022

Taipei, Taiwan

Republic of China

Notice to Readers

The accompanying financial statements are not intended to present the financial position, results of financial operations and cash flows in accordance with accounting principles and practice generally accepted in countries and jurisdictions other than the Republic of China. The standard, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the parent only financial statements are the responsibility of the management, ShineWing CPAs cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Delpha Construction Co., Ltd.
Parent company only balance sheets

December 31, 2021 and 2020

(Expressed in thousands of New Taiwan dollars)

Assets	<u>Notes</u>	<u>December 31,</u>			
		<u>2021</u>	<u>%</u>	<u>2020</u>	<u>%</u>
<i>Current assets</i>					
Cash and cash equivalents	6.(1)	\$ 2,798,111	17	\$ 1,834,819	24
Notes receivable, net	6.(4) and 7	1,651	-	90	-
Other receivables	6.(5)	-	-	39,998	-
Current tax assets		225	-	413	-
Inventories	6.(6) and 8	12,449,967	76	4,875,120	64
Prepayments		274,494	2	215,909	3
Other current financial assets	6.(7) and 8	157,039	1	211,021	3
Other current assets, others		950	-	950	-
		<u>15,682,437</u>	<u>96</u>	<u>7,178,320</u>	<u>94</u>
<i>Non-current assets</i>					
Non-current financial assets at fair value through other comprehensive income	6.(3)	3,187	-	2,898	-
Investments accounted for under equity method	6.(8) and 8	673,427	4	347,836	4
Property, plant and equipment	6.(9) and 8	57,954	-	57,139	1
Right-of-use asset	6.(10)	720	-	-	-
Guarantee deposits paid	7	38,640	-	60,717	1
Net defined benefit assets, non-current	6.(16)	3,907	-	3,119	-
Other non-current assets, others		5,552	-	5,552	-
		<u>783,387</u>	<u>4</u>	<u>477,261</u>	<u>6</u>
Total assets		<u>\$ 16,465,824</u>	<u>100</u>	<u>\$ 7,655,581</u>	<u>100</u>

(Continued on next page)

Delpha Construction Co., Ltd.
Parent company only balance sheets

December 31, 2021 and 2020

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

Liabilities and equity	Notes	December 31,			
		2021	%	2020	%
<i>Current liabilities</i>					
Current borrowings	6.(13) and 8	\$ 3,982,721	24	\$ 915,000	12
Current contract liabilities	6.(22)	532,459	4	342,486	5
Notes payable	6.(14) and 7	54,109	-	1,723	-
Accounts payable	6.(14) and 7	64,453	-	48,217	1
Accounts payable to related parties	6.(14) and 7	-	-	94,571	1
Other payables		15,895	-	8,802	-
Current provisions	6.(17)	990	-	761	-
Current lease liabilities		724	-	-	-
Advance receipts	7	26,495	-	26,446	-
Current portion of non-current borrowings	6.(15) and 8	211,400	2	60,000	1
Other current liabilities, others		2,083	-	170	-
		<u>4,891,329</u>	<u>30</u>	<u>1,498,176</u>	<u>20</u>
<i>Non-current liabilities</i>					
Non-current portion of non-current borrowings	6.(15) and 8	3,180,704	19	-	-
Guarantee deposits received		129	-	9,269	-
		<u>3,180,833</u>	<u>19</u>	<u>9,269</u>	<u>-</u>
Total liabilities		<u>8,072,162</u>	<u>49</u>	<u>1,507,445</u>	<u>20</u>
<i>Equity</i>					
Ordinary share	6.(19)	7,207,525	44	5,207,525	68
Capital surplus	6.(20)	1,018,613	6	658,613	8
Retained earnings:	6.(21)				
Legal reserve		237,247	1	237,247	3
Special reserve		-	-	3,789	-
Unappropriated retained earnings		(71,020)	-	40,402	1
Other equity interest		1,297	-	560	-
Total equity		<u>8,393,662</u>	<u>51</u>	<u>6,148,136</u>	<u>80</u>
Total liabilities and equity		<u>\$ 16,465,824</u>	<u>100</u>	<u>\$ 7,655,581</u>	<u>100</u>

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

Delpha Construction Co., Ltd.
Parent company only statement of comprehensive income

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan dollars)

	Notes	For the year ended December 31,			
		2021	%	2020	%
Operating Revenue	6.(22) and 7	\$ 968	100	\$ 79,624	100
Operating cost	6.(6) and 7	-	-	(61,950)	(78)
Gross profit from operations		<u>968</u>	<u>100</u>	<u>17,674</u>	<u>22</u>
Operating expenses					
Selling expenses	6.(25)	(1,045)	(108)	(2,618)	(3)
Administrative expenses	6.(25) and 7	(81,497)	(8,419)	(77,601)	(97)
		<u>(82,542)</u>	<u>(8,527)</u>	<u>(80,219)</u>	<u>(100)</u>
Net operations loss		<u>(81,574)</u>	<u>(8,427)</u>	<u>(62,545)</u>	<u>(78)</u>
Non-operating income and expenses					
Other income	6.(23)	11,363	1,174	4,851	6
Other gains and losses	6.(24)	(5,075)	(524)	(17,298)	(22)
Finance costs	6.(27)	(25,928)	(2,679)	(5,203)	(6)
Share of loss of subsidiaries, affiliates and joint ventures accounted for under equity method		<u>(13,409)</u>	<u>(1,385)</u>	<u>(8,442)</u>	<u>(11)</u>
		<u>(33,049)</u>	<u>(3,414)</u>	<u>(26,092)</u>	<u>(33)</u>
Net loss before tax		<u>(114,623)</u>	<u>(11,841)</u>	<u>(88,637)</u>	<u>(111)</u>
Income tax expense	6.(28)	-	-	(1,008)	(1)
Current net loss		<u>(114,623)</u>	<u>(11,841)</u>	<u>(89,645)</u>	<u>(112)</u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Gains on remeasurement of defined benefit plans		781	80	111	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(632)	(65)	986	1
Income tax expenses related to components that will not be reclassified to profit or loss		-	-	-	-
Total other comprehensive income		<u>149</u>	<u>15</u>	<u>1,097</u>	<u>1</u>
Total comprehensive income		<u>(\$ 114,474)</u>	<u>(11,826)</u>	<u>(\$ 88,548)</u>	<u>(111)</u>
Earnings per share (In New Taiwan dollars)					
Basic earnings per share	6.(29)	<u>(\$ 0.20)</u>		<u>(\$ 0.32)</u>	

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

Delpha Construction Co., Ltd.
Parent company only statement of changes in equity

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan dollars)

	Retained earnings					Other equity interest		Total equity
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) of financial assets measured at fair value through other comprehensive income		
Balance, January 1, 2020	\$ 2,707,525	\$ 9,141	\$ 237,247	\$ 24,199	\$ 138,715	(\$ 3,789)	\$ 3,113,038	
Appropriation of prior year's retained earnings:								
Reversal of special reserve	-	-	-	(20,410)	20,410	-	-	
Cash dividends of ordinary share	-	-	-	-	(27,075)	-	(27,075)	
Expired and unclaimed dividend transfer to legal reserve	-	38	-	-	-	-	38	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(2,114)	3,363	1,249	
Issue of share	2,500,000	640,000	-	-	-	-	3,140,000	
Share-based payments	-	9,433	-	-	-	-	9,433	
Other	-	1	-	-	-	-	1	
	5,207,525	658,613	237,247	3,789	129,936	(426)	6,236,684	
Net loss for the year	-	-	-	-	(89,645)	-	(89,645)	
Other comprehensive income	-	-	-	-	111	986	1,097	
Total other comprehensive income	-	-	-	-	(89,534)	986	(88,548)	
Balance, December 31, 2020	5,207,525	658,613	237,247	3,789	40,402	560	6,148,136	
Appropriation of prior year's retained earnings:								
Reversal of special reserve	-	-	-	(3,789)	3,789	-	-	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,369)	1,369	-	
Issue of share	2,000,000	360,000	-	-	-	-	2,360,000	
	7,207,525	1,018,613	237,247	-	42,822	1,929	8,508,136	
Net loss for the year	-	-	-	-	(114,623)	-	(114,623)	
Other comprehensive income	-	-	-	-	781	(632)	149	
Total other comprehensive income	-	-	-	-	(113,842)	(632)	(114,474)	
Balance, December 31, 2021	\$ 7,207,525	\$ 1,018,613	\$ 237,247	\$ -	(\$ 71,020)	\$ 1,297	\$ 8,393,662	

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

Delpha Construction Co., Ltd.
Parent company only statement of cash flows

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan dollars)

	For the year ended December 31,	
	2021	2020
Cash flows from operating activities		
Loss before income tax for the year	(\$ 114,623)	(\$ 88,637)
Adjustments for:		
Income and expenses having no effect on cash flows		
Depreciation expenses	2,620	2,192
Amortization expenses	217	-
Interest income	(1,905)	(1,323)
Dividend income	(1,798)	(8)
Net loss on financial assets or liabilities at fair value through profit or loss	-	8,372
Interest expense	25,928	5,203
Share of loss of subsidiaries, affiliates and joint ventures accounted for under equity method	13,409	8,442
Loss on disposal of property, plant and equipment	-	17
Loss on foreign exchange, net	2,364	4,448
Gain on disposal of investments	(289)	-
Changes in operating assets and liabilities		
Decrease in financial assets at fair value through profit or loss	-	49,877
Increase in notes receivable	(1,561)	(72)
Decrease (increase) in other receivables	38,450	(625)
Increase in inventories	(7,514,647)	(1,765,079)
Increase in prepayments	(58,802)	(67,839)
Decrease in other current financial assets	53,982	56,173
Increase in other current assets, others	-	(950)
Increase in contract liabilities	189,973	155,356
Increase in notes payable	52,386	1,723
Increase in accounts payable	16,236	27,731
(Decrease) increase in accounts payable to related parties	(94,571)	94,571
Increase (decrease) in other payables	3,510	(6,245)
Increase in current provisions	229	117
Increase in advance receipts	49	59
Increase (decrease) in other current liabilities, others	1,913	(87)
Increase in net defined benefit assets/decrease in net defined liabilities	(7)	(5,155)
Cash outflow generated from operations	(7,386,937)	(1,521,739)
Interest received	1,918	1,437
Interest paid	(82,534)	(14,403)
Dividend received	1,798	8
Income taxes refund (paid) (including land value increment tax)	188	(1,061)
Net cash used in operating activities	(7,465,567)	(1,535,758)

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Delpha Construction Co., Ltd.
Parent company only statement of cash flows

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan dollars)

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	For the year ended December 31,	
	2021	2020
Cash flows from investing activities		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	903	3,047
Acquisition of property, plant and equipment	(3,159)	(1,307)
Acquisition of subsidiary	(11,500)	-
Decrease (increase) in guarantee deposits paid	22,077	(29,550)
Net cash flows generated from (used in) investing activities	8,321	(27,810)
Cash flows from financing activities		
Increase in current borrowings	3,067,721	633,000
Increase in non-current portion of non-current borrowings	3,332,104	60,000
Repayment of non-current portion of non-current borrowings	-	(513,000)
Payments of lease liability	(283)	(604)
Decrease in guarantee deposits received	(9,140)	(36)
Expired and unclaimed dividend transfer to legal reserve	-	38
Proceeds from issuing shares	2,360,000	3,149,433
Acquired equity of a subsidiary	(327,500)	-
Cash dividends paid	-	(27,075)
Disgorgement	-	1
Net cash flows generated from financing activities	8,422,902	3,301,757
Effect of exchange rate changes on cash and cash equivalents	(2,364)	(4,448)
Net increase in cash and cash equivalents	963,292	1,733,741
Cash and cash equivalents at beginning of year	1,834,819	101,078
Cash and cash equivalents at end of year	\$ 2,798,111	\$ 1,834,819

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

Delpha Construction Co., Ltd.

Notes to the parent company only financial statements

(Expressed in thousands of New Taiwan dollars, except as otherwise specified)

1. History and organization

Delpha Construction Co., Ltd. (the "Company") was incorporated under the provisions of the Company Law of the Republic of China ("ROC") and approved by Ministry of Economic Affairs in December 1960. The registered address is 16F., No. 460, Sec. 5, Chenggong Rd., Neihu Dist., Taipei City 11490, Taiwan, ROC. The Company primarily engaged in commercial building constructed by commissioned construction contractor, selling and leasing public housing, development of special area, upholstery industry, real estate agency, rental and investment in related business.

2. The date of authorization for issuance of the parent company only financial statements and procedures for authorization

The financial statements were approved and authorized for issuance by the Board of Directors on March 30, 2022.

3. Application of new standards, amendments and interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IAS") and interpretations as endorsed by the Financial Supervisory Commission ("FSC").

A. IFRSs, IAS and interpretations endorsed by the FSC effective from 2021 are as follows:

New standards, interpretations and amendments	Main amendments	IASB effective date
Amendments to IFRS 4, "Extension of the Temporary Exemption from Applying IFRS 9"	The temporary exemption from applying IFRS 9 been extended to January 1, 2023.	January 1, 2021
Interest Rate Benchmark Reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	This amendment addresses the problems arising during the change of interest rate indicators, including one	January 1, 2021

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interest rate indicator replaced with another interest rate indicator. For the IBOR-based contracts, it provides accounting treatment for the changes in the basis for determining the contractual cash flow as a result of IBOR reform; and for those adopting hedging accounting, the reliefs are provided in phase 1 for the expiration date of the non-contractually specified risk components in the hedging relationship, an additional temporary relief for adopting the specific hedging accounting, and the additional IFRS 7 disclosures related to the IBOR reform.

Covid-19 - Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	This amendment allows the lessee to choose the practical expedient method of rent reduction related to the Covid-19 coronavirus pandemic, and any reduction of the lease payment that must meet all the specified conditions, and only affects the original due before June 30, 2021. The extension will only affect payments that were originally due before June 30, 2022.	April 1, 2021 (Earlier application from January 1, 2021 is allowed by the FSC)
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B. The Company assessed the above standards and interpretations and there is no significant impact to the Company's financial position and financial performance.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company.

A. New standards, interpretations and amendments as endorsed by the FSC effective from 2022 are as follows:

New standards, interpretations and amendments	Main amendments	IASB effective date
Reference to the Conceptual Framework (amendments to IFRS 3)	The amendments updated the definition of assets and liabilities reference to the "Conceptual Framework for Financial Reporting" issued in 2018 in respect of how an acquirer to determine what constitutes an asset or a liability during a business merger. Due to the above amendment, the amendment also added an exception to the recognition principle of IFRS 3 for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. Due to the above index amendment, this amendment adds an exception to the recognition principle for liabilities and contingent liabilities. For certain types of liability and contingent liabilities, reference should be made to IAS 37 "Provisions, Contingent Liabilities and Contingent" or International Financial Reporting Interpretations Committee ("IFRIC") 21 Levies", instead of the aforementioned "Conceptual Framework of Financial Reporting"	January 1, 2022

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	issued in 2018. At the same time, this amendment also clarifies that the acquirer shall not recognize contingent assets under IAS 37 on the acquisition date.	
Property, Plant and Equipment - Proceeds before Intended Use (amendments to IAS 16)	This amendment prohibits enterprise from deducting the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management, such as samples produced for testing whether the asset is operating normally. The price of selling such items and the cost of production should be recognized in profit or loss. This amendment also stated that testing whether an asset is operating normally means assessing its technical and physical performance, and has nothing to do with the financial performance of the asset.	January 1, 2022
Onerous Contracts - Cost of Fulfilling a Contract (amendments to IAS 37)	This amendment clarifies that the cost of fulfilling the contract includes the cost directly related to the contract. The cost directly related to the contract is composed of the allocation of the incremental cost of fulfilling the contract and other costs directly related to the fulfilling of the contract.	January 1, 2022
Annual improvements - 2018-2020 cycle	(1) IFRS 1 "Subsidiary as first-time adopter" This amendment allows the subsidiaries select to adopt IFRS 1	January 1, 2022

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that are exempted from paragraph D16(a) of IFRS No. 1, when measuring cumulative conversion differences, should use the carrying amount of cumulative conversion differences included in the parent company's consolidated financial statements on the date of the parent company's convert to IFRS. This amendment also applies to affiliates and joint ventures that are exempted from paragraph D16(a) of IFRS 1.

- (2) Amendments to IFRS 9 "Fees in the "10 per cent" Test for Derecognition of Financial Liabilities"

This amendment stipulates that the expenses that should be included in the 10% test of financial liabilities are excluded. Enterprise may pay the costs or fees to third parties or lenders. According to this amendment, the cost or expense paid to third parties is not included in the 10% test.

- (3) IAS 41 "Taxation in Fair Value Measurements"

This amendment of IAS 41 is to remove the requirement of using pre-tax cash flows when measuring the fair value of a biological asset.

B. The Company assessed the above standards and interpretations and there is no significant impact to the Company's financial position and financial performance.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

A. The Company has not yet applied the following new standards and amendments issued by IASB but not yet endorsed by the FSC:

New standards, interpretations and amendments	Main amendments	IASB effective date
Sale or Contribution of Assets Between An Investor and Its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)	This amendment addresses inconsistencies between the current IFRS 10 and IAS 28. When an investor sells (invests) assets to its affiliates or joint ventures, it is determined to recognize all or part of the disposal gains or losses depending on the nature of the assets sold (invested): (1) When the assets sold (invested) meet the "business", all disposal gains and losses shall be recognized; (2) When the assets sold (invested) do not qualify as "business", non-related investors can only recognize partial disposal of gains and losses within the scope of interests in affiliated companies or joint ventures.	To be determine by IASB
IFRS 17 "Insurance Contracts"	This Standard replaces IFRS 4 "Insurance Contracts" and establishes the principles for the recognition, measurement, presentation and disclosure of Insurance and reinsurance contracts that it issues by the entities. This standard applies to all insurance contracts (including	January 1, 2023

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reinsurance contracts) that an entity issues and to reinsurance contracts that it holds; and investment contracts with discretionary participation features it issues, provided that the entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations should be separated from insurance contracts. On initial recognition, each portfolio of insurance contracts issued shall be divided into a minimum of three groups by the entities: onerous, no significant possibility of becoming onerous and the remaining contracts in the portfolio. This Standard requires a current measurement model where estimates are re-measured at each reporting period. Measurements are based on discounted contract and probability-weighted cash flows, risk adjustments, and the expected profit from the unearned portion of the contract (contractual service margins). An entity may apply a simplified approach to the measurement for some of insurance contracts (premium allocation approach). The entity should recognize the revenue generated by a group of insurance contract during the period when the entity provides insurance coverage and when the entity releases the risk. The entity should recognize the loss

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immediately, if a group of insurance contracts becomes onerous. The entity should present insurance income, insurance service fees, and insurance finance income and expenses separately and its shall also disclose the amount, judgment and risk information from the insurance contract.

Insurance Contracts
(amendments to IFRS 17)

This amendment includes the deferral of effective date, the expected recovery of the cash flow obtained by insurance, the contractual service margin attributable to investment services, the reinsurance contract held, the recovery of losses and other amendments. These amendments have not changed the basics of the standard in principle.

January 1, 2023

Initial Application of IFRS 17 and IFRS 9 - Comparative Information
(Amendment to IFRS 17)

This amendment allows enterprise to choose to apply the classification overlay approach for each comparative period reported in the initial application of IFRS 17. This option allows the financial assets held by an entity, including those held in activities that are not linked to contracts within the scope of IFRS 17, on an instrument-by-instrument basis, based on how they expect to classify these financial assets in the comparative period when IFRS 9 is initially applied. Entities that have applied IFRS 9 or will apply both IFRS 9 and IFRS 17 for the first time may choose to apply the classification

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Classification of Liabilities as Current or Non-current (amendments to IAS 1)	overlay approach. This amendment clarifies that the classification of liabilities is based on the rights existing at the end of the reporting period. At the end of the reporting period, the enterprise does not have the right to defer the settlement period of liabilities for at least 12 months after the reporting period, and the liabilities should be classified as current. In addition, this amendment defines "settlement" of a liability is the extinguishment of the liability with cash or other economic resources or the enterprise's own equity instruments. The terms of the liability may result in the settlement of the liability by transferring the company's own equity instruments, only if the enterprise has the right to classify an equity instrument as an equity component of a compound financial instrument. These terms do not affect the classification of the liability as current or non-current.	January 1, 2023
Disclosure of Accounting Policies (amendments to IAS 1)	This amendment requires entity to disclose material accounting policy information instead of its significant accounting policies. This amendment clarifies how entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material.	January 1, 2023

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Definition of Accounting Estimates (amendments to IAS 8)	This amendment clarifies how entities to distinguish between changes in accounting policies and changes in accounting estimates. The amendment clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.	January 1, 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (amendments to IAS 12)	The amendments require an entity to recognize deferred tax assets and liabilities on certain transactions that give rise to equal amounts of taxable and deductible temporary differences on initial recognition.	January 1, 2023

B. The Company assessed the above standards and interpretations and there is no significant impact to the Company's financial position and financial performance.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the parent company only financial statements are set out below.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

- A. Except for the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured by financial instruments measured at fair value and defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation, the accompanying parent company only financial statements have been prepared under the historical cost basis.
- B. The following significant accounting policies applied consistently to all periods of coverage of the parent company only financial statements.
- C. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

Foreign currency transactions and balances

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or valuation where items are re-measured, except for those that comply with cash flow hedging and net investment hedging and are deferred to other comprehensive gains and losses.

Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

- B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the

balance sheet date are recognized in profit or loss.

- C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- D. All exchange gains and losses are reported in the income statement under "Other gains and losses".

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets
 - (A) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (B) Assets held mainly for trading purposes;
 - (C) Assets that are expected to be realized within twelve months from the balance sheet date; or
 - (D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

The Company classified its assets that do not meet above criteria as non-current assets.

- B. Liabilities that meet one of the following criteria are classified as current liabilities
 - (A) Liabilities that are expected to be paid off within the normal operating cycle;
 - (B) Liabilities arising mainly from trading activities;

(C) Liabilities that are to be paid off within twelve months from the balance sheet date; or

(D) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classified its liabilities that do not meet above criteria as non-current liabilities.

C. The operating cycle of property development normally more than one year, the related assets and liabilities of construction are therefore differentiate as current liabilities and non-current liabilities based on operating cycle (normally three years).

(5) Cash and cash equivalents

A. For the purpose of the statements of cash flows, cash and cash equivalents consists of cash on hand, cash in bank, short-term, highly liquid investments, which were within three months of maturity when acquired, and repayable bank overdraft, as part of the cash management. Bank overdraft items listed under Current borrowings in current liabilities on the balance sheet.

B. Cash equivalents refer to short-term, highly liquid investments that also meet the following conditions:

(A) Readily convertible to known amount of cash.

(B) Subject to an insignificant risk of changes in interest rates.

(6) Financial assets at fair value through profit or loss

A. Financial assets that are not measured at amortized cost or measured at fair value through other comprehensive income. Financial assets measured at amortized cost or at fair value through other comprehensive income; and the Company designated the initial recognition of the financial assets measured at fair value through profit or loss when it is possible to eliminate or significantly reduce the measurement or recognition of inconsistencies.

- B. The Company's financial assets measured at fair value through profit or loss in accordance with customary transactions are accounted for using trade date.
- C. The Company initially recognize the financial assets at fair value and related transaction costs are recognized in profit or loss, and subsequent fair value gains and losses are recognized in profit or loss.
- D. When the right to receive dividends is established, the economic benefits related to dividends are likely to flow in, and when the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss.

(7) Financial assets at fair value through other comprehensive income

- A. An irrevocable selection at initial recognition, the changes in fair value of investments in equity instruments that are not held for trading are presented in other comprehensive income; or investments in debt instruments that meet the following conditions:
 - (A) Financial assets under a business model that hold for the purpose of collecting contractual cash flows and sales.
 - (B) The contractual terms of the financial assets generate cash flows on a specific date, which are solely for the payment of principal and interest on the outstanding principal amount.
- B. The Company's financial assets at fair value through other comprehensive income in accordance with customary transactions are accounted for using trade date.
- C. The recognition of the Company's financial assets initially measured at fair value plus transaction cost, and subsequently measured at fair value:
 - (A) Changes in fair value of equity instruments are recognized in other comprehensive income. At derecognition, the cumulative gains or losses previously recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, it will be transferred to retained earnings. When the right to receive dividends is

established, the economic benefits related to dividends are likely to flow in, and when the amount of dividends can be reliably measured, the Company recognizes dividend income in profit or loss.

(B) Changes in fair value of the debt instruments are recognized in other comprehensive income, and the impairment loss, interest income and foreign currency gains and losses are recognized in profit or loss before derecognition. At derecognition, the cumulative gains or losses previously recognized in other comprehensive income will be reclassified from equity to profit or loss.

(8) Notes and accounts receivable

A. In accordance with terms and conditions of the contracts, entitle a legal right to unconditionally receive consideration in exchange of notes and receivables for transferred goods or rendered services.

B. Short-term notes and accounts receivable without bearing interest are measured at initial invoice amount by the Company as effect of discounting is immaterial.

(9) Impairment of financial assets

On each balance sheet date, the Company's investment in debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost, and accounts receivable or contractual assets, lease receivables, loan commitments and financial guarantee contracts with significant financial components, after considering all reasonable and corroborative information (including forward-looking), the loss allowance is measured on the 12-month expected credit losses for those who have not significantly increased the credit risk since the initial recognition. For those who have significantly increased the credit risk since the initial recognition, the loss allowance is measured by the expected credit losses during the period of existence; the accounts receivable or contract assets that do not contain significant financial components are measured by the lifetime expected credit loss.

(10) Derecognition of financial assets

The Company derecognizes a financial asset when:

- A. The contractual rights to receive the cash flows from the financial asset expired.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows from the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Leasing arrangements as lessor - Lease receivables/lease

- A. Based on the term of a lease contract, a lease is classified as finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
 - (A) At commencement of the lease term, a finance lease should record as a receivable, at an amount equal to the net investment (including original direct costs) in the lease. The difference between total lease receivables and present value should record as 'unearned finance lease income'.
 - (B) The lessor should recognize finance income based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease.
 - (C) Associated lease payments (excluding service costs) offset the total investment in the lease during the period would reduce the principal and unearned finance income.
- B. Lease income from an operating lease (net of any incentives given to lessee) is recognized in profit and loss on a straight-line basis over the lease term.

(12) *Inventories*

The inventories are recognized using the acquisition costs method. During the construction process, interests incurred related to acquisition and construction are capitalized. The cumulative costs are attributed to the different construction projects. The costs carry over at the balance sheet date by using floor space method and income approach. Inventories are stated at cost and evaluated at the lower of cost or net realizable value. The individual item approach is used in the comparison of cost and net realizable value and attributed to the different construction projects and categories. The interest payables associated with construction (including land and construction in progress) toward or before completion are capitalized as cost of inventories.

(13) *Investments accounted for under the equity method*

A. In preparing the parent company only financial statements of the Company, investee company that controlled by the Company is accounted for under the equity method.

Under equity method, profit for the year and other comprehensive income for the year reported in an entity's non-consolidated statement of comprehensive income, shall equal to profit for the year and other comprehensive income' attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's non-consolidated financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

B. The Company's changes in equity interests in subsidiaries that did not lead to loss of control, deemed as equity transactions between owners.

(14) *Property, plant and equipment*

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and

the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives.

Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting estimates and Errors", from the date of the change. The estimated useful lives of property, plant and equipment, other than buildings, are 3~8 years. The estimated useful lives of buildings are 5~50 years.

(15) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

- A. Lease assets are recognized as a right-of-use asset and lease liabilities at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-

of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is recognized at cost, includes:

(A) The initial measured amount of the lease liability; and

(B) Any lease payments made at or before the commencement date.

The right-of use assets is measured using the cost model subsequently and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(17) Borrowings

A. Borrowings refer to the non-current and current loans borrowed from the bank and other long-term and short-term loans. The Company initially recognizes the borrowings at fair value less transaction cost, any subsequent difference between the price and the redemption value after deducting the transaction cost, during the circulation period, the interest expense is recognized in profit or loss by using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is an evidence that it is probable that some or all of the facility will not be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(18) Notes and accounts payable

A. Notes payable refer to debts arising from purchase of raw materials, goods or services and notes due to operation and non-operation.

B. Short-term notes and accounts payable without bearing interest are measured at initial invoice amount by the Company as effect of discounting is immaterial.

(19) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(A) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

- a. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.
- b. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- c. Past service costs are recognized immediately in profit or loss.

C. Termination benefit

Termination benefit is offered when the Company terminates the employee's contract before normal retirement date or when the employee decides to accept the Company's offer of benefits instead of the termination of the contract. The Company recognizes the cost at the earlier of when the offer of benefits is no longer withdrawable or when recognizing related significant cost component. Benefits that are not expected to be paid off 12

months after the balance sheet date shall be discounted.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' compensation and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the shareholders at their shareholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

(21) *Income tax*

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operated and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulation. It establishes provisions where appropriated based on the amounts expected to be paid to the tax authorities. According to the Income Tax Law, an additional income tax is levied on current year earnings that remain undistributed by the end of the following year after shareholders' meeting; and recognized as income tax expenses.
- C. The land value increment tax arising from selling land should be presented as an item of income tax for the period.
- D. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred

income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

- E. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- F. Current tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

- G. "Income Basic Tax Act" began effective on January 1, 2006, the amount of basic income shall be the sum of the taxable income as calculated in accordance with the Income Tax Act, plus any related tax exempted income included in other laws with the rate prescribed by the Executive Yuan. Current income tax shall pay according to whichever is higher compared between the basic income and regular income tax. The Company assessed the impact of the basic income tax on the parent company only financial statements for current period income tax.

(22) Revenue recognition

A. The Company operates land development and sales of residential properties and recognizes revenue when the control of properties are transferred to customers. For the contract of sales of properties that have been signed, the Company is restricted by the terms of the contract on making use of the property by any means until the legal ownership of the properties transferred to the customers; and then the Company has an enforceable right to collect the contractual amounts; and therefore the revenues are recognized when the legal titles are transferred to the customers.

B. Revenue is measured by the agreed amount in the contract, and the customer pays the contract price when the legal title of the property is transferred. In rare cases, the Company and the customers agree to defer payment, but period of this deferred payment will be no more than 12 months. The Company determines these defer payment contracts do not contains significant financial component and therefore no adjustment to the consideration amount.

(23) Operating segments

The Company has disclose its segments information in the consolidation financial statements, therefore no segments information disclosed in the parent company only financial statements.

(24) Earnings per shares

The Company presents basic and diluted earnings per share ("EPS") data for its common stocks. Basic EPS is calculated by dividing the net income attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the statement of income attributable to shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(25) *Dividends*

Dividends are recorded in the Company's financial statement in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

5. Critical accounting judgments, estimates and key sources of assumption uncertainty

The preparation of the parent company only financial statement requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The information is addressed below:

(1) Critical judgments in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

The Company makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgments and estimates. As the net realizable value of inventories on balance sheet date is assessed to be lower than cost, the Company writes down the cost of inventories to the net realizable value.

Therefore, there might be material changes to the evaluation.

As of December 31, 2021, the Company's carrying amount of inventories is \$12,449,967 thousand.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31,	
	2021	2020
Cash on hand and working capital	\$ 160	\$ 150
Checking accounts and demand deposits	2,797,951	1,834,669
Total	<u>\$ 2,798,111</u>	<u>\$ 1,834,819</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, therefore the probability of counterparty default is remote. The Company's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. The Company did not pledge its cash and cash equivalents.

(2) Financial assets at fair value through profit or loss

The Company recognized a loss on valuation of \$8,372 thousand in 2020.

(3) Financial assets at fair value through other comprehensive income

	December 31,	
	2021	2020
Investments in equity instrument measured at fair value through other comprehensive income:		
Unlisted equity investments	<u>\$ 3,187</u>	<u>\$ 2,898</u>
Current	\$ -	\$ -
Non-current	3,187	2,898
Total	<u>\$ 3,187</u>	<u>\$ 2,898</u>

- A. The above equity instruments held by the Company are long-term strategic investments and are not held for trading purposes and have been designated to be measured at fair value through other comprehensive income.
- B. Hwa Chi Venture Capital Co., Ltd. adopted July 1, 2021 as the reference date for the application of capital reduction and refund. After the capital reduction, the Company recovered the capital of \$860 thousand.
- C. Vincera Growth Capital II Limited adopted July 1, 2020 as the reference date for the application of capital reduction and refund. After the capital reduction, the Company recovered the capital of \$1,847 thousand.
- D. On April 2, 2008, Emphasis Materials, Inc. was dissolve by resolution. At the extraordinary shareholders meeting on June 4, 2020 resolved that the reference date for completion of liquidation was May 5, 2020, and part of the shares of \$1,200 thousand was recovered in 2020 after the completion of liquidation. In January 2021, the Company recovered the remaining capital of \$43 thousand.
- E. The amount recognized in other comprehensive income by the Company in 2021 and 2020 is a loss of \$632 thousand and a gain of \$986 thousand respectively.
- F. Information relating to credit risk, please refer to Note 12(2).

(4) *Notes receivable and accounts receivable*

	December 31,	
	2021	2020
Notes receivable	\$ 1,593	\$ 90
Notes receivable from related parties	58	-
Less: allowance for doubtful accounts	-	-
Subtotal	<u>1,651</u>	<u>90</u>
Accounts receivable	-	-
Less: allowance for doubtful accounts	-	-
Subtotal	<u>-</u>	<u>-</u>
Total	<u>\$ 1,651</u>	<u>\$ 90</u>

- A. The Company grants an interest free and average credit term of 60 days to its customer accounts.
- B. The Company's maximum exposure to credit risk at December 31, 2021 and 2020 was the carrying amount of each class of accounts receivable and notes receivables.
- C. The Company's aging analysis of notes receivable and accounts receivable is as follows:

	December 31,	
	2021	2020
Not past due	\$ 1,651	\$ 90
Past due less than 1 month	-	-
Past due 1 - 3 months	-	-
Past due 3 - 6 months	-	-
Past due over 6 months	-	-
Total	<u>\$ 1,651</u>	<u>\$ 90</u>

- D. The Company measures the allowance for doubtful notes and accounts receivable by using the provision matrix is as follows:

December 31, 2021	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts	
			(Lifetime expected credit loss)	Amortized cost
Not past due	-	\$ 1,651	-	\$ 1,651
Past due less than 1 month	-	-	-	-
Past due 1 - 3 months	-	-	-	-
Past due 3 - 6 months	-	-	-	-
Past due over 6 months	-	-	-	-
Total		<u>\$ 1,651</u>	<u>\$ -</u>	<u>\$ 1,651</u>

December 31, 2020	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts	
			(Lifetime expected credit loss)	Amortized cost
Not past due	-	\$ 90	\$ -	\$ 90
Past due less than 1 month	-	-	-	-
Past due 1 - 3 months	-	-	-	-
Past due 3 - 6 months	-	-	-	-
Past due over 6 months	-	-	-	-
Total		<u>\$ 90</u>	<u>\$ -</u>	<u>\$ 90</u>

E. Information relating to credit risk, please refer to Note 12(2).

(5) *Other receivables*

	December 31,	
	2021	2020
Other receivables	\$ 16,245	\$ 56,243
Less: allowance for doubtful accounts	(16,245)	(16,245)
Total	<u>\$ -</u>	<u>\$ 39,998</u>

(6) *Inventories*

	December 31,	
	2021	2020
Lands for sale	\$ 52,177	\$ 52,141
Buildings for sale	28,986	28,986
Lands held for construction	11,250,661	4,716,928
Land held for floor-area-ratio transfer	261	-
Construction in progress	1,493,738	466,461
Prepayment for land	13,540	-
Less: allowance for decline in market value and obsolescence	(389,396)	(389,396)
Total	<u>\$ 12,449,967</u>	<u>\$ 4,875,120</u>

A. Details of lands for sale and buildings for sale:

Case	December 31,			
	2021		2020	
	Lands for sale	Buildings for sale	Lands for sale	Buildings for sale
Li Hsiang Jia A	\$ 511	\$ 1,251	\$ 511	\$ 1,251
Sheng Huo Jia A	2,864	2,482	2,864	2,482
Ya Dian Wang Chao A	-	456	-	456
Ya Dian Wang Chao B	-	1,722	-	1,722
Hang Sha	5,541	2,809	5,505	2,809
Shi Tan Duan A	43,261	20,266	43,261	20,266
Total	\$ 52,177	\$ 28,986	\$ 52,141	\$ 28,986

B. Details of lands held for construction and construction in progress:

Case	December 31,			
	2021		2020	
	Lands held for construction	Construction in progress	Lands held for construction	Construction in progress
Shu Lin An	\$ 112,371	\$ 85,821	\$ 112,371	\$ 85,821
Sheng Huo Jia B	7,803	1,350	7,803	1,350
Hsin Dian He Feng	483,764	148,391	483,764	148,391
Fu De Duan B	423	-	423	-
Hsin Guang Lu B	2,217	-	2,217	-
Rong Hsing Duan	73,440	200,053	73,440	68,337
Huai Sheng Duan	1,418,917	17,114	1,418,917	13,964
Yun He Jie A	621,454	269,040	621,454	144,210
Yun He Jie B	1,712	-	1,712	-
Wen Lin Bei Lu	285,172	976	285,172	976
Xin Bi Duan A	801,292	220,103	875,582	1,863
Le Jie Duan A	476,602	163,045	517,902	1,514
Le Jie Duan B	507,401	91,302	-	-
Qing Xi Duan A	303,381	100,996	316,171	35
Qing Xi Duan B	1,133,407	127,232	-	-
Shalu New Station Duan	175,962	27,485	-	-
Shanjie Duan	333,179	1	-	-
Wuri New High-speed Railway Station	3,895,809	40,829	-	-
Qing An Duan	616,355	-	-	-
Total	\$ 11,250,661	\$ 1,493,738	\$ 4,716,928	\$ 466,461

C. Detail of land for floor-area-ratio transfer:

Case	December 31,	
	2021	2020
Zheng Ying Duan, Taichung City	\$ 261	\$ -

D. Details of prepayment for land:

Case	December 31,	
	2021	2020
Qing An Duan	\$ 13,540	\$ -

E. For the years ended December 31, 2021 and 2020, the interest capitalized as cost of inventory amounted to \$60,200 thousand and \$9,624 thousand, respectively. Annual interest rate used for capitalization for the years ended December 31, 2021 and 2020 was 1.6738% and 1.7186%, respectively.

F. For details of inventories pledged as collateral, please refer to Note 8.

G. Significant information on construction projects.

(A) As of December 31, 2021, the Company's contracted the procurement material and outsourcing projects of Yun He Jie A, Rong Hsing Duan, Xin Bi Duan A, Le Jie Duan A, Qing Xi Duan A, Qing Xi Duan B, Shalu New Station Duan and Shanjie Duan for \$2,407,191 thousand in total, and \$644,531 thousand have been paid.

(B) As of December 31, 2021, except for the above-mentioned projects, the remaining projects have not yet been contracted for outsourcing.

H. The cost of inventories recognized as expense (income) is as follows:

	For the year ended December 31,	
	2021	2020
Cost of sales	\$ -	\$ 61,950
Impairment loss	-	-
Total	\$ -	\$ 61,950

(7) Other current financial assets

	December 31,	
	2021	2020
Time deposits	\$ -	\$ 55,000
Cash in bank	157,039	156,021
Total	<u>\$ 157,039</u>	<u>\$ 211,021</u>
Current	\$ 157,039	\$ 211,021
Non-current	-	-
Total	<u>\$ 157,039</u>	<u>\$ 211,021</u>

For details of other current financial assets pledged as collateral, please refer to Note 8.

(8) Investments accounted for under equity method

Investee companies	December 31,			
	2021	Ownership %	2020	Ownership %
Non-listed company				
Huachien Development Co., Ltd. (Huachien)	\$ 339,523	58	\$ 347,836	58
Huajian Construction Co., Ltd. (Huajian)	333,904	100	-	-
Total	<u>\$ 673,427</u>		<u>\$ 347,836</u>	

A. The basic information of the associates that are significant to the Company is as follows:

Company name	Principal place of business	Methods of measurement
Huachien	Taipei, Taiwan	Equity method
Huajian	Taipei, Taiwan	Equity method

(A) The Company acquired 100% equity of Quan Fong Construction Limited Company in February 2021 with a consideration of \$11,500 thousand and changed its name to Huajian Construction Co., Ltd. on March 9, 2021.

(B) Huajian increased its capital by cash in April and December 2021 respectively, with an amount of \$327,500 thousand and all of which have been subscribed by the Company.

B. The summarized financial information of the associates that are significant to the Company is as follows:

Balance sheet

	<u>Huachien</u>	
	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Current assets	\$ 1,247,833	\$ 1,251,278
Non-current assets	65,220	67,609
Current liabilities	(15,261)	(721,834)
Non-current liabilities	(716,018)	(1,036)
Total net assets	<u>\$ 581,774</u>	<u>\$ 596,017</u>
Share of net assets of the associate	\$ 339,523	\$ 347,836
Goodwill	-	-
Carrying amount of the associate	<u>\$ 339,523</u>	<u>\$ 347,836</u>
		<u>Huajian</u>
		<u>December 31,</u>
		<u>2021</u>
Current assets		\$ 494,468
Non-current assets		305
Current liabilities		(160,349)
Non-current liabilities		-
Total net assets		<u>\$ 334,424</u>
Share of net assets of the associate		\$ 322,494
Goodwill		11,410
Carrying amount of the associate		<u>\$ 333,904</u>

Statement of comprehensive income

	Huachien	
	For the year ended December 31,	
	2021	2020
Revenue	\$ 8,016	\$ 7,782
Net loss for the year	(14,243)	(14,465)
Other comprehensive loss, net of tax	-	-
Total comprehensive loss for the year	(\$ 14,243)	(\$ 14,465)
Dividends received from the associate	\$ -	\$ -

	Huajian	
	For the year ended December 31,	
	2021	
Revenue	\$	344,313
Net income for the year		6,648
Other comprehensive income, net of tax		-
Total comprehensive income for the year	\$	6,648
Dividends received from the associate	\$	-

C. For details of investments accounted for under equity method pledged as collateral, please refer to Note 8.

(9) *Property, plant and equipment*

	Lands	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
<u>Cost</u>							
At January 1, 2021	\$ 36,006	\$ 35,656	\$ 639	\$ 6,826	\$ -	\$ 257	\$ 79,384
Additions	-	-	-	1,308	1,851	-	3,159
At December 31, 2021	<u>\$ 36,006</u>	<u>\$ 35,656</u>	<u>\$ 639</u>	<u>\$ 8,134</u>	<u>\$ 1,851</u>	<u>\$ 257</u>	<u>\$ 82,543</u>
At January 1, 2020	\$ 36,006	\$ 35,658	\$ 639	\$ 5,870	\$ -	\$ 257	\$ 78,430
Additions	-	101	-	1,206	-	-	1,307
Disposals and scrapped	-	(103)	-	(250)	-	-	(353)
At December 31, 2020	<u>\$ 36,006</u>	<u>\$ 35,656</u>	<u>\$ 639</u>	<u>\$ 6,826</u>	<u>\$ -</u>	<u>\$ 257</u>	<u>\$ 79,384</u>

	<u>Lands</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Total</u>
<u>Accumulated</u>							
<u>depreciation and</u>							
<u>impairment</u>							
At January 1, 2021	\$ -	\$ 16,313	\$ 359	\$ 5,344	\$ -	\$ 229	\$ 22,245
Depreciation	-	1,292	80	612	360	-	2,344
At December 31, 2021	<u>\$ -</u>	<u>\$ 17,605</u>	<u>\$ 439</u>	<u>\$ 5,956</u>	<u>\$ 360</u>	<u>\$ 229</u>	<u>\$ 24,589</u>
At January 1, 2020	\$ -	\$ 15,113	\$ 280	\$ 5,381	\$ -	\$ 221	\$ 20,995
Depreciation	-	1,286	79	213	-	8	1,586
Disposals and scrapped	-	(86)	-	(250)	-	-	(336)
At December 31, 2020	<u>\$ -</u>	<u>\$ 16,313</u>	<u>\$ 359</u>	<u>\$ 5,344</u>	<u>\$ -</u>	<u>\$ 229</u>	<u>\$ 22,245</u>
	<u>Lands</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvement</u>	<u>Other equipment</u>	<u>Total</u>
<u>Net book value</u>							
At December 31, 2021	<u>\$ 36,006</u>	<u>\$ 18,051</u>	<u>\$ 200</u>	<u>\$ 2,178</u>	<u>\$ 1,491</u>	<u>\$ 28</u>	<u>\$ 57,954</u>
At December 31, 2020	<u>\$ 36,006</u>	<u>\$ 19,343</u>	<u>\$ 280</u>	<u>\$ 1,482</u>	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ 57,139</u>

For details of property, plant and equipment pledged as collateral, please refer to Note 8.

(10) Leasing arrangements as lessee

- A. The leased assets by the Company are buildings with the lease period usually ranges from one to three years. Lease contracts are negotiated individually and contain a variety of terms and conditions. The leased assets are not to be subleased, to be lent, to be transferred or to be used by others in other disguised ways, no other restrictions are imposed.
- B. The lease period of the Company's leased transportation equipment and parking spaces does not exceed twelve months, and the leases of low-value assets are office equipment. In addition, as of December 31, 2021 and 2020, the Company's lease payments for short-term lease commitments were \$419 thousand and \$199 thousand, respectively.

C. The carrying amount of the right-of-use asset and the depreciation expense recognized are as follows:

	December 31, 2021	For the year ended December 31, 2021	December 31, 2020	For the year ended December 31, 2020
	<u>Carrying amount</u>	<u>Depreciation</u>	<u>Carrying amount</u>	<u>Depreciation</u>
Buildings	\$ 720	\$ 276	\$ -	\$ -
Transportation equipment	-	-	-	606
Total	<u>\$ 720</u>	<u>\$ 276</u>	<u>\$ -</u>	<u>\$ 606</u>

D. Movements in right-of-use asset were as follows:

	<u>Buildings</u>
January 1, 2021	\$ -
Additions	996
Depreciation	(276)
December 31, 2021	<u>\$ 720</u>

	<u>Transportation equipment</u>
January 1, 2020	\$ 606
Depreciation	(606)
December 31, 2020	<u>\$ -</u>

E. The increase of the Company's right-of-use assets in 2021 and 2020 was \$996 and \$0 thousand, respectively.

F. The income and expenses related to the lease contracts are recognized as follows:

<u>Items affecting profit or loss</u>	<u>For the year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest expense on lease liabilities	(\$ 11)	(\$ 4)
Expense on short-term lease contracts	(\$ 661)	(\$ 225)
Expense on lease of low-value assets	(\$ 114)	(\$ 134)

G. The total cash outflow for the leases of the Company in 2021 and 2020 amounted to \$1,058 thousand and \$963 thousand, respectively.

(11) *Leasing arrangements as lessor*

- A. The leased assets of the Company include land and buildings. The lease contracts period usually ranges from one to three years. Lease contracts are negotiated individually and contain various terms and conditions. To ensure that the leased assets of the Company are used normally, the contract requires the lessee not to sublease, add, modify, pledge or use by a third party.
- B. The Company recognized the rental income from operating lease contracts of \$968 thousand and \$820 thousand in 2021 and 2020 respectively, of which none of the rental income were recognized as variable lease payments.
- C. The lease receipts due under an operating lease of the Company are analyzed as follows:

	December 31,	
	2021	2020
At December 31, 2021	\$ -	\$ 141
At December 31, 2022	756	34
At December 31, 2023	149	25
Total	<u>\$ 905</u>	<u>\$ 200</u>

(12) *Impairment of non-financial assets*

For the years ended December 31, 2021 and 2020, the Company did not recognize an impairment loss or gain on reversal of impairment loss of property, plant and equipment.

(13) *Current borrowings*

	December 31,	
	2021	2020
Secured borrowings	\$ 2,639,721	\$ 915,000
Credit loan	1,343,000	-
Total	<u>\$ 3,982,721</u>	<u>\$ 915,000</u>
Interest rate range (%)	<u>1.50 ~ 2.0345</u>	<u>1.30 ~ 1.60</u>

- A. The above current borrowings are used for constructions and working capital and repayable in one to three years.
- B. For details of collateral of current borrowings, please refer to Note 8.

(14) Notes payable and accounts payable

	December 31,	
	2021	2020
Notes payable	\$ 26,397	\$ 1,723
Notes payable - related parties	27,712	-
Subtotal	54,109	1,723
Accounts payable	56,555	36,991
Estimated accounts payable	7,898	11,226
Subtotal	64,453	48,217
Accounts payable to related parties	-	94,571
Total	\$ 118,562	\$ 144,511

(15) Non-current borrowings

Details	December 31,	
	2021	2020
Secured non-current borrowings		
- To be expired and repaid in a one-off payment in August, 2023, with floating interest rate. The interest rate as of December 31, 2021 and 2020 was 1.945%	\$ 60,000	\$ 60,000
- Starting from May 2021, the repayment will be at a minimum of 70% of the estimated or actual sales price if there is a sale of property, whichever is higher. The repayment of the remaining amount will be a one-off payment in March 2025, with floating interest rate. The interest rate as of December 31, 2021 was 1.68%	612,549	-
- Starting from May 2021, the repayment will be at a minimum of 70% of the estimated or actual sales price if there is a sale of property, whichever is higher. The repayment of the remaining amount will be a one-off payment in March 2025, with floating interest rate. The interest rate as of December 31, 2021 was 1.8%	275,755	-

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- Starting from June 2021, the repayment will be made if there is a sale of property. The repayment of the remaining amount will be a one off-payment in May 2025, with floating interest rate. The interest rate as of December 31, 2021 was 1.8%	2,142,400	-
- Starting from June 2021, the repayment will be at a minimum of 70% of the estimated or actual sales price if there is a sale of property, whichever is higher. The repayment of the remaining amount will be a one-off payment in August 2024, with floating interest rate. The interest rate as of December 31, 2021 was 1.68%	96,400	-
- Starting from June 2021, the repayment will be at a minimum of 70% of the estimated or actual sales price if there is a sale of property, whichever is higher. The repayment of the remaining amount will be a one-off payment in August 2024, with floating interest rate. The interest rate as of December 31, 2021 was 1.68%	5,000	-
- Starting from December 27, 2022, the repayment will be \$6,250 thousand per quarter. The repayment of the remaining amount will be a one-off payment in December 2026, with floating interest rate. The interest rate as of December 31, 2021 was 2.15%	200,000	-
Total	3,392,104	60,000
Less: non-current borrowings expired within an operating cycle	(211,400)	(60,000)
Net	\$ 3,180,704	\$ -

A. Repayment deadline of above non-current borrowings is as follow:

Due by	Amount
December 31, 2022	\$ 60,000
December 31, 2023	25,000
December 31, 2024	126,400
December 31, 2025	3,055,704
December 31, 2026	125,000
Total	\$ 3,392,104

B. For details of collateral of non-current borrowings, please refer to Note 8.

(16) *Pensions*

A. Defined benefit plans

(A) The Company has a defined benefit pension plan in accordance with the Labor Standards Law. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly with an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustees, under the name of the independent retirement fund committee.

(B) The amounts recognized in the balance sheet were determined as follows:

	December 31,	
	2021	2020
Present value of funded obligations	(\$ 19,759)	(\$ 20,106)
Fair value of plan assets	23,666	23,225
Net defined benefit assets	\$ 3,907	\$ 3,119

(C) Movements in net defined benefit liability were as follows:

	Present value of funded obligations	Fair value of plan assets	Net defined benefit assets (liabilities)
<u>For the year ended December 31, 2020</u>			
Balance as of January 1	(\$ 26,701)	\$ 24,554	(\$ 2,147)
Current services costs	(138)	-	(138)
Interest (expense) income	(187)	172	(15)
	<u>(27,026)</u>	<u>24,726</u>	<u>(2,300)</u>
Remeasurements:			
Impact of change in financial assumptions			
	(958)	-	(958)
Examined adjustments	238	831	1,069
	<u>(720)</u>	<u>831</u>	<u>111</u>
Employer contribution	-	5,308	5,308
Actual benefit payments	7,640	(7,640)	-
	<u>7,640</u>	<u>(2,332)</u>	<u>5,308</u>
Balance as of December 31	<u>(\$ 20,106)</u>	<u>\$ 23,225</u>	<u>\$ 3,119</u>

	Present value of funded obligations	Fair value of plan assets	Net defined benefit assets
<u>For the year ended December 31, 2021</u>			
Balance as of January 1	(\$ 20,106)	\$ 23,225	\$ 3,119
Interest (expense) income	(51)	58	7
	<u>(20,157)</u>	<u>23,283</u>	<u>3,126</u>
Remeasurements:			
Impact of change in financial assumptions			
	587	-	587
Examined adjustments	(189)	383	194
	<u>398</u>	<u>383</u>	<u>781</u>
Balance as of December 31	<u>(\$ 19,759)</u>	<u>\$ 23,666</u>	<u>\$ 3,907</u>

(D) The Bank of Taiwan was entrusted to manage the Fund of the Company's defined benefit pension plan in accordance with the fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund". With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilization Report published by the government.

(E) The principal actuarial assumptions used were as follows:

	For the year ended December 31,	
	2021	2020
Discount rate	0.55%	0.25%
Future salary increases	3.00%	3.00%
Expected return on plan assets	0.55%	0.25%

The assumption for future mortality rate is estimated based on the 6th mortality table issued by Taiwan Life Insurance Industry.

The analysis of impact on present values of defined benefit obligation by using principal actuarial assumptions:

	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
December 31, 2021	0.5%	0.5%	0.5%	0.5%
Impact on present value of defined benefit obligation	<u>(\$ 931)</u>	<u>\$ 991</u>	<u>\$ 962</u>	<u>(\$ 914)</u>

	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
December 31, 2020	0.5%	0.5%	0.5%	0.5%
Impact on present value of defined benefit obligation	<u>(\$ 1,061)</u>	<u>\$ 1,134</u>	<u>\$ 1,097</u>	<u>(\$ 1,039)</u>

The above mentioned sensitivity analysis is the analysis of the impact of change in a single assumption while all other assumptions remain unchanged. In practice, change in assumptions is interacted. The sensitivity analysis adopts the same method in calculating the net pension liability in balance sheet.

(F) Estimated contributions to the defined benefit pension plans of the Company within one year from December 31, 2021 amounting to \$0 thousand.

(G) As of December 31, 2021, the weighted average period for the pension plan is 10 years.

Analysis of the pension payment past due is as follow:

Less than a year	\$	15,368
One to two years		-
Two to five years		475
Over five years		571
	<u>\$</u>	<u>16,414</u>

B. Defined contribution plan

Effective July 1, 2005, the Company have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"). Under the new plan, the Company contributes to the employees' individual pension accounts at the Bureau of Labor Insurance. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2021 and 2020 were \$1,593 thousand and \$1,296 thousand, respectively.

(17) Provisions

	Provisions for employee benefits
At January 1, 2020	\$ 644
Addition during the year	761
Used during the year	(644)
At December 31, 2020	761
Addition during the year	990
Used during the year	(761)
At December 31, 2021	<u>\$ 990</u>

Analysis of provisions was as follow:

	December 31,	
	2021	2020
Current	<u>\$ 990</u>	<u>\$ 761</u>
Non-current	<u>\$ -</u>	<u>\$ -</u>

(18) Share-based payments

A. The agreement of share-based payments of the Company for the year ended December 31, 2020 is as follows:

Type of agreement	Grant date	Quantity given	Period of agreement	Vested condition
Issue of shares, of which retained for employee subscription	November 17, 2020	7,927 thousand shares		Vest - immediately

B. The Company uses the Black-Scholes option evaluation model to estimate the fair value of the stock option in its share-based payment on the grant date. The relevant information is as follows:

Type of agreement	Grant date	Share price	Exercise price	Expected volatility	Expected duration	Expected dividend	Risk-free rate	Fair value per unit
Issue of shares, of which retained for employee subscription	November 17, 2020	14.85	12.56	10.94%	0.02 year	-	0.1401%	1.19

C. The Company's remuneration cost of issues of shares, of which retained for employee subscription in 2020 was \$9,433 thousand.

(19) *Common Stock*

A. As of December 31, 2021, the Company's authorized capital was \$12,000,000 thousand with par value of \$10 per share. As of December 31, 2021 and 2020, total paid-in capital were \$7,207,525 thousand and \$5,207,525 thousand.

B. Details of the Company's previous offering at a discounted price (private placement) were as follows:

Date of issue	Number of share issued (in thousand)	Issued price (\$/share)
September 27, 2004 (public offering completed)	41,137	2.99
August 21, 2007 (public offering completed)	18,750	8.00
August 25, 2021	83,000	11.80
September 17, 2021	117,000	11.80

C. Movements in the number of the Company's outstanding ordinary shares outstanding are as follows:

	Number of outstanding shares (in thousand)	
	For the year ended December 31,	
	2021	2020
At January 1	520,753	270,753
Issue of shares	-	250,000
Issue of shares - private placement	200,000	-
At December 31	720,753	520,753

D. On August 13, 2020, the board of directors of the Company resolved to issue 250,000 thousand new shares with a par value of \$10 per share with an issue price of \$12.56 per share and it is expected to raise \$3,140,000 thousand. The purpose of this fund is to pay for the purchase of land and construction cost. The reference date of this capital increase was December 14, 2020, and the change of registration have been completed with the Ministry of Economic Affairs.

E. On August 5, 2021, the Company has passed the resolution of the shareholders' meeting to issue 200,000 thousand ordinary shares through a cash private placement to increase capital, with a par value of \$10 per share and an issue price of \$11.8 per share. The use of proceeds is to enrich working capital and repay the bank loan or in response to future long-term development needs. The reference date of capital increase was on August 25 and September 17, 2021, respectively, and has raised \$2,360,000 thousand, and the application of change of registration with the Ministry of Economic Affairs was completed. The rights and obligations of ordinary shares of this private placement are the same as those of other issued ordinary shares, except that there are restrictions on circulation and transfer as stipulated by the Securities and Exchange Act, and the application for listing must be completed after three years from the delivery date and the issuance of supplementary issuance.

(20) *Capital surplus*

	December 31,	
	2021	2020
Ordinary shares premium	\$ 1,009,433	\$ 649,433
Cash dividend unclaimed for over five years	592	592
Adjusted difference by equity method	1,100	1,100
Gains after tax on disposal of property, plant and equipment held by subsidiary under equity method	7,487	7,487
Exercise disgorgement	1	1
Total	<u>\$ 1,018,613</u>	<u>\$ 658,613</u>

Pursuant to the ROC Company Act, capital surplus arising from paid-up capital in excess of par value on issuance of ordinary shares and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act of ROC requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(21) *Retained earnings*

A. Legal reserve

Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Special reserve

When the Company distributes the earnings, in accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the current year balance sheet date. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

The amounts previously set aside by the Company as special reserve on initial application of IFRSs, in accordance with the Order No. Financial-Supervisory-Securities-Corporate-1090150022 issued on March 31, 2021, when the Company subsequently uses, disposes or reclassifies the relevant assets, the previously set aside special reserve shall be reversed proportionately.

C. Distribution of retained earnings

In accordance with the Articles of Association, the current year's earnings, if any, shall be used to pay all taxes and offset prior years' operating losses, thereafter 10% shall be either set aside as legal reserve or appropriate to or reverse to special reserve according to the relevant regulations or as requested by the competent authorities. However, the parent company shall not be subject to this requirement when the amount of legal reserve accumulated equal to the total authorized capital. For the remaining earnings plus prior years' unappropriated retained earnings may be appropriated for 10% to 70% according to a proposal by the board of directors and approved in the shareholders' meeting as shareholders'

dividends; provided that the distribution of the reserve is limited to 5% of the parent company's paid-in capital.

This distribution of shareholders' dividends shall be either in cash or stocks, in which with cash dividends not less than 10% of the total dividend.

D. On August 5, 2021, the Company passed a resolution at the general meeting of shareholders that no profit will be distributed due to losses in 2020. In addition, on June 23, 2020, the Company passed the 2019 profit distribution proposal through the resolution of the general meeting of shareholders, and distributed dividends to shareholders of \$27,075 thousand.

E. For details of information on employee's compensation and directors and supervisors' remuneration, please refer to Note 6(26).

(22) Revenue

	For the year ended December 31,	
	2021	2020
Revenue from customer contracts		
Sales revenue - lands	\$ -	\$ 62,884
Sales revenue - buildings	-	15,920
	-	78,804
Rental income	968	820
Total	\$ 968	\$ 79,624

A. The Company's revenue from customer contracts recognized at a point in time in 2021 and 2020 were as follows:

	For the year ended December 31,	
	2021	2020
Revenue recognized at a point in time	\$ -	\$ 78,804

B. Contracts liabilities

	December 31,	
	2021	2020
Contracts liabilities		
Sales of properties	\$ 532,459	\$ 342,486

The Company's contract liabilities for the current period increased as compared to December 31, 2020 was mainly due to the performance obligations had not been fulfilled and therefore the consideration received from customers in advance had not been recognized as revenue.

Of the opening balances of contract liabilities in 2021 and 2020, the amounts of revenue recognized in 2021 and 2020 were both \$0 thousand.

(23) *Other income*

	For the year ended December 31,	
	2021	2020
Interest income		
Interest on bank deposits	\$ 1,901	\$ 1,281
Other interest income	4	42
	<u>1,905</u>	<u>1,323</u>
Dividend income	1,798	8
Other income - other	7,660	3,520
Total	<u>\$ 11,363</u>	<u>\$ 4,851</u>

(24) *Other gains and losses*

	For the year ended December 31,	
	2021	2020
Net currency exchange losses	(\$ 2,364)	(\$ 4,448)
Net losses on financial assets at fair value through profit or loss	-	(8,372)
Gains on disposal of investment	289	-
Loss on disposal of property, plant and equipment	-	(17)
Other non-operating losses	(3,000)	(4,461)
Total	<u>(\$ 5,075)</u>	<u>(\$ 17,298)</u>

(25) *Additional disclosures related to cost of revenues and operating expenses are as follows:*

	For the year ended December 31,					
	2021			2020		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefit expenses	\$ 96	\$ 47,886	\$ 47,982	\$ -	\$ 50,206	\$ 50,206
Depreciation expenses	-	2,620	2,620	-	2,192	2,192
Amortization expenses	-	217	217	-	-	-

(26) *Employee benefit expenses*

	For the year ended December 31,	
	2021	2020
Wages and salaries	\$ 38,126	\$ 38,149
Director's remuneration	3,907	5,535
Labor and health insurance contribution	2,893	2,279
Pension costs	1,586	2,908
Other personnel expenses	1,470	1,335
Total	<u>\$ 47,982</u>	<u>\$ 50,206</u>

A. In accordance with the Articles of Association, the parent company's accumulated deficits should be covered before distribution of current year earnings, 0.5% of distributable earnings and no more than 2% of current year earnings shall be appropriated as employees' compensation and directors' remuneration respectively. The percentage of employees' compensation and director's remuneration as mentioned in the preceding paragraph and employees' compensation distributed by way of stock or cash, shall be resolved in the meeting of the board of directors attended by more than a two-thirds of directors; of which half of the attended directors shall agree such distribution; and report at the shareholder's meeting.

The current year earnings referred to in the preceding paragraph refers to the current year profit before tax and before deduction of the distribution of employees' bonus and directors' remuneration.

B. The compensation to employees were determined by the profit of the year. In 2021 and 2020, the employees' compensation and directors' remuneration of the parent company were both \$0 thousand.

The number of share dividend is calculated based on the closing price of the day before the resolution being made by the board and after considering the effect of ex-rights. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts by the board of directors, the differences are recorded in profit and loss in the subsequent year.

C. Please refer to Market Observation Post System for more information on the resolution related to the appropriation of distributable earnings as employees' compensation and directors' remuneration of the Company's board of directors' meeting.

(27) *Finance costs*

	For the year ended December 31,	
	2021	2020
Interest expense		
Bank loans	\$ 86,128	\$ 14,827
Less: capitalization of qualifying assets	(60,200)	(9,624)
Total	<u>\$ 25,928</u>	<u>\$ 5,203</u>

(28) *Income tax*

A. Income tax expense

Components of income tax expense:

	For the year ended December 31,	
	2021	2020
Current income tax for the year		
Land value increment tax included in current income tax for the year	\$ -	\$ 1,008
Current income tax for the year	-	1,008
Deferred tax	-	-
Income tax expense	<u>\$ -</u>	<u>\$ 1,008</u>

B. Reconciliation between income tax expense and loss before income tax:

	For the year ended December 31,	
	2021	2020
Income before income tax	(\$ 114,623)	(\$ 88,637)
Income tax expense at statutory rate	(22,924)	(17,727)
Tax effect of adjusting items		
Permanent differences	8,645	13,390
Loss on unrecognized deferred tax assets	13,197	3,849
Unrecognized temporary differences	1,082	488
Land value increment tax	-	1,008
Income tax expense	<u>\$ -</u>	<u>\$ 1,008</u>

C. The details of unrecognized deferred tax assets were as follow:

	December 31,	
	2021	2020
Loss carry forward		
Expired in 2023	\$ 8,706	\$ 8,706
Expired in 2024	21,519	21,519
Expired in 2025	34,776	34,776
Expired in 2026	14,432	14,432
Expired in 2027	8,414	8,414
Expired in 2028	19,351	19,351
Expired in 2029	1,845	1,845
Expired in 2030	3,849	3,849
Expired in 2031	13,197	-
	<u>126,089</u>	<u>112,892</u>
Deductible temporary differences		
Contract liabilities	1,133	-
Inventories	77,317	77,879
Allowance for doubtful accounts	3,249	3,249
Financial assets at fair value through other comprehensive income	21,612	22,012
Prepayments	546	552
Net defined benefit liabilities	1,372	1,374
Current provisions	198	152
Unrealized exchange gains and losses	2,946	2,473
	<u>108,373</u>	<u>107,691</u>
Total	<u>\$ 234,462</u>	<u>\$ 220,583</u>

D. As of December 31, 2021, details of the Company's deferred tax assets for future utilization were as below:

Expiry date	Unused loss carry forward	
2023	\$	8,706
2024		21,519
2025		34,776
2026		14,432
2027		8,414
2028		19,351
2029		1,845
2030		3,849
2031		13,197
Total	<u>\$</u>	<u>126,089</u>

E. The Company's income tax returns through 2019 have been assessed by the Tax Authority.

(29) *Earnings per share*

The calculation of earnings per share and weighted average number of common stock is as follows:

	For the year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Loss attributable to common shareholders	(\$ 114,623)	584,065	(\$ 0.20)

Diluted earnings per share

None.

	For the year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Loss attributable to common shareholders	(\$ 89,645)	282,364	(\$ 0.32)

Diluted earnings per share

None.

(30) *Changes in liabilities from financing activities*

The reconciliation of the Company's liabilities from financing activities is as follows:

	January 1, 2021	Cash flow	Other non-cash	December 31, 2021
Current borrowings	\$ 915,000	\$ 3,067,721	\$ -	\$ 3,982,721
Lease liabilities	-	(283)	1,007	724
Non-current borrowings	60,000	3,332,104	-	3,392,104
Guarantee deposits received	9,269	(9,140)	-	129
Liabilities from financing activities	<u>\$ 984,269</u>	<u>\$ 6,390,402</u>	<u>\$ 1,007</u>	<u>\$ 7,375,678</u>

	January 1, 2020	Cash flow	Other non-cash	December 31, 2020
Current borrowings	\$ 282,000	\$ 633,000	\$ -	\$ 915,000
Lease liabilities	600	(604)	4	-
Non-current borrowings	513,000	(453,000)	-	60,000
Guarantee deposits received	9,305	(36)	-	9,269
Liabilities from financing activities	<u>\$ 804,905</u>	<u>\$ 179,360</u>	<u>\$ 4</u>	<u>\$ 984,269</u>

7. Related party transactions

(1) Name of related parties and relationship

Name	Relationship
Huachien	Subsidiary
Huajian	Subsidiary
Lin Yuan Yi	Second degree of kinship of the director of the Company
Lin Heng Yi	Second degree of kinship of the director of the Company
Lin Chia Hung	Substantive related party
Hong-Zhu Construction Co., Ltd.	The general manager of the Company is the director of Hong-Zhu Construction Co., Ltd.
He Feng Investment Co., Ltd.	Substantive related party
Pauguo Real Estate Management Co., Ltd.	Substantive related party

(2) Significant related party transactions and balances:

A. Sales of goods and services

	For the year ended December 31,	
	2021	2020
Rental income		
Subsidiaries	\$ 266	\$ 29

The rental periods are from March 2021 to March 2022 and from April 2015 to March 2021, respectively, and the rent is paid monthly or annually.

B. Purchase

	For the year ended December 31,	
	2021	2020
Cost of lands		
Lin Chia Hung	\$ -	\$ 1,208,650
Other related parties	511,888	-
	<u>\$ 511,888</u>	<u>\$ 1,208,650</u>
Project payment		
Subsidiaries	\$ 252,061	\$ -

C. Construction expense

	For the year ended December 31,	
	2021	2020
Miscellaneous expenses		
Hong-Zhu Construction Co., Ltd.	\$ -	\$ 2,952
Other related parties	21,875	-
Total	<u>\$ 21,875</u>	<u>\$ 2,952</u>
Finance costs		
Pauguo Real Estate Management Co., Ltd.	\$ 686	\$ 952

D. Administrative expenses

	For the year ended December 31,	
	2021	2020
Miscellaneous expenses		
Other related parties	\$ 74	\$ -

E. The balances of receivables and payables with related parties were as follows:

	December 31,	
	2021	2020
Notes receivables		
Subsidiaries	\$ 58	\$ -
Refundable deposit		
Other related parties	\$ 2,442	\$ 2,442
Notes payable		
Huajian	\$ 27,712	\$ -
Accounts payable		
Lin Chia Hung	\$ -	\$ 94,571
Other receipts in advance		
Subsidiaries	\$ 58	\$ 7

F. Others

(A) In November 2021, the Company provided an endorsement guarantee amount of \$100,000 thousand for its subsidiary Huajian.

(B) As of December 31, 2020, the deposit guarantee notes issued by the Company to a related party, Lin Chia Hung amounted to \$1,088,100 thousand.

(C) In October 2020, the amount of the promissory note issued by the Company to the co-construction landlord in Le Jie Duan A was \$146,215 thousand, which was guaranteed by Hong-Zhu Construction Co., Ltd. for the Company.

(3) *Key management compensation*

	For the year ended December 31,	
	2021	2020
Salaries and other short-term		
employee benefits	\$ 9,228	\$ 9,186
Termination benefits	-	-
Post-employment benefits	-	5,621
Other long-term employee benefits	-	-
Share-based payment	-	-
Total	\$ 9,228	\$ 14,807

8. Pledge of assets

The Company's assets pledged as collateral are as follows:

Pledged assets	Purposes	Carrying amount	
		December 31,	
		2021	2020
Inventories			
Lands for sale	Performance guarantee	\$ -	\$ 5,505
Buildings for sale	Performance guarantee	-	2,809
Lands held for construction	Current and non-current borrowing	9,694,549	2,431,694
Construction in progress	Current borrowing	469,093	212,547
Property, plant and equipment			
Lands	Current borrowing	36,006	36,006
Buildings	Current borrowing	18,051	19,343
Other equipment	Current borrowing	28	28
Investments accounted for under equity method	Non-current borrowing	333,904	-
Other current financial assets	Trust account	157,039	156,021
Total		<u>\$ 10,708,670</u>	<u>\$ 2,863,953</u>

9. Significant contingent liabilities and unrecognized commitments

- A. As of December 31, 2021, the Company received the promissory notes from the contractor and customer amounted to \$318,501 thousand.
- B. As of December 31, 2021, the deposit guarantee notes issued by the Company to the landlord amounted to \$146,215 thousand.
- C. As of December 31, 2021, the Company signed the contracts of pre-sale of properties with customer amounted to \$2,546,970 thousand, and have been received \$523,390 thousand according to the contract amount.
- D. As of December 31, 2021, the Company has signed the sales contract and transferred of title but yet to delivery amounted to \$9,150 thousand, and the amount received according to the contract is \$9,150 thousand.

E. As of December 31, 2021, the Company's contracted the procurement material and project payments amounted to \$2,407,191 thousand, of which \$1,762,660 thousand was unpaid.

F. As of December 31, 2021, the total price of the land acquired by the Company but yet to transfer of title is \$33,850 thousand, and the contract amount of \$20,310 thousand remains unpaid.

10. Significant disaster loss

None.

11. Significant events after the balance sheet date

A. On November 30, 2021, the Company passed the resolution of the extraordinary general meeting of shareholders to issue ordinary shares through private placement, and the issuance amount did not exceed 140,000 thousand shares. On February 10, 2022, the board of directors resolved to issue 53,571 thousand ordinary shares through private placement, with a par value of \$10 per share and an issue price of \$12 per share, and set February 24, 2022 as the reference date for this capital increase.

B. On January 19, 2022, as resolved by the board of directors, the Company will pay \$1,053,972 thousand in exchange for the floor-area-ratio at No. 31, New High-speed Railway Duan, Wuri District, Taichung City.

12. Others

(1) Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders by reduction of capital, issue new shares or sell assets to reduce debt.

The Company is same as other in the same industry, controls its capital based on the debt-to-equity ratio. The ratio is calculated by the net liabilities divided by total capital. Net liabilities are the total liabilities shown on the balance sheet less cash and cash equivalents. Total capital is all components of equity (i.e. ordinary share , capital surplus, retained earnings, other equity interests and non-controlling interests) plus net liabilities.

Management uses an appropriate net liabilities/(total equity plus net liabilities) or other financial ratio to determine the optimum capital of the Company to ensure financing at a reasonable cost.

Debt-to-equity ratio is as follows:

	December 31	
	2021	2020
Total liabilities	\$ 8,072,162	\$ 1,507,445
Less: cash and cash equivalents	(2,798,111)	(1,834,819)
Net liabilities	5,274,051	(327,374)
Total equity	8,393,662	6,148,136
Capital adjustments	\$ 13,667,713	\$ 5,820,762
Debt-to-equity ratio	38.59%	(5.62%)

(2) Financial instruments

A. Financial instruments by category

	December 31,	
	2021	2020
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designated investments in equity instrument	\$ 3,187	\$ 2,898
Financial assets at amortized cost		
Cash and cash equivalents	\$ 2,798,111	\$ 1,834,819
Notes receivable	1,651	90
Other receivables	-	39,998
Other current financial assets	157,039	211,021
Refundable deposits	38,640	60,717
	\$ 2,995,441	\$ 2,146,645

Financial liabilities

Financial liabilities at amortized cost

Current borrowings	\$	3,982,721	\$	915,000
Notes payable		54,109		1,723
Accounts payable		64,453		142,788
Other payable		15,895		8,802
Non-current borrowings (including current portion)		3,392,104		60,000
Guarantee deposits received		129		9,269
	\$	<u>7,509,411</u>	\$	<u>1,137,582</u>
Lease liabilities	\$	<u>724</u>	\$	<u>-</u>

B. Financial risk management objectives and policies

The Company's financial instruments include equity investment, notes receivables, other receivables, other current financial assets, guarantee deposits paid, bank borrowings, notes payable, accounts payable and other payables. Risk management is coordinated by the Company's finance department by entering domestic and international financial market operations and responsible to monitor and manage the financial risk according to the degree of risk and evaluating the breadth analysis of risk exposure. Such risk includes market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to reduce the risk by employing a risk management and to analyze, identify and evaluate the related financial risks that potentially expose adverse effects on the Company. The Company has a relevant plan to hedges the adverse factors of financial risk.

(A) Market risk

Market risk is arising from movements in market prices, such as foreign exchange risk and interest rate risk that affecting the Company's earnings or financial instruments held by the Company. The objective of market risk management is to control the market risk exposure within affordable range and to optimize the return on investment.

The major markets risks undertaken by the Company's operation are foreign exchange risk, interest rate risk and equity price risk. In practice, a movement by a single change in risk variables is rare, hence change in risk variables are always interrelated. The following sensitivity analysis did not consider the interaction of related risks variables.

a. Exchange risk

The Company holds financial assets at fair value through other comprehensive income that are denominated in foreign currencies, thereby exposing the Company to the risk of change in the exchange rate. The Company's exchange risk mainly arises from cash and cash equivalents denominated in foreign currencies and financial assets at fair value through other comprehensive income, etc., and foreign currency exchange gains or losses arise upon translation.

Details of the unrealized exchange gains and losses of the Company's monetary items whose value would significantly be affected by exchange rate fluctuation are as follows:

	For the year ended December 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Unrealized exchange gains and losses (NT\$)
<u>Financial assets</u>			
US\$: NT\$	\$ 2,984	27.680 (\$	2,351)
CN¥ : NT\$	202	4.344 (7)
HK\$: NT\$	53	3.549 (6)

	For the year ended December 31, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Unrealized exchange gains and losses (NT\$)
<u>Financial assets</u>			
US\$: NT\$	\$ 2,937	28.480	(\$ 4,340)
CN¥ : NT\$	201	4.377	28
HK\$: NT\$	53	3.673	(9)

The sensitivity analysis of the Company's exchange risk mainly focuses on the relevant foreign currency appreciation or depreciation of main foreign currency items at the closing date of reporting period, and its impact on the Company's profit and loss and equity.

The determination of below sensitivity analysis is based on the Company's non-functional currency assets and liabilities with significant exchange rate exposure at the balance date. The relevant information is as follows:

	December 31, 2021					
	Foreign currency amount	Exchange rate	Carrying amount (NT\$)	Variation	Effect on profit or loss	Effect on equity
<u>Financial assets</u>						
<u>Monetary items</u>						
US\$	\$ 2,984	27.680	\$ 82,597	5%	\$ 4,130	\$ -
CN¥	202	4.344	877	5%	44	-
HK\$	53	3.549	187	5%	9	-
<u>None monetary items</u>						
US\$	78	27.680	2,152	5%	-	108

December 31, 2020

	Foreign currency amount	Exchange rate	Carrying amount (NT\$)	Variation	Effect on profit or loss	Effect on equity
<u>Financial assets</u>						
<u>Monetary items</u>						
US\$	\$ 2,937	28.480	\$ 83,649	5%	\$ 4,182	\$ -
CN¥	201	4.377	882	5%	44	-
HK\$	53	3.673	194	5%	10	-
<u>None monetary items</u>						
US\$	102	28.480	2,898	5%	-	145

b. Interest rate risk

The Company's interest rate risk arises from borrowing. Borrowing with the floating interest rate exposes the Company to change in fair value risk and cash flow risk. The Company by maintaining an appropriate combination of floating rates to manage interest rate risk. The Company assesses its hedging activities on a regular basis to ensure hedging strategies are established consistently between interest rate and risk preferences and in most cost-effective manner.

The Company's exposure on financial liabilities rate risk is described in this Note for liquidity risk management below.

Sensitivity analysis

The following sensitivity analysis is based on interest rate risk exposure on the non-derivative instruments at the closing date of the reporting period. Regarding the liabilities with variable interest rates, the following analysis is on the basis of the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 1% when key management report internally, which also represents the management of the Company's assessment on the reasonably possible interval of the

interest rate change.

If the interest rate has increased or decreased by 1% with other variables held constant, the net profit before tax would have increased or decreased by \$73,748 thousand and \$9,750 thousand for the years ended December 31, 2021 and 2020, respectively, which would be mainly resulted from the Company's borrowing with variable interest rate.

c. Other price risk

The Company's exposure to equity price risk in 2021 and 2020 resulted from investments in unlisted equity securities. The investments in the equity securities are financial assets at fair value through other comprehensive income. The management of the Company manages risks by holding investment portfolios with different risks.

Sensitivity analysis

The following sensitivity analysis is based on the exposure of equity securities at the closing date of the reporting period.

If the price of equity securities has increased or decreased by 10%, the Company's other equity would have increased or decreased by \$319 thousand and \$290 thousand for the years ended December 31, 2021 and 2020, respectively, which would be resulted from the change in fair value of the financial assets at fair value through other comprehensive income held.

(B) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by counterparties on the contract obligations. The Company's credit risk is attributable to its operating activities (mainly notes and accounts receivables) and financial activities (mainly bank deposits and various financial instruments).

Each unit of the Company follows credit risk policies, procedures and controls to manage credit risk. The credit risk assessment of all counterparties is based on factors such as the financial position, the rating of the credit rating agency, historical trading experience, the current economic environment and the Company's internal rating criteria etc. The Company also uses certain credit enhancement tools (such as pre-collection from sales of properties) at an appropriate time to reduce the credit risk of counterparties.

The Company's accounts receivables mainly comprise receipts from customers on sales of properties. Based on the past experiences, the Company's management assessed these accounts receivable had no significant risk.

The finance department of the Company manages the credit risk of bank deposits, fixed income securities and other financial instruments in accordance with the Company's policies. The trading parties of the Company are determined by internal control procedures such as the banks with good credit financial institutions with investment grades, corporate organizations and government agencies are considered to have no significant credit risk.

(C) Liquidity risk

Liquidity risk refers to risk when the Company is unable to settle its financial liabilities by cash or other current financial assets and failure to fulfill obligations associated with existing operations.

The Company manages its liquidity risk by maintaining adequate cash and cash equivalents in order to cope and mitigate the effects of the Company's operating cash flow fluctuations. The Company's management oversight banking facilities usage and ensure the terms of the loan agreement are followed.

Bank borrowings are the important source of liquidity to the Company. As of December 31, 2021 and 2020, the total banking facilities that have not yet utilized by the Company were \$1,124,175 thousand and \$986,000 thousand respectively.

Table of liquidity and interest rate risk

The table below analyses the Company's non-derivative financial liabilities based on the remaining period to the contractual maturity date during the agreed repayment period and in accordance with the possible earliest required date of repayment. The financial liabilities in below table are prepared by undiscounted cash flows.

	December 31, 2021				
	Less than 1 year	Between 1 and 3 year	Between 3 and 5 years	Over 5 years	Total of undiscounted cash flows
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Current borrowings	\$ 2,008,487	\$ 2,041,025	\$ -	\$ -	\$ 4,049,512
Notes payable	54,109	-	-	-	54,109
Accounts payable	64,453	-	-	-	64,453
Other payables	15,895	-	-	-	15,895
Lease liabilities	331	393	-	-	724
Non-current borrowings (include current portion)	120,113	269,531	3,204,711	-	3,594,355
Guarantee deposits received	18	111	-	-	129
	<u>\$ 2,263,406</u>	<u>\$ 2,311,060</u>	<u>\$ 3,204,711</u>	<u>\$ -</u>	<u>\$ 7,779,177</u>

	December 31, 2020				
	Less than 1 year	Between 1 and 3 year	Between 3 and 5 years	Over 5 years	Total of undiscounted cash flows
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Current borrowings	\$ 411,777	\$ 528,231	\$ -	\$ -	\$ 940,008
Notes payable	1,723	-	-	-	1,723
Accounts payable	142,788	-	-	-	142,788
Other payables	8,802	-	-	-	8,802
Non-current borrowings (include current portion)	1,167	61,889	-	-	63,056
Guarantee deposits received	113	6	4,600	4,550	9,269
	<u>\$ 566,370</u>	<u>\$ 590,126</u>	<u>\$ 4,600</u>	<u>\$ 4,550</u>	<u>\$ 1,165,646</u>

The Company does not have callable bank borrowing that requires repayment on demand.

The amounts of above non-derivative financial liabilities instruments with floating interest rate will be varied when the estimated rate become different at the end of reporting period.

(3) Fair value information

A. The different levels of valuation techniques which are used to measure the fair value of financial and non-financial instruments have been defined as follows:

Level 1: The input value of this level is the public quotation (unadjusted) of the identical asset or liability in the active market. A market is regarded as active when the goods in the market are in same nature and the price information is readily available in the public market for both buyers and sellers.

Level 2: Inputs other than the observable publicly quoted prices included within Level 1 for assets and liabilities, either directly (such as price) or indirectly (such as derived from the price).

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, other receivables, other current financial assets, deposits, bank borrowings, notes payable, accounts payable and other payables are reasonable approximations of fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

	December 31, 2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value</u>				
Financial assets at fair value				
through other comprehensive				
income				
Unlisted equity investments	\$ -	\$ -	\$ 3,187	\$ 3,187

	December 31, 2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value</u>				
Financial assets at fair value				
through other comprehensive				
income				
Unlisted equity investments	\$ -	\$ -	\$ 2,898	\$ 2,898

D. The methods of assumptions of the Company used to measure fair value are as follows:

(A) The Company applied market quoted prices at closing and net value as their inputs of fair value for its domestic listed stock (that is Level 1).

(B) In addition to the above-mentioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained by means of evaluation techniques or reference to counterparty quotes. The fair value is obtained through the evaluation techniques based on the current fair value of other financial instruments with similar characteristics and characteristics, discounted cash flow method or other evaluation techniques including calculations based on the application model of market information available on the balance sheet date.

(C) The output from the evaluation model is the estimated value, and the evaluation technique may not reflect all the factors that the Company holds for financial instruments and non-financial instruments. Therefore, the estimated value by the evaluation model will be adjusted according to additional parameters, such as model risk or liquidity risk. According to the Company's management policy of fair value evaluation model and related control procedures, the management believes that the evaluation adjustments are appropriated and necessary for the fair presentation of the fair value of financial instruments and non-financial instruments in the individual balance sheet. The pricing information and parameters used in the evaluation process are carefully evaluated and appropriately adjusted to current market conditions.

E. There is no transfer between first and second level measured at fair value in 2021 and 2020.

F. Changes in level 3

	For the year ended December 31,	
	2021	2020
January 1	\$ 2,898	\$ 3,759
Increase in the current period	1,781	-
Refund of capital after capital reduction in the current period	(860)	(1,847)
Gains (losses) recognized in other comprehensive income	(632)	986
December 31	<u>\$ 3,187</u>	<u>\$ 2,898</u>

G. The Company's evaluation process for fair value classified into level 3 is carried out and responsible by the financial department which is responsible to ensure that the evaluation results are reasonable. These include: verifying the fair value of financial instruments by using independent source data to bring the evaluation results close to the market; to confirm the data sources are independent reliable and consistent with other resources and represent executable prices; and regularly calibrate the evaluation model; perform back-testing; update the input values and materials required for the evaluation model; and any other necessary fair value adjustments.

H. Quantitative information on significant unobservable inputs for the fair value measurement in level 3

	Fair value	Evaluation	Significant unobservable inputs	Relationship between input value and fair value
	December 31, 2021	techniques		
Non-derivative equity instruments:				
Venture capital stock	\$ 3,187	Net assets value method	Lack of market liquidity and minority share discount	Lack of market circulation, the higher the discount, the lower the fair value
	Fair value	Evaluation	Significant unobservable inputs	Relationship between input value and fair value
	December 31, 2020	techniques		
Non-derivative equity instruments:				
Venture capital stock	\$ 2,898	Net assets value method	Lack of market liquidity and minority share discount	Lack of market circulation, the higher the discount, the lower the fair value

I. Sensitivity analysis of changes in significant unobservable inputs

		December 31, 2021					
				Recognize to profit or loss		Recognize to other comprehensive income	
				Favorable	Unfavorable	Favorable	Unfavorable
		<u>Input value</u>	<u>Changes</u>	<u>changes</u>	<u>changes</u>	<u>changes</u>	<u>changes</u>
Financial assets							
	Lack of						
	market						
	liquidity						
	and						
	minority						
Equity	share						
instruments	discount	10%	\$	-	\$	-	\$
						531	\$
							531

		December 31, 2020					
				Recognize to profit or loss		Recognize to other comprehensive income	
				Favorable	Unfavorable	Favorable	Unfavorable
		<u>Input value</u>	<u>Changes</u>	<u>changes</u>	<u>changes</u>	<u>changes</u>	<u>changes</u>
Financial assets							
	Lack of						
	market						
	liquidity						
	and						
	minority						
Equity	share						
instruments	discount	10%	\$	-	\$	-	\$
						483	\$
							483

13. Supplementary disclosures

(1) *Significant transactions information:*

No.	Items	Footnote
1	Loans to others	None
2	Provision of endorsements and guarantees to others	Table 1
3	Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint ventures)	Table 2
4	Purchase or sale of the same security with the accumulated cost exceeding \$300 million or 20% of paid-in capital or more	None
5	Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more	Table 3
6	Disposal of real estate reaching \$300 million or 20% of paid-in capital or more	None
7	Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more	Table 4
8	Receivables from related parties reaching \$100 million or 20% of paid-in capital or more	None
9	Derivative financial instruments undertaken	None
10	Significant inter-company transactions between the Company and subsidiaries	Table 5

(2) *Information on investments: Table 6*

(3) *Information on investments in Mainland China: None*

(4) *Information of major shareholders: Table 7*

Table 1

Provision of endorsements and guarantees to others by the Company as of December 31, 2021:

(Expressed in thousands of New Taiwan dollars)

NO. (Note 1)	Endorser/Guarantor	Endorsee		Endorsement limit for a single entity (Note 3)	Highest balance during the year (Note 4)	Outstanding balance at December 31, 2021 (Note 5)	Actual amount drawn down (Note 6)	Balance secured by collateral	Ratio of accumulated amount to net worth of the Company	Maximum amount of endorsement (Note 3)	Provision of endorsements by parent company to subsidiary (Note 7)	Provision of endorsements by subsidiary to parent company (Note 7)	Provision of endorsement to the party in Mainland China (Note 7)
		Company name	Relationship (Note 2)										
0	The Company	Huajian	2	\$ 1,678,732	\$ 100,000	\$ 100,000	\$ 50,000	\$ -	1.19%	\$ 4,196,831	Y	N	N

Note 1 : The intercompany transactions between the companies are identified and numbered as follow for indication:

- (1) Parent company: 0.
- (2) Invested company start from 1 consecutively.

Note 2 : There are seven types of relationship between the endorser and the endorsee, and are indicated as follows:

- (1) Having business dealings.
- (2) Majority owned subsidiaries.
- (3) The Company direct or indirect owns over 50% of voting rights of the investee company.
- (4) A subsidiary jointly owned over 90% by the Company.
- (5) Guarantee by the Company according to the construction contract.
- (6) An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.
- (7) Joint and several guarantee by the Company according to the pre-construction contract under Customer Protection Act

Note 3: Provision of the total amount on endorsements and guarantees provided by the Company shall keep the amount no more than 50% of net assets recorded in the latest financial statements of the Company. Provision of endorsement and guarantee provided for a single entity shall keep the amount no more than 20% of net assets recorded in the latest financial statements of the Company. Provision of endorsement and guarantee provided for a single entity which is having business dealings shall keep the amount no more than 20% of net assets recorded in the latest financial statements of the Company.

Note 4: The highest balance during the year for the provision of endorsement and guarantee to others.

Note 5: The amount approved by the board of directors, however, if the board of directors authorizes the chairman of the board of directors to make a decision in accordance with Article 12, paragraph 8, of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it refers to the amount decided by the chairman of the board.

Note 6: The actual amount drawn down within the range of the endorsement and guarantee to others by the Company.

Note 7: "Y" for the endorsement and guarantee of the listed parent company to its subsidiaries, the endorsement and guarantee of the subsidiaries to the listed parent company, and the endorsement and guarantee of the mainland China.

Table 2

Marketable securities held by the Company as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures)

(Expressed in thousands of New Taiwan dollars)

Securities held by	Type	Name	Relationship with the securities issuer	General ledger account	December 31, 2021				Footnote	
					Number of shares/ units (in thousands)	Book value	Ownership (%)	Fair value	Number of collateral share provided (in thousands)	Collateral amounts
The Company	Stock	Vincera Growth Capital II Limited	None	Non-current financial assets at fair value through other comprehensive income	60	\$ 2,152	5	\$ 2,152	-	\$ -
The Company	Stock	Hwa Chi Venture Capital Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	8	1,035	2	1,035	-	-

Table 3

As of December 31, 2021, acquisition of real estate by the Company reaching \$300 million or 20% of paid-in capital or more

(Expressed in thousands of New Taiwan dollars)

The company that acquired the real estate	Name of real estate	Day of fact	Amount of transaction	Payment status	Transaction party	Relationship	The information of previous transfer, if the transaction party is a related party				Basis of reference for price determination	Purpose of acquisition and usage	Other agreed matters
							Owner	Relationship with the issuer	Date of transfer	Amount			
The Company	Lot No. 226, Qing Xi Section, Zhong Li District, Taoyuan City	March 2, 2021 (Signing date)	\$ 350,395 (Note 1)	Pay according to the contract	He Feng Investment Co., Ltd.	Substantive related party	Mr./Ms. Hsu	-	September 2020	\$ 325,879	Note 2	Construction of residential buildings	-
The Company	Lot No. 41, Xin Zhan Section, Shalu District, Taichung City and relevant lands, etc.	March 2, 2021 (Signing date)	183,368 (Note 1)	Pay according to the contract	He Feng Investment Co., Ltd.	Substantive related party	16 persons including Mr./Ms. Chen	-	October 2020	180,755	Note 2	Construction of residential buildings	-
The Company	Lot of No. 227, Qing Xi Section, Zhong Li District, Taoyuan City and relevant lands, etc.	March 2, 2021 (Signing date)	797,161	Pay according to the contract	Mr./Ms. Pai	Non-related party	-	-	-	-	Valuation report	Construction of residential buildings	-
The Company	Lot No. 124, Le Jie Section, Gui Shan District, Taoyuan City and relevant lands, etc.	March 12, 2021 (Signing date)	502,445	Pay according to the contract	Mr./Ms. Chu	Non-related party	-	-	-	-	Valuation report	Construction of residential buildings	-
The Company	Lot No. 32, Shanjie, Gui Shan District, Taoyuan City and relevant lands, etc.	April 10, 2021 (Signing date)	313,553	Pay according to the contract	Mr./Ms. Chu	Non-related party	-	-	-	-	Valuation report	Construction of residential buildings	-

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The Company	Lot No. 31, New high-speed Railway Section, Wuri District, Taichung City	April 7, 2021 (Date of tender opening)	3,895,679	Pays according to the terms of the tender	Taichung City	Non-related party	-	-	-	-	Open tender by government	Construction of residential buildings	-
The Company	Lot No. 332, Qing An Section, Shanhua District, Tainan City and relevant lands, etc.	October 25, 2021 (Signing Date)	308,066	Pay according to the contract	Mr./Ms. Wu	Non-related party	-	-	-	-	Valuation report	Construction of residential buildings	-
The Company	Lot No. 332, Qing An Section, Shanhua District, Tainan City and relevant lands, etc.	October 25, 2021 (Signing Date)	308,084	Pay according to the contract	Mr./Ms. Huang	Non-related party	-	-	-	-	Valuation report	Construction of residential buildings	-

Note 1: Including the incremental floor-area-ratio acquired (untaxed amount).

Note 2: The previous transaction price included the necessary interest on capital and necessary cost and valuation report.

Table 4

As of December 31, 2021, the Company's purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more for the year ended

(Expressed in thousands of New Taiwan dollars)

Sales/ Purchase of the company	Transaction party	Relationship	Detail of transaction				Circumstances and reasons of why trading conditions are different from ordinary trading		Notes and accounts receivable (pay- able)		Remark
			Sales/ Purchase	Amount	Percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	He Feng Investment Co., Ltd.	Substantive related party	Purchase	\$ 511,888	7.09%	Pay in installments according to the contract	\$ -	-	\$ -	-	-
The Company	Huajian	Subsidiary	Purchase	252,061	3.49%	Pay in installments according to the contract	-	-	(27,712)	23.37%	1
Huajian	The Company	Parent company	Sales	(344,313)	100%	Pay in installments according to the contract	-	-	27,712	100%	2

Note 1: The purchase amount is recognized based on the period-by-period estimated amount.

Note 2: The construction revenue is recognized by the percentage of completion method, and is included in the amount of sales.

Table 5

Significant inter-company transactions between the Company and subsidiaries as of December 31, 2021:

(Expressed in thousands of New Taiwan dollars)

NO. (Note 1)	Transaction party	Counterparty	Relationship (Note 2)	Transaction details			
				Financial statement accounts	Amount	Payment terms	Percentage of total revenues or total assets (Note 3)
1	Huajian	The Company	2	Contract assets	\$ 92,252	Note 4	0.52%
1	Huajian	The Company	2	Notes receivable	27,712	Note 4	0.16%
1	Huajian	The Company	2	Revenue	344,313	Note 4	3,949.45%

Note 1: The intercompany transactions between the companies are identified and numbered as follow for indication:

- (1) Parent company: 0
- (2) Subsidiaries start from 1 consecutively.

Note2: The relationship between transaction company and counterparty is classified into one of the following three categories (If it is the same transaction between parent and subsidiary or between subsidiaries, does not need to disclose it repeatedly. For example, if the parent company has disclosed the transaction between the parent company and the subsidiary, the subsidiary does not need to be disclosed repeatedly; for the transaction between the subsidiary and the subsidiary, if one subsidiary has disclosed, the other subsidiary does not need to disclose it repeatedly):

- (1) The Company to the subsidiary
- (2) The subsidiary to the Company
- (3) The subsidiary to another subsidiary

Note 3: Percentage of total consolidated revenues or total assets is calculated using the total consolidated assets at the end of the year when the subject of transaction is an asset/liability, and is calculated by total consolidated revenues during the year when the subject of transaction is a revenue/expense.

Note 4: Consideration of construction that the Company commissioned to the related party is made based on mutual agreement, and the payment is repayable in installments based on the agreement.

Table 6 Information on investments

Information on investments in which the Company exercise significant influence

(Expressed in thousands of New Taiwan dollars)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognized for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares (in thousands)	Ownership (%)	Book value			
The Company	Huachien	16F, No. 460, sec. 5, Chenggong Rd., Neihu Dist, Taipei City	Residential and building development, sale and rental business	\$ 704,993	\$ 704,993	18,208	58.36	\$ 339,523	(\$ 14,243)	(\$ 8,313)	-
The Company	Huajian	16F, No. 460, sec. 5, Chenggong Rd., Neihu Dist, Taipei City	Comprehensive construction, rental and sales of residential and building development, wholesale of building materials wholesale industry	339,000	-	35,000	100.00	333,904	6,648	(5,096)	-

Table 7 Information of major shareholders

Major shareholders of the Company as of December 31, 2021

(Unit: In thousand shares)

Name of major shareholders	Number of shares held	Percentage of shareholding (%)
Chia Chun Investment Co., Ltd.	230,573	31.99
Da Shuo Investment Co., Ltd.	50,632	7.02
Neng Hung Investment Holdings Co., Ltd.	50,532	7.01

Note 1: The information of major shareholders in the above table was calculated by the Taiwan Depository and Clearing Corp. based on the information of shareholders of the Company who hold more than 5% of ordinary shares and special shares and have been completed the non-physical registration and delivery (including treasury shares) on the last business day of the end of each quarter. As for the capital recorded in the Company's financial statements may vary from the Company's actual number of share which completed the non-physical registration and delivery due to different calculation basis or differences.

Note 2: In the above table, if the shareholder entrusts its shares to the trust, disclosure is made by the individual accounts of the trustee who opened the trust account by the grantor. As for the shareholders' declarations for insider equity holdings exceeding 10% in accordance with the Securities and Exchange Act, his shareholding includes his own shares plus the shares entrusted to the trust with voting rights, etc. For information on the declaration for insider equity, please refer to Market Observatory Post System.

14. Segment information

Please refer the consolidated financial statements of Delpha Construction Co., Ltd. for the year ended December 31, 2021.

Delpha Construction Co., Ltd.
Statement of cash and cash equivalents

December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Cash			
Petty cash		\$ 160	
Cash in banks			
Checking accounts and demand deposits		19	
Demand deposits		2,714,271	
Foreign currency deposits (Note 1)		83,661	
		<u>2,797,951</u>	
Total		<u>\$ 2,798,111</u>	

Note 1: Foreign currency deposits

US\$	2,984 thousand
CNY	202 thousand
HK\$	53 thousand

Delpha Construction Co., Ltd.
Statement of notes receivable

December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Non-related parties			
Customer A		\$ 670	
Customer B		790	
Others		133	1
Related parties			
Subsidiaries		58	
Less: allowance for doubtful accounts			
		-	
Total		<u>\$ 1,651</u>	

Note 1: No item included in "Others" exceeded 5 % of the total balance.

Statement of other receivables

December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Other receivables - other		\$ 16,245	
Less: allowance for doubtful accounts			
		(16,245)	
Total		<u>\$ -</u>	

Delpha Construction Co., Ltd.

Statement of inventories

December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Item	Case	Amount	Note
Lands for sale and buildings for sale	Li Hsiang Jia A	\$ 1,762	
	Sheng Huo Jia A	5,346	
	Ya Dian Wang Chao A	456	
	Ya Dian Wang Chao B	1,722	
	Hang Sha	8,350	
	Shi Tan Duan A	63,527	
			<u>81,163</u>
Lands held for construction and construction in progress	Shu Lin An	198,192	
	Sheug Huo Jia B	9,153	
	Hsin Dian He Feng	632,155	
	Fu De Duan B	423	
	Hsin Guang Lu B	2,217	
	Rong Hsing Duan	273,493	
	Huai Sheng Duan	1,436,031	
	Yun He Jie A	890,494	
	Yun He Jie B	1,712	
	Wen Lin Bei Lu	286,148	
	Xin Bi Duan A	1,021,395	
	Le Jie Duan A	639,647	
	Le Jie Duan B	598,703	
	Qing Xi Duan A	404,377	
	Qing Xi Duan B	1,260,639	
	Shalu New Station Duan	203,447	
	Shanjie Duan	333,180	
	Wuri New High-speed Railway Station	3,936,638	
	Qing An Duan	616,355	
			<u>12,744,399</u>
Land held for floor-area-ratio transfer	Zheng Ying Duan, Taichung City	261	
Prepayment for land	Qing An Duan	13,540	
Total		12,839,363	
Less: allowance for decline in market value and obsolescence		(389,396)	
Total		<u>\$ 12,449,967</u>	

Note : For details of inventories pledged as collateral, please refer to Note 8.

Delpha Construction Co., Ltd
Statement of construction in progress

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Case	January 1	Construction			Capitalized	Transfer	December 31
		Material	cost	expense	interest		
Shu Lin An	\$ 85,821	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,821
Sheng Huo Jia B	1,350	-	-	-	-	-	1,350
Hsin Dian He							
Feng	148,391	-	-	-	-	-	148,391
Rong Hsing							
Duan	68,337	-	125,291	4,698	1,727	-	200,053
Huai Sheng							
Duan	13,964	-	-	3,150	-	-	17,114
Yun He Jie A	144,210	-	113,627	2,972	8,231	-	269,040
Wen Lin Bei Lu	976	-	-	-	-	-	976
Xin Bi Duan A	1,863	-	139,250	78,890	100	-	220,103
Le Jie Duan A	1,514	-	97,753	63,657	121	-	163,045
Le Jie Duan B	-	-	266	90,173	863	-	91,302
Qing Xi Duan A	35	-	58,598	42,065	298	-	100,996
Qing Xi Duan B	-	-	3,260	110,366	13,606	-	127,232
Shalu New							
Station Duan	-	2,580	6,588	16,442	1,875	-	27,485
Shanjie Duan	-	-	-	1	-	-	1
Wuri New							
High-speed							
Railway							
Station	-	-	918	6,532	33,379	-	40,829
Total	\$ 466,461	\$ 2,580	\$ 545,551	\$ 418,946	\$ 60,200	\$ -	\$ 1,493,738

Delpha Construction Co., Ltd

Statement of prepayments

December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Prepayment			
Prepayment for purchases		\$ 100,200	
Prepaid consignment service fee		130,347	
Prepaid other expense		1,591	
Remaining tax credit		42,291	
Other advances		65	
Total		<u>\$ 274,494</u>	

Please refer to Note 6(7) for details of other current financial assets.

Statement of other current assets, others

December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Other current assets, others	Payment on behalf	\$ 950	
Total		<u>\$ 950</u>	

Delpha Construction Co., Ltd.
Statement of non-current financial assets at fair value through other comprehensive income

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Company	Balance, January 1		Increase		Decrease		Type	Balance, December 31		Accumulated impairment	Collateral
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount		Shares (in thousands)	Amount		
HwaChi Venture Capital Co., Ltd.	-	\$ -	94	\$ 1,895	86	\$ 860	Common stock	8	\$ 1,035	Not applicable	None
Vincera Growth Capital II Limited	60	2,898	-	-	-	746	Common stock	60	2,152	Not applicable	None
Znyx Network Co. Pref D	51	-	-	-	51	-	Preferred stock	-	-	Not applicable	None
Znyx Network Co. Pref E	45	-	-	-	45	-	Preferred stock	-	-	Not applicable	None
Znyx Network Co. Pref F	26	-	-	-	26	-	Preferred stock	-	-	Not applicable	None
Total		<u>\$ 2,898</u>		<u>\$ 1,895</u>		<u>\$ 1,606</u>			<u>\$ 3,187</u>		

Note 1: HwaChi Venture Capital Co., Ltd. increased by \$1,781 thousand in the current year, and recognized at fair value by \$114 thousand at the end of the year. The decrease in the current year was due to capital reduction and refund of \$860 thousand.

Note 2: Vincera Growth Capital II Limited decreased by \$746 thousand in the current year was due to the recognition of fair value at the end of the year.

Statement of changes in investments accounted for under equity method

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Investees	Balance, January 1, 2021		Increase		Decrease		Investment income (loss)	Other comprehensive income (loss)	Balance, December 31, 2021		Net Assets value		Ownership %	Valuation method	Collateral	
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount			Shares (in thousands)	Amount	Total amount	Unit price (NT\$)				
Huachien	18,208	\$ 347,836	-	\$ -	-	\$ -	(\$ 8,313)	\$ -	Common stock	18,208	\$ 339,523	\$ 581,774	\$ 18.65	58%	Equity method	None
Huajian	-	-	35,000	339,000	-	-	(5,096)	-	Common stock	35,000	333,904	334,424	9.55	100%	Equity method	Yes

Delpha Construction Co., Ltd.
Statement of right-of-use assets

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Item	Balance, January 1	Increase	Decrease	Balance, December 31	Note
Cost					
Buildings	\$ -	\$ 996	\$ -	\$ 996	
Accumulated depreciation					
Buildings	\$ -	\$ 276	\$ -	\$ 276	

Statement of other non-current assets

December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Guarantee deposits paid	Security deposits on cooperation case at Rong Hsing Duan Building license registration deposit	\$ 28,189	
	Others	7,234	
		3,217	1
Total		\$ 38,640	
Net defined benefit assets		\$ 3,907	
Other assets - other	Artworks and paintings	\$ 5,552	

Note 1: No item included in "Others" exceeded 5 % of the total balance.

For details of property, plant and equipment, please refer to Note 6(9).

For details of accumulated depreciation and impairment loss of property, plant and equipment, please refer to Note 6(9).

Delpha Construction Co., Ltd.
Statement of Current borrowings

December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Bonds name	Purposes	Amount	Contract period	Rate	Total amount	Note
Far Eastern Int'l Bank	Mortgage	\$ 400,000	2021.11.16~2022.02.14	1.6%	\$ 400,000	1
Far Eastern Int'l Bank	Credit loan	1,343,000	2021.09.24~2022.01.03	1.6%	1,500,000	
The Shanghai Commercial & Savings Bank, Ltd.						
Ren Ai Branch	Mortgage	100,000	2021.11.17~2022.10.30	1.5%	100,000	1
The Shanghai Commercial & Savings Bank, Ltd.						
Renai Branch	Mortgage	48,721	2021.06.30~2022.08.14	1.945%	110,000	1
Hwatai Bank						
Sales Department	Mortgage	733,000	2020.11.09~2023.11.09	1.6%	733,000	1
Mega International Commercial Bank						
Nankan Branch	Mortgage	599,000	2021.03.02~2024.01.04	1.68%	599,000	1
Taiwan Cooperative Bank						
Taoyuan Branch	Mortgage	221,000	2021.03.15~2023.12.31	1.68%	221,000	1
Taiwan Cooperative Bank						
Banqiao Branch	Mortgage	408,000	2021.03.15~2023.12.31	1.68% 2.03%~	408,000	1
Shin Kong Bank	Mortgage	130,000	2021.10.07~2022.01.07	2.0345%	130,000	1
Total		<u>\$ 3,982,721</u>			<u>\$ 4,201,000</u>	

Note 1: For details of pledged of asset, please refer to Note 8.

Delpha Construction Co., Ltd.
Statement of contract liabilities

December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Prepayment for lands	Hang Sha	\$ 8,867	
	Yun He Jie A	364,640	
	Rong Hsing Duan	101,220	
	Xin Bi Duan A	57,530	
Subtotal		<u>532,257</u>	
Advance receipt for design changes	Yun He Jie A	106	
	Rong Hsing Duan	96	
Subtotal		<u>202</u>	
Total		<u>\$ 532,459</u>	

Delpha Construction Co., Ltd.
Statement of notes payable

December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Customer	Description	Amount	Note
Non-related parties:			
Li-Gao Construction Co., Ltd.		\$ 16,510	
Sheng Qi Construction Ltd.		3,904	
Xin Yuan Fa Company Limited		2,801	
Others		3,182	
Related Parties			
Huajian		27,712	
Total		<u>\$ 54,109</u>	

Note 1: No item included in "Others" exceeded 5 % of the total balance.

Statement of accounts payable

December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Customer	Description	Amount	Note
Non-related parties:			
Li-Gao Construction Co., Ltd.		\$ 14,768	
Wang Bang Construction Limited Company		35,203	
Home Deluxe Enterprise Co., Ltd.		7,898	
Haiyu International Co., Ltd.		5,778	
Others		806	1
Total		<u>\$ 64,453</u>	

Note 1: No item included in "Others" exceeded 5 % of the total balance.

Delpha Construction Co., Ltd.

Statement of other payable

December 31, 2021

(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Accrued expenses	Salary and wages payable	\$ 2,452	
	Year-end bonus payable	7,479	
	Interest payable	4,226	
	Services fee payable	810	
	Others	928	1
Total		<u>\$ 15,895</u>	

Note 1: No item included in "Others" exceeded 5 % of the total balance.

For details of provision for liabilities - current, please refer to Note 6(17).

Statement of lease liabilities

December 31, 2021

(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Period</u>	<u>Discount rate</u>	<u>Balance, Decem-ber 31</u>	<u>Note</u>
Building	Office	March 1, 2021 to February 28, 2024	1.5288%	<u>\$ 724</u>	

Statement of other current liabilities

December 31, 2021

(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Receipt in advance	Other advance	\$ 26,495	
Other current liabilities, other	Receipts under custody	2,083	
Total		<u>\$ 28,578</u>	

For details of long-term borrowing, please refer to Note 6(15).

Delpha Construction Co., Ltd.
Statement of non-current liabilities

December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Guarantee deposits received	Rental deposits	\$ 129	
Total		<u>\$ 129</u>	

Statement of net revenue

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Item	Number of ping	Amount	Note
Rental			
Hang Sha		\$ 65	
Yue Du Ou Zhou		266	
Shu Lin An		34	
Huai Sheng Duan		568	
Shi Tan Duan A		35	
Total		<u>\$ 968</u>	

Delpha Construction Co., Ltd
Statement of selling expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Item	Amount	Note
Salary	\$ 857	
Miscellaneous purchases	63	
Miscellaneous expenses	73	
Others	52	1
Total	\$ 1,045	

Note 1: No item included in "Others" exceeded 5 % of the total balance.

Statement of administrative expenses

For the Year Ended December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Item	Amount	Note
Salary	\$ 41,080	
Services fee	6,132	
Miscellaneous expenses	12,491	
Others	21,794	1
Total	\$ 81,497	

Note 1: No item included in "Others" exceeded 5 % of the total balance.

For details of other income, please refer to Note 6(23).

For details of other gains and losses, please refer to Note 6(24).

For details of financial costs, please refer to Note 6(27).

Delpha Construction Co., Ltd
Statement of labor, depreciation and amortization by function

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan dollars)

Classification Nature	For the year ended December 31,					
	2021			2020		
	Classified as cost of revenue	Classified as operating expenses	Total	Classified as cost of revenue	Classified as operating expenses	Total
Labor cost						
Employee salary	\$ 96	\$ 38,030	\$ 38,126	\$ -	\$ 38,149	\$ 38,149
Director's remuneration	-	3,907	3,907	-	5,535	5,535
Labor and health insurance	-	2,893	2,893	-	2,279	2,279
Pension	-	1,586	1,586	-	2,908	2,908
Others	-	1,470	1,470	-	1,335	1,335
Depreciation	-	2,620	2,620	-	2,192	2,192
Amortization	-	217	217	-	-	-

1. For the years ended December 31, 2021 and 2020, the number of employees of the Company were 43 and 38, in which 7 employees for both years ended, only acted as director of the Company.
2. The Company's average employee welfare expenses in 2021 and 2020 were \$1,224 thousand and \$1,441 thousand, respectively, the average employee salary expenses were \$1,059 thousand and \$1,231 thousand, respectively and the average employee salary expenses decreased by 13.97%.
3. The Company has set up an audit committee to replace the operation of the supervisor, so the remunerations of the supervisor in 2021 and 2020 are both \$0.

4. The salary and remuneration policy of the Company

According to the Articles of Association, Article 28 of the Company, if the Company makes a profit during the year, it shall allocate no less than 0.5% for employee remuneration and no more than 2% for directors' remuneration. In addition to the basic salary, the Company shall pay bonuses according to the operating conditions of the Company to motivate employees and retain outstanding employees. The annual salary adjustment is based on the employee's grade and performance appraisal and with reference to the salary level of the industry. The Company should pay a monthly remuneration to the independent directors of the Company, which is reviewed by the remuneration committee and determined by the board of directors. The remuneration of managers shall be determined by the board of directors in accordance with the statutory procedures and rules of the Company's remuneration committee.