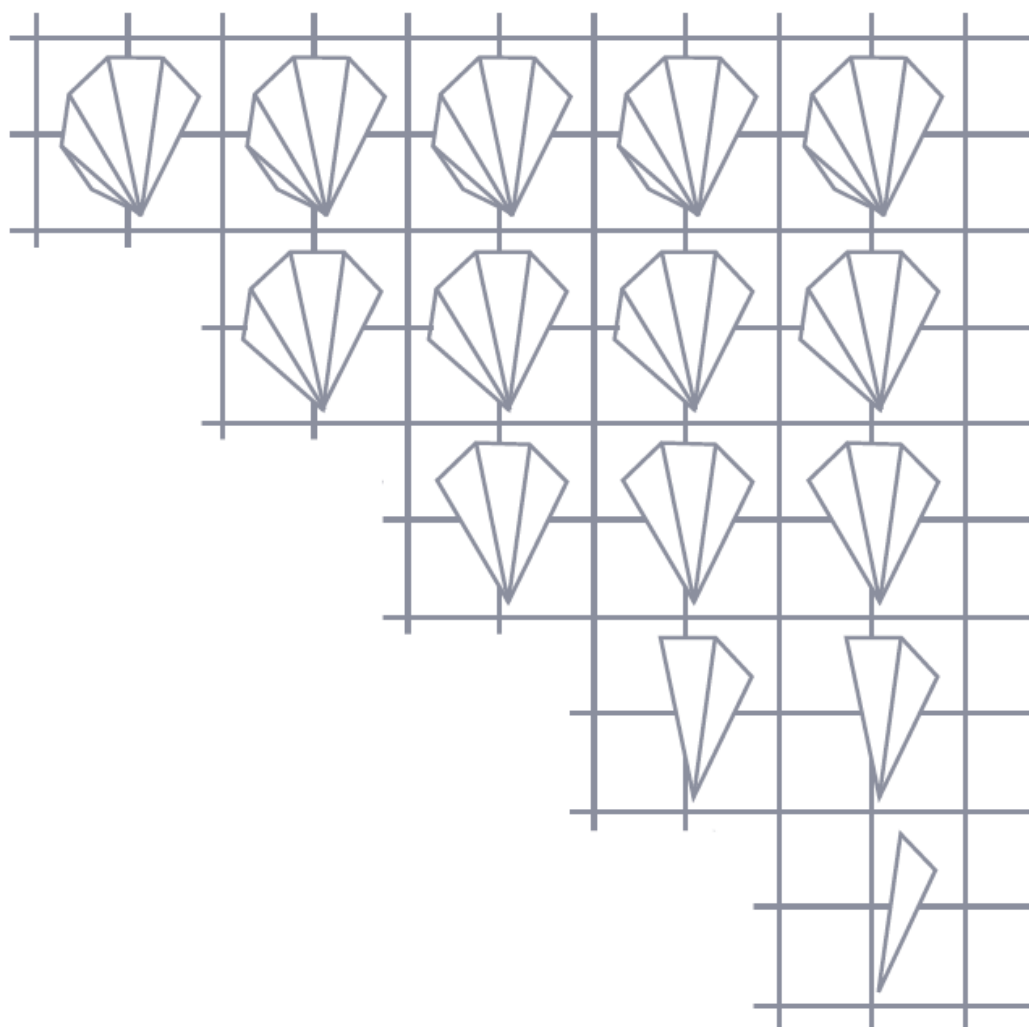


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Delphi Construction



2021 Annual Report

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[http:// mops.twse.com.tw](http://mops.twse.com.tw)

Annual Report is available at: <http://www.delphi.com.tw/tw/invest/p02.aspx>

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Table of Contents

I. Letter to Shareholders

1. Preface	1
2. 2021 Operating Performance	2
3. 2022 Business Plan	3
4. The Impact on the External Competitive Environment, Regulatory Environment, and Overall Economic Conditions	5

II. Company Profile

1. Date of Incorporation	6
2. Company History	6
3. Events Showing Substantial Impact on the Shareholder's Equity or the Securities Price in the Current Year and As of the Annual Report Publication Date	13

III. Corporate Governance Report

1. Organizational System	14
2. Information on the Directors, General Manager, Deputy General Manager, Department Heads and Branch Officers	17
3. Implementation of Corporate Governance	33
4. Information on CPA Fees	71
5. Information on Replacement of CPA	71
6. Employment of the Company's Chairman, General Manager, Financial or Accounting Manager with the Accounting Firm or Its Affiliates in the Most Recent Year, It Should Disclose His Name, Title and Period when Being Employed by the Accounting Firm of the CPA or its Affiliated Companies	71
7. Changes in Shareholding and Equity Pledge of Directors, Managerial Officers and Shareholders Holding More Than 10% of the Company's Shares in the Most Recent Year and as of the Annual Report Publication Date	72
8. Relationship Information: Any one among the Company's 10 Largest Shareholders is a related party or relative within the second degree of kinship of another shareholder	74
9. Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, its Directors, Managerial Officers, and Any Company Controlled Either Directly or Indirectly by the Company	76

IV. Capital Overview

1. Capital and Shares	77
2. Corporate Bonds, Preferred Shares, Global Depository Receipt (GDR), Employee Stock Warrants, New Restricted Employee Shares, Status of New Shares Issuance in Connection with Mergers, Acquisitions and Split	90
3. Status of Implementation of Capital Allocation Plans	90

V. Operational Highlights

1. Businesses	96
2. Market and Sales Overview	101
3. Information on Employees in the Past Two Years	106
4. Environmental Expenditure Information	106
5. Labor Relations	107
6. Important Contracts	113

VI. Financial Information

1. Condensed Balance Sheet and Statement of Comprehensive Income in the Past Five Years	117
2. Financial Analysis for the Past Five Years	122
3. Audit Committee' Inspection Report in the Most Recent Year	128
4. Financial Statement and CPA's Audit Report in the Most Recent Year	129
5. Individual Financial Statement in the Most Recent Year Audited by the CPAs	230
6. Financial Difficulties of the Company and Its Subsidiaries in the Most Recent Year and as of the Annual Report Publication Date, and the Impact on the Financial Status of the Company	337

VII. Review of Financial Conditions, Operating Results, and Risk Management

1. Financial Status	338
2. Financial Performance	339
3. Cash Flow	340
4. Impact of Major Capital Expenditure in the Past Year on Financial Status	340
5. Re-investment Policy in the Past Year, the Main Reason for Profit or Loss, Improvement Plan and Investment Plan for Next Year	340
6. Analysis and Assessment of Risk Issues	340
7. Other Important Matters	345

VIII. Special Disclosures

1. Summary of Affiliated Companies	346
2. Transaction on the Company's Private Placement of Securities in the Most Recent Year and the Annual Report Publication Date	349
3. Holding or Disposal of Company Shares by the Company's Subsidiaries in the Most Recent Year and the Annual Report Publication Date	359
4. Other Matters that Require Additional Description	359

Matters Stated in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, Specifying Their Substantial Impact on Owner's Equity	359
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【Letter to Shareholders】

1. Preface:

Dear Shareholders,

Looking back to fiscal 2021, although the COVID-19 scourge has spread around the world, Taiwan's housing market has benefited from the return of Taiwanese businessmen and abundant market information, which has strengthened the domestic rigid demand and willingness to purchase homes. In accordance with the operating strategy, Delpha has not only continuously develop suitable land in the Greater Taipei area, but also focuses on the development of land in the Northern, Central and Southern metropolitan areas and along the MRT lines. In the Northern District, there are 11 projects including "Central One" in Zhongshan District, Taipei City, "The Urban Green" and "Huaisheng Section" Urban Renewal project in Daan District, Taipei City, "Taiyuan Road" in Datong District, Taipei City, "Metro Building" and "Xinbi Section B" in Luzhu District, Taoyuan City, "Qingxi Section A" and "Qingxi Section B" in Zhongli District, Taoyuan City, "Lejie Section A", "Lejie Section B" and "Shanjie Section" in Guishan District, Taoyuan City, etc. In the Central and Southern Districts, there are "Xinzhan Section" in Shalu District, Taichung City, and "Shingaotie Section" in Wuri District, Taichung City, and "Qing'an Section" in Shanhua District, Tainan City. Meanwhile, we will continue to pay attention to the changes in the business environment that are closely related to the national economy and people's livelihood and wealth. The project volume is expected to grow steadily in the future, and our management team will work harder to reward the support and recognition of our shareholders.

In addition, Delpha continues to pursue profit growth while moving forward with the three main objectives of "integration of corporate resources", "sound corporate governance", and "participation in social welfare", and actively responds to the international wave of environmental protection and social needs by adopting environmentally friendly building materials and introducing green building certification in new construction projects, making sustainable management the primary goal of Delpha. For more than a century, Delpha has never forgotten its original intention and upholds the spirit of "cultivating space and caring for the earth", we focus on every detail and continue to create happy homes that carry memories for the people of Taiwan.

Finally, I would like to thank all of our shareholders for coming to visit us. We wish you good health and all the best, thank you!

Chairman : Cheng, Ssu-Tsung

2. 2021 Operating Performance of Delpha Construction

(1) Implementation status of the operation plan in 2020:

1 . Implementation status of the operation plan in 2020

Parent company

Unit: NT\$1,000

Item	2021	2020	Difference compared to the previous year	Remarks
Operating revenue	968	79,624	(78,656)	Negative Growth Rate 98.78%
Profit(Loss) before tax	(114,623)	(88,637)	(25,986)	

Consolidated

Unit: NT\$1,000

Item	2021	2020	Difference compared to the previous year	Remarks
Operating revenue	8,718	87,377	(78,659)	Negative Growth Rate 90.02%
Profit(Loss) before tax	(118,831)	(94,660)	(24,171)	

(2) 2021 Annual Operating Revenue

Parent company

Unit: NT\$1,000

Individual Case	Amount	Remarks
Terminal Case	65	Rental income
Reading the European Case	266	Rental income
Shulin Case	34	Rental income
Huaisheng Section Case	568	Rental income
Shitan Section case A (Huyue Tianqin)	35	Rental income
Total	968	

Consolidated

Unit: NTD \$ 1,000

Individual Case	Amount	Remarks
Terminal Case	65	Rental income
Shulin Case	34	Rental income
Huaisheng Section Case	568	Rental income
Shitan Section case A (Huyue Tianqin)	35	Rental income
Taiyuan Road Case	8,016	Rental income
Total	8,718	

(3) Implementation of budget:

According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company doesn't need to publish its 2021 financial

forecast.

(4) Financial revenue & expenditure, and profitability analysis

Parent company

Item		2021	2020
Financial structure %	Debt to assets ratio (%)	49.02	19.69
	Long-term funds to property, plant and equipment ratio (%)	19,971.87	10,776.19
Solvency %	Current ratio	320.62	479.14
	Quick ratio	60.47	139.32
	Times interest earned ratio (times)	(1.03)	(5.63)
Profitability %	Return on Assets	(0.78)	(1.45)
	Return on equity	(1.58)	(1.94)
	Ratio of pre-tax net profit to paid-in capital(%)	(1.59)	(1.70)
	Net profit (loss) rate	(11,841.22)	(112.59)
	Earnings per share (NT\$)	(0.20)	(0.32)

Consolidated

Item		2021	2020
Financial structure %	Debt to assets ratio (%)	50.84	25.84
	Long-term funds to property, plant and equipment ratio (%)	10,574.22	5,438.74
Solvency %	Current ratio	345.09	379.90
	Quick ratio	65.95	94.45
	Times interest earned ratio (times)	(0.82)	(2.73)
Profitability %	Return on Assets	(0.69)	(1.18)
	Return on equity	(1.60)	(1.96)
	Ratio of pre-tax net profit to paid-in capital(%)	(1.65)	(1.82)
	Net profit (loss) rate	(1,382.81)	(109.49)
	Earnings per share (NT\$)	(0.20)	(0.32)

(5) **Research and development situation:** Please refer to Page 101 of this Annual Report.

3. 2022 Business Plan

(1) Business Strategy

From land development to design and construction, the Company has constantly been upholding the spirit of "cultivating spaces and caring for the earth" and has always been pursuing the goals of "providing high-quality and diversified construction and living spaces, caring about the social environment, and helping to create a gorgeously neat dwelling and urban life landscape". We also take an honest and responsible attitude to meet the public's and house buyers' needs toward the living environment and space.

In order to enhance our competitive and operating advantages, we strive to achieve the following four goals:

- A. To enhance corporate governance, and strengthen the operation structure
- B. To participate in public construction, and develop high-quality land
- C. To grasp market trends and formulate strategies and responding measures accordingly.
- D. To effectively integrate resources and improve competitiveness.

(2) Business Goals

- A. Committing on the construction of the projects “Metro Building” in Luzhu District, “Qingxi Section A” and “Qingxi Section B” in Zhongli District, “Lejie Section A” in Guishan District, Taoyuan City, “Shinzhan Section” in Shalu District, and the Shingaoitie Section in Wuri District, Taichung City and put on sale according to the plan.
- B. Committing on the construction of the projects “The Urban Green” and “Central One” that are completely sold out.

(3) Important Production and Sale Policies

Production Strategies:

Our Company is committed to the construction of high-quality and intelligent houses and business buildings.

The production strategies are:

- (1) Operating areas: The prime districts of Greater Taipei.
- (2) Development methods:
 - a. We are going to keep developing and rolling out new projects of the lands with well-developed infrastructure in Greater Taiwan by means of joint construction or purchase.
 - b. During the period that the government is striving to promote urban renewals, we will actively participate in the lucrative urban renewal and reconstruction cases of perilous or old buildings in Greater Taipei.
- (3) Product type: High-tech business buildings and high-class residential buildings.

Sale strategies:

- (1) Commissioned sale:

We will choose excellent sales agencies to cooperate with, so as to allow the Company to focus on development, planning and construction.
- (2) Sale by the Company itself:

Regardless of cooperating with distributors, agencies, or selling on our own, in the circumstances of buyer’s market, we will actively take the initiative to take the lead and strive to make a satisfactory deal.

4. Company’s Future Development Strategies, and the Impact of the External Competitive Circumstances, Regulatory

Circumstances, and Overall Operation Circumstances:

1. The acquisition and integration of the lands in Greater Taipei have become increasingly difficult, and the costs of lands and construction have also risen, plus the lack of labors, all of which have obstructed the promotion and development of the construction projects.
2. The government has indeed been vigorously promoting urban renewal cases, but our development schedules have always been delayed for lack of supporting regulations.
3. The government has successively implemented such policies as "actual-price registration 2.0", "raising the standard price of house", "restricting mortgage" and "combining real-estate taxes on house and land". Although it narrows down the development of construction investors, it brings a positive impact on industrial development and trading order.
4. Since 2020, countries have been affected by the epidemic and this year's Russo-Ukrainian War, and the economic indices are sluggish. However, with the U.S. Federal Reserve's unlimited QE and interest rate cuts, the stock/housing markets of all countries will have brighter results in 2021. Taiwan's economy would grow at 6.45% in 2021, which is one of the few economies to maintain positive growth in the face of the Covid-19 epidemic, and will resume growth at 4.42% in 2022. However, while the market is optimistic, we still need to pay attention to the government's policy of raising interest rates and cracking down on speculation, so it is expected that investors will gradually exit the market, and 2022 is expected to be a year of strong demand for self-own home.

【Company Profile】

1. Date of Incorporation: December, 1960

2. Company History:

(1) Delpha Construction Co., Ltd:

Year	Milestone
1960	“Taiwan Shoelace Factory Corp.”, the predecessor of Delpha Construction, was established by Mr. Lin Deng, the former president of Goldsun Group. The factory was located in Shilin District, Taipei City and engaged in the production and sales of shoelace.
1964	In order to expand production scale, the factory was moved to Beitou District, Taipei City and renamed as “Delpha Canvas Co., Ltd.”, which was engaged in the production and sales of canvas and related products.
1978	With the rapid development of Taiwan's economy and the dramatic increase of urban population, in order to provide a good living space for the mass public, the management of the Company re-constructed “Delpha Canvas Co., Ltd.” into “Delpha Industries Co., Ltd”, with the main businesses of construction of residential buildings, rental and sale of office buildings.
1984	The case “Kanalín Garden Building” located in Anhe Road of Taipei City won the Beautiful House Award in 1984.
1985	It was renamed as “Delpha Construction Co., Ltd.”, with the business philosophy of providing a good living environment and quality service for the mass public.
1991	The Company increased capital to NT\$373,750,000, and submit the application of supplemental public issuance to Securities and Exchange Commission (SEC).
1992	The Company issued the shares publicly upon the approval of SEC, and increased capital of NT\$37,375,000 by earnings, increased capital of NT\$11,212,000 by capital reserve, and increased capital of NT\$120,000,000 by cash, with the amount of paid-in capital reaching NT\$542,337,000.
1993	The case “Athens Era” located in Kangning Street, Xizhi District won the award of “Golden Quality of Construction”.
1993	The Company increased capital of NT\$ 65,921,000 by earnings and employee bonus, and increased capital of NT\$16,270,000 by capital reserve, with the amount of paid-in capital reaching NT\$624,528,000.
1994	The Company increased capital of NT\$124,906,000 by earnings, and increased capital of NT\$100,000,000 by cash, with the amount of paid-in capital reaching NT\$849,434,000.
1995	The shares of the Company were listed in the exchange market of TWSE on October 12 th , 1995.
1996	The Company increased capital of NT\$101,932,000 by earnings, increased capital of

	NT\$2,292,000 by employee bonus and increased capital of NT\$200,000,000 by cash, with the amount of paid-in capital reaching NT\$1,153,658,000.
1996	The case “Delpha Villa” located in Neihu District, Taipei City won the award “Golden Quality of Construction” in the category of planning and design in 1996.
1996	The Company increased capital of NT\$115,365,000 by earnings, and increased capital of NT\$430,000,000 by cash, with the amount of paid-in capital reaching NT\$1,699,023,000.
1997	The Company issued the first domestic unsecured convertible corporate bond NT\$800,000,000.
1997	The Company increased capital of NT\$135,922,000 by earnings, increased capital of NT\$ 169,902,000 by capital reserve, increased capital of NT\$400,000,000 by cash and converted the certificate of entitlement to new shares form convertible bond (Huachien A) into common shares of NT\$47,602,000, with the amount of paid-in capital reaching NT\$2,452,450,000.
1998	The Company converted the certificate of entitlement to new shares form convertible bond (Huachien B) into common shares of NT\$124,385,000, with the amount of paid-in capital reaching NT\$2,576,835,000.
1998	The Company issued the second domestic unsecured convertible corporate bond NT\$1,000,000,000. The Company increased capital of NT\$397,102,000 by earnings, increased capital of NT\$257,684,000 by capital reserve, and converted the certificate of entitlement to new shares form convertible bond (Huachien C) into common shares of NT\$37,399,000, and increased capital NT\$300,000,000 by cash, with the amount of paid-in capital reaching NT\$3,569,020,000.
1999	The Company increased capital of NT\$ 356,902,000 by earnings, and increased capital of NT\$ 16,019,000 by employee bonus, with the amount of paid-in capital reaching NT\$3,941,941,000.
2000	The Company increased capital of NT\$197,097,000 by earnings, and increased capital of NT\$197,097,000 by capital reserve, with the amount of paid-in capital reaching NT\$4,336,136,000.
2001	The Company repurchased 13,385,000 shares, with the amount of paid-in capital changed to NT\$4,202,286,000.
2004	The Company reduced capital by NT\$1,517,945,000, with the amount of paid-in capital changed to NT\$2,684,341,000.
2004	The Company conducted private placement to increase capital of NT\$411,370,000 by cash, with the amount of paid-in capital changed to NT\$3,095,711,000.
2007	The Company conducted private placement to increase capital of NT\$187,500,300 by cash, with the amount of paid-in capital changed to NT\$3,283,211,300.
2009	The Company reduce capital by NT\$744,296,010, with the amount of paid-in capital changed to NT\$2,538,915,290.
2010	The Company increased capital of NT\$50,778,310 by earnings, with the amount

	of paid-in capital changed to NT\$2,589,693,600.
2011	The Company increased capital of NT\$64,742,340 by earnings, with the amount of paid-in capital changed to NT\$2,654,435,940.
2012	The Company increased capital of NT\$53,088,720 by earnings, with the amount of paid-in capital changed to NT\$2,707,524,660.
2020	The Company increased capital of NT\$2,500,000,000 by cash, with the amount of paid-in capital changed to NT\$5,207,524,660.
2021	The Company conducted private placement to increase capital of NT\$2,000,000 by cash, with the amount of paid-in capital changed to NT\$7,207,524,660.
2022	The Company conducted private placement to increase capital of NT\$535,710,000 by cash, with the amount of paid-in capital changed to NT\$7,743,234,660.

The Company is engaged in the real estate business since the re-construction, with the achievements listed as below in the past years:

Year	Milestone
1979	(1) “Rongxing Jiayuan” located in Wuchang Street of Taipei City, with 50 apartments at 5 floors in total.
1980	(2) “Jinhua Building” located in section 5 of Nanjing E. Rd., with 47 residential-commercial units at 12 floors.
1981	(1) “Delpha Liyuan” located in Fuxing N. Rd. of Taipei City, with 81 residential-commercial units at 7 floors. (2) “Chunhua Building” located in Fuxing N. Rd. of Taipei City, with 69 residential-commercial units at 12 floors.
1982	(1) “Luofu Palace” located in Songjiang Rd. of Taipei City, with 101 residential-commercial units at 12 floors. (2) “Kanalin Garden Building” located in Anhe Rd. of Taipei City, with 62 residential houses at 12 floors in total.
1984	(1) “Zhongxiao Yayuan” aside CTS in Guangfu S. Rd. of Taipei City, with 31 residential-commercial units at 6 floors.
1985	(1) “Luxury House of Art” in Longjiang Rd. of Taipei City, with 30 residential houses at 5 floors in total. (2) “Delpha Mingsha” in the entrance of Wenchang Street and Guangku S. Rd., Taipei City, with 60 residential-commercial units at 12 floors.
1986	(1) “Delpha Dalinyuan” located in Huangxi Street, Tianmu, with 120 residential units at 5 floors in total.
1987	(2) “Yangming Quanyuan Villa” located in Quanyuan Rd., Beitou, with 90 units including 19 villas and 11-storey residential building.
1988	(1) “Cuiti Shuangxing” located in Chenggong S. Rd., Zhonghe, with two 16-storey residential-commercial buildings, holding a total of 104 units based on open space design. (2) “Delpha Yuanzhongyuan” located aside Xianfu Road, Taoyuan City, with 15

	townhouse villas based on open space design, 30 residential-commercial units of 5 blocks, and 189 units of five 14-storey blocks.
1989	(1) “Athens Era” located in Kangning Street, Xizhi District, which was built on the base of 6,900m ³ based on open space design, holding a total of 322 residential houses at 16~23 floors.
1990	(1) “Delpha Shanshui” located in Kangle Street, Donghu, with 11 residential houses at 6 floors. (2) “Chienfu Building” located in Section 2, Jinshan S. Rd., Taipei City, with 12-storey office building holding 13 units in total, which was released for sale in 1993.
1991	(1) “Mengdi Kaluo” located in Daoxiao Rd., Beitou, with 4 villas and a 8-storey building holding 17 residential houses, which was completed and delivered in 1995. (2) “Delpha Dream House A, B and C” located in Dalong Street, Taipei City, with 7-storey and 8-storey buildings holding commercial-residential 149 units, which was completed and delivered in 1994.
1992	(1) “Delpha Dream House D” located in Dalong Street, Taipei City, with 3-storey underground/14-storey aboveground, 1-storey underground/6-storey aboveground residential building holding a total of 109 units, which was completed and delivered in 1995. (2) “Delpha Zunjue” located in Zhengyi S. Rd., Sanchong, with 3-storey underground/14-storey aboveground commercial and residential building holding a total of 83 units, which was completed and delivered in 1995. (3) “Delpha Living’s Home” located in Xingguang Rd., Wenshan District, with 5-storey residential building, which was completed and delivered in 1994. Another 2-storey underground/12-storey aboveground residential building was completed and delivered in 1995.
1993	(1) “Taiwan Shijia” located in Shuangshi Rd., Banqiao, with 5-storey underground/26-storey aboveground commercial-residential building holding a total of 285 units, which was completed and delivered in 1997. (2) “Fubishi Plaza” located in Songren Rd., Taipei City, with 3-storey underground/16-storey aboveground commercial-residential building holding a total of 70 units, which was completed and delivered in 1996.
1994	(1) “Meili Dahu A” located in Dahu Shanzhuang Street, Taipei City, with 2-storey underground/4-storey aboveground residential building holding a total of 65 units, which was completed and delivered in 1996.
1995	(1) “Meili Dahu B” located in Neihu, with 1-storey underground/5-storey aboveground residential building holding a total of 34 units, which was completed and delivered in 1997. (2) “Delpha Villa A” located in Neihu, with 1-storey underground/4-storey aboveground villas holding a total of 49 units, which was completed and

	<p>delivered in 1997.</p> <p>(3) “Delpha Villa B” located in Neihu, with 1-storey underground/4-storey aboveground villas holding a total of 37 units, which was completed and delivered in 1996.</p>
1997	<p>(1) “Gongyuanlu” located in Section 5, Chenggong Rd., Neihu, with 2-storey underground/14-storey aboveground residential building holding a total of 195 units, which was completed and delivered in 1999.</p> <p>(2) “Xingguang Nanjing Technological Building” located in the entrance of Jianguo N. Rd. and Nanjing E. Rd., with 5-storey underground/11-storey aboveground office building, which was completed and delivered in 1999.</p> <p>(3) “Xinji Building” located in Section 4, Xinyi Rd. near the entrance of Keelung Rd., with 5-storey underground/27-storey aboveground office building (5 units distributed for the Company), which was completed and delivered in 1997.</p>
1998	<p>(1) “Delpha Junzhi” located in Section 2, Neihu Rd., Neihu, with 1-storey underground/11-storey aboveground residential building holding a total of 17 units, which was completed and delivered in 2000.</p> <p>(2) “Reading Europe” located in Section 5, Chenggong Rd., Neihu, with 2-storey underground/14-storey aboveground commercial-residential building holding a total of 237 units, which was completed and delivered in 2001.</p>
1999	<p>(1) “Shijie Zhiding”(The Top of the World) located in Dehui Street, with 6-storey underground/10-storey aboveground office building holding a total of 69 units.</p>
2000, 2001	<p>(1) “Hangxia” located in the entrance of Dunhua N. Rd. and Minquan E. Rd., with 6-storey underground/15-storey aboveground office building.</p> <p>(2) “Shiji Luofu” in the entrance of Boai Rd. and Hengyang Rd., with 6-storey underground/14-storey aboveground office building.</p>
2002	<p>(1) “Hangxia” was completed and delivered.</p>
2003	<p>(1) “Meiyanjia” located in Section 2, Zhongshan N. Rd., with residential building under joint construction.</p> <p>(2) “Shijie Zhiding” and “Shiji Luofu” were completed and delivered.</p>
2005	<p>(1) “Xinyi Xiangxie” in the entrance of Songde Rd. and Xinyi Rd.,with residential building under joint construction.</p> <p>(2) “Meiyanjia” was completed and delivered.</p>
2006	<p>(1) “Xinyi Xiangxie” was completed and delivered.</p>
2008	<p>(1) “Jiuyang” located in Zhulun Street, Zhongshan Strict, Taipei City, with 4-storey underground/14-storey aboveground office building.</p> <p>(2) “Xinyi Jiuwu” located in Fude Street, Xinyi District, Taipei City, with 3-storey underground/14-storey aboveground commercial-residential building.</p>

2010	(1) “Jiuge” located in Section 1, Xingguang Rd., Wenshan District, Taipei City, with 2-storey underground/10-storey aboveground residential building.
2011	(1) “Jiuyang” was completed and delivered. (2) “Xinyi Jiuwu” was delivered with ready house.
2012	(1) “Delpha Reading Green Life” located in Section 2, Chenggong Rd., Taipei City, with 4-storey underground/14-storey aboveground commercial-residential building.
2013	(1) “Jiuge” was completed and delivered.
2015	(1) “Delpha Reading Green Life” was completed and delivered.
2019	(1) “The urban green” located in Yunhe Street, Da’an District, Taipei City, with 3-storey underground/12-storey aboveground residential building
2020	(1) “Central One” joint construction project located in Wuchang Street, Zhongshan District, Taipei City, with 2-storey underground/7-storey aboveground residential building
2021	(1) Joint construction of retail/residential building project located in Xinbi Section, Luzhu District, Taoyuan City, with 3-storey underground/11-storey aboveground. (2) Joint construction of a retail/residential building project located in Lejie Section A, Guishan District, Taoyuan City with 4-storey underground/15-storey aboveground. (3) Construction of a retail/residential building project located in Qingxi Section A, Zhongli District, Taoyuan City with 3-storey underground/14-storey aboveground. (4) Construction of a retail/residential building project located in Qingxi Section B, Zhongli District, Taoyuan City with 3-storey underground/15-storey aboveground.

(2) Huachien Development Co., Ltd.:

Year	Milestone
1998	Date of incorporation: June, 1998. The predecessor of Huachien Development Co., Ltd. was Huachien Investment Corp. , with the major businesses of general investments, and the amount of paid-in capital of NT\$ 500,000,000.
2003	It was renamed as Huachien Development Co., Ltd., and changed the businesses as development, lease and sale of residences and buildings, development in specific regions, interior decoration, development, lease and rental of industrial plants. “Dazhi Jingdian” was released, which was located in Wenhui Street, Neihu District, Taipei City, with 8-storey residential building holding a total of 40 units.
2004	The Company reduced capital by NT\$267,450,000 to make up the loss, with the amount of paid-in capital changed to NT\$ 232,550,000.
2005	The Company decreased the capital by NT\$92,322,000 to make up the loss, with the amount of paid-in capital changed to NT\$140,228,000.

2006	“Dazhi Jingdian” was completed and delivered.
2009	The Company increased capital of NT\$50,000,000 by cash of, with the amount of paid-in capital reaching NT\$ 190,228,000.
2010	The Company increased the capital of NT\$30,000,000 by cash, with the amount of paid-in capital reaching NT\$220,228,000.
2013	The Company increased the capital of NT\$12,500,000 and of NT\$25,000,000 by cash, with the amount of paid-in capital reaching NT\$257,728,000.
2015	The Company increased the capital of NT\$54,287,000 by cash, with the amount of paid-in capital reaching NT\$312,015,000.

(3) Dahyoung Real Estate Development Co.. Ltd:

Year	Milestone
1997	Date of incorporation: August, 1997. The predecessor of Dahyoung Real Estate Development Co., Ltd. was Dahyoung Investment Corp., with the major businesses of general investments and the investment into the construction of commercial building and residential building, and the amount of paid-in capital of NT\$190,000,000.
2005	It was renamed as Dahyoung Real Estate Development Co.. Ltd., and changed the businesses as development, rental and sales of residence and building, wholesale of building materials, retail of building materials, international trade, amusement park industry, development of specific regions, interior decoration, development, lease and sales of industrial plant, block section of the collection development projects and agency of urban land re-planning.
2005	The Company decreased the capital by NT\$95,920,000 to make up loss, with the amount of paid-in capital changed to NT\$94,080,000.
2010	The Company decreased the capital by NT\$55,000,000 to make up loss, with the amount of paid-in capital changed to NT\$39,080,000.
2019	An interim shareholders’ meeting was held on December 23 rd , 2019 to set December 25 th , 2019 as the dissolution date.
2021	The liquidator declared to the Taiwan Shilin District Court that the liquidation was completed on May 11 th , 2021, and the Court approved it for inspection on August 27 th , 2021.

(4)Huajian Construction Co. ,Ltd

Year	Milestone
2021	(1) Date of incorporation: The predecessor of the Company "Chuan Feng Construction Co., Ltd." was established on January 12 th , 1982 with a paid-in capital of NT\$22,500,000. (2) Delpha Construction Co., Ltd. signed a capital contribution transfer agreement with all shareholders of Chuan Feng Construction Co., Ltd. on

	<p>February 3rd, 2021. Chuan Feng became a wholly-owned subsidiary of Delpha Construction Co., Ltd. and was reorganized and renamed as "Huajian Construction Co., Ltd.". Its main business is general construction.</p> <p>(3)The Company increased capital of NT\$100,000,000 by cash, with the amount of paid-in capital reaching NT\$122,500,000.</p>
2021	<p>(1)The Company increased capital of NT\$227,500,000 by cash, with the amount of paid-in capital reaching NT\$350,000,000.</p>

3. Events Showing Substantial Impact on the Shareholder's Equity or the Securities Price in the Current Year and As of the Annual Report Publication Date:

- (1) Acquisition, re-investment into related parties, reconstruction, change of operation right, substantial change of operation means or businesses, and other important matters showing substantial impact on the shareholder's equity and the Company in the current year and as of the annual report publication date :**

NA

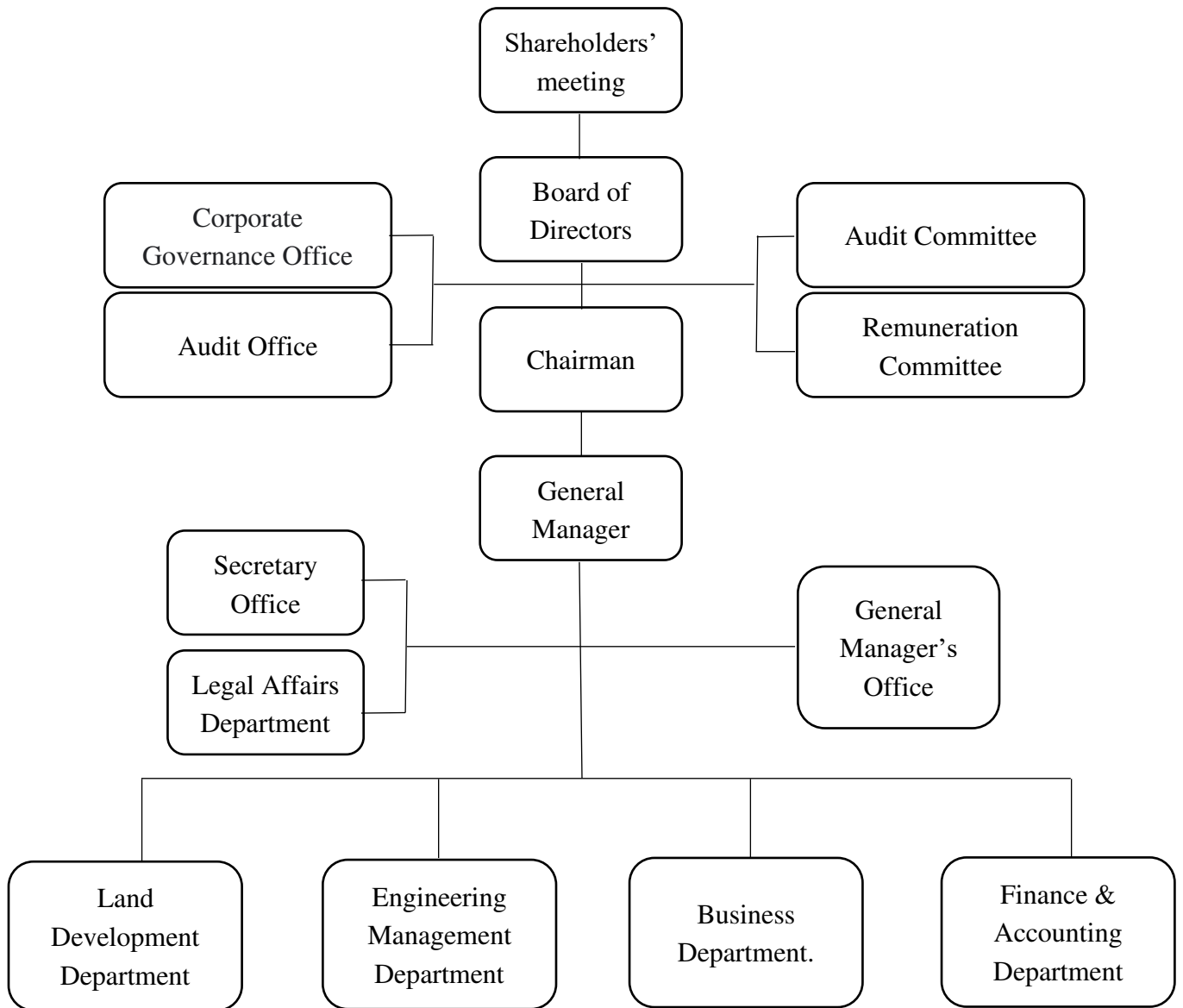
- (2) Large amount of equity transfer for the director or shareholder with the shareholding more than 10% in the current year and as of the annual report publication date:**

NA

【Corporate Governance Report】

1. Organizational System

(1) Organizational Chart



(2) Department functions

Land Development Department	Survey, analysis, evaluation, and development of land resources.
Engineering Management Department	It conducts the pre-planning and analysis for each individual case, so as to plan perfect architecture based on the local characteristics and market demands. It focuses on inspection of engineering quality, progress control, cost analysis, purchasing contracting, and architecture acceptance inspection. Moreover, it has established the “Professional Management Plan for Construction” to intensify the strict audit control.
Business Department	It should maximize the sales in an innovative way based on the release of various products, with the best service and efficiency. Moreover, it has developed the “Customer Service System” for the purpose of controlling each Operation Procedures from contract signing, engineering period to house delivery. Moreover, it also compiles the “Housing Tips” for the individual case, and prints the “Living Handbooks for Residents” to implement the customer’s engineering change affairs and provide after-sale service for customer, so as to achieve customer satisfaction.
Finance & Accounting Department	Accounting procedures for finance, taxation, and accounts, preparation of budgets, cashier, fundraising, consulting with financing banks, investments, organization of shareholders' meetings, and shareholder services.
General Manager’s Office	Development and management of human resources, including talent selection and appointment, planning and implementation of training programs, formulation and implementation of welfare programs, procurement and management of administrative assets, establishment and maintenance of computer software and hardware systems, and information security and maintenance.
Corporate Governance Office	Handling matters related to board meetings shareholders' meeting and assisting the Directors in taking office, continuing education, business operations, and compliance with laws and regulations.
Audit Office	It assists in the design and integration of the Company's internal control system, performs audit operation based on the annual report, prepares the audit report and follows up

	<p>the improvement of the deficiency and abnormality items found during the internal control. Moreover, it supervises and double-checks the self-inspection operation performed by each department as required by the internal control, regularly presents audit reports and explains implementation results to the board of directors and the independent directors.</p>
Secretariat	<p>Board meeting affairs, tasks assigned by the Board of Directors, tasks assigned by the Chairman and General Manager.</p>
Legal Affairs Department	<p>It provides legal consultations for various departments, drafts various agreements, finishes litigation documents and reviews the contracts. Moreover, it works with the Company's lawyer and legal consultant to deal with the legal cases for the Company.</p>

2. Information on the Directors, General Manager, Deputy General Manager, Department Heads and Branch Officers

(1) Information on the Directors

May 2th, 2021 Unit: Share

Title (Note 1)	Nationality/ Place of Incorporation	Name	Gender Age (Note 2)	Date Elected (Employed)	Term	Initial Elected Date (Note 3)	Holding at Election		Present Holding		Current Shares of Spouse and Minors		Holding Shares in Other Names		Education & Experience (Note 4)	Concurrent Positions at Other Companies	Managers, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Cheng, Ssu-Tsung	Male 40-50 age	2020. 06.23	3 years	2020. 06.23	--	--	--	--	--	--	10,000,000	1.29%	Education: Department of Finance and International Business, Fu Jen Catholic University Experience: Director, China Bills Finance Corporation COTA Commercial Bank representative as a director	Director, China Bills Finance Corporation Chairman, Huajian Construction Co., Ltd. Representative, Hung Yi Investment Co., Ltd. Chairman, Yuan Tung Investment Co., Ltd. Chairman, Jui Cheng Hao Investment Co., Ltd.	--	--	--	
Director	R.O.C.	Lee, Chin-Yi	Male Over 70 age	2020. 06.23	3 years	2006. 06.15	257	--	100,434	0.01%	33	--	--	--	Education: Architecture Department, Chinese Culture University Experience: General Manager, Delpha Construction Co., Ltd	-	--	--	--	
Director	R.O.C.	Yan, Ming-Hung	Male 40-50 age	2020. 06.23	3 years	2020. 06.23	--	--	800,000	0.10%	--	--	--	--	Education: M.A. in Finance, National Taiwan University Experience: Executive Vice President, Wealth Management Department, Taipei Branch, UBS Taiwan	Chairman, Taiwan Calsonic Co., Ltd.	--	--	--	

Representative of Director	R.O.C.	Dajie Investment Co., Ltd.	Male 60-70 age	2020.06.23	3 years	2017.05.31	16,898,773	6.24%	16,888,773	3.24%	--	--	--	--	Education: Master from Management Institute of National Taiwan University of Science and Technology	-	--	--	--
		Representative: Tseng, Ping-Joung					--	--	80,000	0.01%	--	--	--	--	Experience: General Manager, Radium Kagaya International Hotel				
Independent director	R.O.C.	Wang, Mu-Fan	Male 40-50 age	2020.06.23	3 years	2020.06.23	--	--	150,000	0.02%	--	--	--	--	Education: Master in Accounting, National Chung Cheng University Experience: Assistant Professor, Feng Chia University Lecturer of Taiwan Corporate Governance Association and Internal Audit Association Director of Uniplus Electronics Co., Ltd. Supervisor of Taiwan Calsonic Co., Ltd. Independent Director of Quaser Machine Tools, Inc.	CPA, BDO Taiwan	--	--	--
Independent director	R.O.C.	Yeh, Chien-Wei	Male 40-50 age	2020.06.23	3 years	2020.06.23	--	--	250,000	0.03%	--	--	--	--	Education: Bachelor of Law, Ming Chuan University Experience: Integration Law Group Attorney, Y.R Lee & Partners Attorneys-at-Law	Attorney, Galaxy Attorneys-at-Law	--	--	--

Independent director	R.O.C.	Chen, Rui Li	Male 40-50 age	2020. 06.23	3 years	2020. 06.23 (Note6)	--	--	--	--	140,000	0.02 %	--	--	Education: Hwa Hsia Institute of Technology Experience: Passed the architects' senior examination Director of New Taipei City Urban Renewal Association Minister of Town and Country Committee, New Taipei City Architects Association Member of New Taipei City Real Estate Appraisal Committee Member of New Taipei City Urban Design and Land Use Development Permit Review Committee	Architect at Chen,Ruei-Li Architect & Associates	--	--	--
Independent director	R.O.C.	Huang, Chih-Chen (Resigned on March 26 th , 2021)	Male 40-50 age	2020. 06.23	3 years	2020. 06.23	--	--	--	--	--	--	--	--	Education: Master's degree, Department of Water Resources and Environmental Engineering Tamkang University Experience: Director, Hong-Cheng Construction Co., Ltd.	Independent director	--	--	--

Note 1: As for the institutional shareholders, it should list the name of shareholder and its representative (For the representative of institutional shareholder, it should list the name of institutional shareholder as well), and fill out Table 1 as below.

Note 2: Please list the actual age and express it in a range, such as 41~50 years old or 51~60 years old.

Note 3: It should fill out the first time when he was appointed as the director or supervisor of the Company. In case of interruption, it should add remarks.

Note 4: It refers to the experience related to the current position. If he worked in the accounting firm or its related party during the last disclosure period, it should specify his title and the responsibilities.

Note 5: If the general manager or the equivalent (top management) are the chairman are the same person or spouses or the relative within the first degree of kinship, it shall disclose the related information such as the cause, rationality, necessity and measures taken (such as adding seats of independent directors or requiring more than half of the directors not working as the employee or managers concurrently).

Note6: Chen, Rui Li, an independent director, was elected on 2022.08.05 and will be appointed until 2023.06.22.

1. Major shareholders of institutional shareholders

Dajie Investment Co., Ltd. Major shareholders and shareholding ratio

Major shareholders of institutional shareholders	Shareholding ratio
Weng, Chu-Chih	17.86%
Lin, Hsing-Hsiung	14.56%
Su, Pei-Ti	14.47%
Lin, Chao-Hsiang	10.71%
Lin, Hui-Chuan	9.59%
Lu, Chiao-Er	6.93%
Lin, Chien-Liang	6.61%
Lin, Wan-Shan	6.10%
Lin, Wan-Hsin	6.10%
Lin, Wei-Pang	1.70%

Note 1: If the director or supervisor is the representative of institutional shareholder, it should specify the name of the institutional shareholder.

Note 2: It should specify the major shareholders (with the top 10 shareholdings) of the institutional shareholder and the shareholding rate. If the major shareholder is a corporation, it should fill out Table 2 as below.

Note 3: For the institutional shareholder not a company, it shall disclose the name and shareholding rate, namely, the name of funder or contributor, and the funding rate of contributing rate.

2. Major Shareholders of the corporations listed as major shareholders: None.

Note 1: If the major shareholder listed in Table 1 is a corporation, it should specify the name of that corporation.

Note 2: It should specify the major shareholders (with the top 10 shareholdings) of the corporation and the shareholding rate.

Note 3: For the institutional shareholder not a company, it shall disclose the name and shareholding rate, namely, the name of funder or contributor, and the funding rate of contributing rate.

(2) Professional Qualifications of Directors and Independence of Independent Directors :

Name \ Criteria	Professional Qualifications and Experience (Note 1)	Independence Attribute (Note 2)	Number of Holding Concurrent Independent Director Position in Other Public Companies
Cheng, Ssu-Tsung	Chairman of the Board, Mr. Ssu-Tsung, Cheng, has more than five years of working experience in business, law, finance, accounting or corporate business, and is currently a director of China Bills Finance Corporation, and has not been subject to the provisions of Article 30 of the Company Act.	-	N/A
Lee, Chin-Yi	Director Lee, Chin-Yi has more than five years of experience in business, law, finance, accounting or corporate business. He is the former Chairman of the Company and has served as the President of the Company for more than 19 years and is familiar with the operations of the Company and has not been subject to the provisions of Article 30 of the Company Act.	-	N/A
Yan, Ming-Hung	Director Ming-Hung has more than five years of experience in business, law, finance, accounting or corporate business, and is currently the Chairman of the Board of Directors of Taiwan Calsonic Co., Ltd., and has not been subject to the provisions of Article 30 of the Company Act.	-	N/A
Representative of Dajie Investment Co., Ltd.: Tseng, Ping-Joung	Director Tseng, Ping-Joung has more than five years of experience in business, law, finance, accounting or corporate business, and has served as an independent director and the convener of the Audit Committee and the Compensation Committee of the Company and has not been subject to the provisions of Article 30 of the Company Act.	-	N/A

Wang, Mu-Fan	Independent Director Wang, Mu-fan has more than five years of working experience in business, law, finance, accounting or corporate business and is qualified as an accountant. Mr. Wang, is currently practicing at BDO Taiwan Union & Co. firm and is a lecturer of Corporate Governance Association and Corporate Internal Audit Association and has not been subject to the provisions of Article 30 of the Company Act.	Fulfilled the independence qualification. Note3	N/A
Yeh, Chien-Wei	Independent Director Yeh, Chien-Wei has more than five years of working experience in business, law, finance, accounting or corporate business and is qualified as a lawyer, currently is the presiding attorney of Galaxy Attorneys-at-law and has not been subject to the provisions of Article 30 of the Company Law.	Fulfilled the independence qualification.Note3	N/A
Chen, Ruei-Li	Independent Director Mr. Chen, Ruei-Li has more than five years of experience in business, law, finance, accounting or corporate practice and is a qualified architect. Mr. Chen, Ruei-Li is currently working in the architectural firm of Chen & Li, and has a good understanding of building regulations and urban renewal and has not been subject to the provisions of Article 30 of the Companies Act.	Fulfilled the independence qualification.Note3	N/A

Note 1: Professional Qualifications and Experience: The professional qualifications and experience of individual directors and supervisors shall be described, and if they are members of the Audit Committee and have accounting or financial expertise, their accounting or financial background and work experience shall be described, and whether they have not been subject to the provisions of Article 30 of the Company Act.

Note 2: The independent director shall state the circumstances of independence, including but not limited to whether he or she, his or her spouse or second degree relatives are directors, supervisors or employees of the Company or its affiliates; the number and proportion of shares held by him or her, his or her spouse or second degree relatives (or using the names of others); and whether he or she is an independent director of a company with specific ties to the Company (refer to Article 3-1 of the Rules Governing the Establishment and Compliance of Independent Directors of Public Companies). Note 3: Please refer to Article 3, Paragraph 1, Paragraphs 5~8 of the Rules Governing the Establishment of Independent Directors of Public Companies, and the amount of remuneration received for the provision of business, legal, financial and accounting services to the Company or its affiliates in the last two years.

Note 3: Independence Attributes are as follows.

- (1) Not employees of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliated companies.
- (3) Not a natural person shareholder who holds more than 1% of the total issued shares of the Company or the top ten shares in the name of himself/herself, his/her spouse, minor children or others.
- (4) A person who is not a manager listed in (1) or a spouse, a relative within the second degree of consanguinity or a relative within the third degree of consanguinity of a person listed in (2) or (3).

- (5) A director, supervisor or employee of a corporate shareholder who does not directly hold more than 5% of the total number of issued shares of the Company, or who is among the top five holders of shares, or who has designated a representative as a director or supervisor of the Company in accordance with Article 27(1) or (2) of the Company Act.
- (6) A director, supervisor or employee of another company who is not controlled by the same person as the company's directorship or more than half of the voting shares.
- (7) A director (director), supervisor (supervisor), or employee of another company or organization who is not the same person or spouse of the chairman, president, or equivalent of the chairman of the company.
- (8) Not a director (director), supervisor (supervisor), manager, or shareholder holding more than 5% of the shares of a specific company or organization with which the Company has financial or business dealings.
- (9) Professionals, sole proprietors, partners, directors, supervisors, managers, and their spouses who do not provide audit or remuneration to the Company or its affiliates for business, legal, financial, or accounting related services with an accumulated amount of less than NT\$500,000 in the last two years.

(3) The Diversity and Independence of the Board of Directors :

1. The Diversity of the Board of Directors :

In accordance with Article 20 of the Company's Corporate Governance Best Practice Principles, the Board of Directors shall have members of diverse backgrounds, except that no more than one-third of the total number of directors may act as the company's managers at the same time., the board of directors shall formulate appropriate and diverse strategies based on how the board works, type of operation, and development needs. The current members of the Board of Directors (including independent directors) shall be selected based on their professional background (e.g., legal, accounting, industry, finance, marketing or technology), professional skills and industrial experience, as well as their overall abilities such as operational judgment, accounting and financial analysis, operational management, crisis management, industry knowledge, international market perspective, leadership and decision-making abilities.

The Board of Directors of the Company consists of seven directors, including three independent directors. The members have extensive experience and professional knowledge in the fields of finance, construction, management, law and accounting. In addition, the Company also emphasizes gender equality in the composition of the Board of Directors and expects to add one female director in the next term, the implementation of which is shown in the table below.

Name	Basic Structure						Industrial Experience		Professional Skills				
	Gender	Background	Age		Years of Appointment as independent directors		Construction	Finance	Accounting	Law	Architecture	Operation Management	Risk Management
			Age 40-50	Over Age 60	Less than 3 years	3-9 years							
Cheng, Ssu-Tsung	Male	Management / Finance	V					V				V	V
Lee, Chin-Yi	Male	Management / Construction		V			V					V	V
Yan, Ming-Hung	Male	Management / Finance	V					V				V	V
Tseng, Ping-Joung	Male	Management / Hotels		V			V					V	V

Wang, Mu-Fan	Male	Accounting	V		V				V				V
Yeh, Chien-Wei	Male	Law	V		V					V		V	V
Chen,Rei-Li	Male	Construction	V		V		V				V	V	V
Huang, Chih-Chen (Resigned on 2021.03.26)	Male	Management / Construction	V		V		V				V	V	V

2. Independence of the Board of Directors :

The Board of Directors of the Company consists of seven directors (including three independent directors), with 43% of the Board members being independent. The Board of Directors is independent (please refer to the disclosure of the professional qualifications of directors and the independence of independent directors on page X), and each director has been verified to be free from the requirements of Items 3 and 4 of Article 26-3 of the Securities and Exchange Act. No member of the Board of Directors is related to each other as spouses or relatives within the second degree of consanguinity.

(2) Information on the General Manager, Deputy General Manager, Department Heads and Branch Officers

May 2th, 2021 Unit: Share

Title	Nationality	Name	Gender	Date elected (employed)	Shareholding		Current Shares of Spouse and Minors		Holding Shares in Other Names		Experience (Education)	Concurrent Positions at Other Companies	Managers who are spouses or within two degrees of kinship			Note Note3)
					Shares	%	Shares	%	Shar es	%			Title	Name	Relation	
General Manager	R.O.C.	Wu, Yu-Guo	Male	2021.06.29	--	--	6,667,700	0.86%			Education: Department of Civil and Construction Engineering, National Taiwan University of Science and Technology Experience: Chairman, Hong-Zhu Construction Co., Ltd.	Chairman, Hong-Zhu Construction Co., Ltd. General Manager, Huachien Construction Co., Ltd.	-	-	-	

Vice president	R.O.C	Lee, Jun-Xian	Male	2016.08.09	203,136	0.03 %	--	--	--	--	Education: Department of Land Economics, National Chung Hsing University Experience: Associate VP, Huyi Construction Co., Ltd	Supervisor, Huachien Construction Co., Ltd.	-	-	-	
Section Chief of Finance & Accounting Dept. (Accounting Manager)	R.O.C.	Wu, Sing-Suei	Female	2007.03.15	400,328	0.05 %	--	--	--	--	Education: Accounting Dept., Ming Chuan University Experience: Chief Accountant, Delpha Construction Co., Ltd	-	-	-	-	
Deputy Manager, Finance and Accounting Department (Finance Manager)	R.O.C.	Chien, Lin-Chin	Female	2020.08.01	400,000	0.05 %	--	--	--	--	Education: Department of Accounting, Soochow University Experience: Deputy Manager of Finance, Delpha Construction Co., Ltd.	Accounting Manager, Huachien Construction Co., Ltd.	-	-	-	
Manager, Corporate Governance Officer and Legal Affair Dept.	R.O.C.	Wang, Chen Kang	Male	2021.03.30	320,000	0.04 %	--	--	--	--	Education: Department of Law, Fu Jen Catholic University Experience: Qualified in the high-level Bar Examination	-	-	-	-	

Note 1: It shall include the information of the General Manager, Deputy General Manager, Associates, Department Heads and Branch Officers, as well as those on the equivalent posits regardless of the titles, which shall be all disclosed.

Note 2: It refers to the experience related to the current position. If he worked in the accounting firm or its related party during the last disclosure period, it should specify his title and the responsibilities.

Note 3: If the general manager or the equivalent (top management) are the chairman are the same person or spouses or the relative within the first degree of kinship, it shall disclosure the related information such as the cause, rationality, necessity and measures taken (such as adding seats of independent directors, or requiring more than half of the directors not working as the employee or managers concurrently).

3. Remuneration Paid to Directors (Including the Independent Directors), General Manager and Deputy General Manager during the Most Recent Year

(1) Remuneration Paid to Directors and the Independent Directors (Name and Remuneration of Individual Personnel Disclosed):

Unit: NT1,000

Title	Name	Remuneration Paid to Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (Note 10)				Relevant Remuneration Received by Directors Who Are Also Employee				Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (Note 10)				Compensation Paid to Directors by Nonconsolidated Affiliates		
		Base Compensation (A) (Note 2)		Severance Pay (B)		Directors Compensation (C) (Note 3)		Allowance (D)(Note 4)		The company		Consolidated Entities		Salary, Bonuses and Allowance (E) (Note 5)		Severance Pay (F)		Employee Compensation (G) (Note 6)		The company			Consolidated Entities	
		The company	Consolidated Entities (Note 7)	The company	Consolidated Entities (Note 7)	The company	Consolidated Entities (Note 7)	The company	Consolidated Entities (Note 7)	(A+B+C+D) Total Remuneration	Ratio of (A+B+C+D)	(A+B+C+D) Total Remuneration	Ratio of (A+B+C+D)	The company	Consolidated Entities (Note 7)	The company	Consolidated Entities (Note 7)	The company	Consolidated Entities (Note 7)	A~G) Total Remuneration	The company		A~G) Total Remuneration	Consolidated Entities (Note 7)
Chairman	Cheng, Ssu-Tsung	960	960	-	-	-	-	65	80	1,025	(0.89%)	1,040	(0.91%)	-	-	-	-	-	-	1,025	(0.89%)	1,040	(0.91%)	None
Director	Lee, Chin-Yi	1,560	1,560	-	-	-	-	60	60	1,620	(1.41%)	1,620	(1.41%)	-	-	-	-	-	-	1,620	(1.41%)	1,620	(1.41%)	None
Director	Yan, Ming-Hung	-	-	-	-	-	-	65	65	65	(0.06%)	65	(0.06%)	-	-	-	-	-	-	65	(0.06%)	65	(0.06%)	None
Director	Dajie Investment Co., Ltd.	-	-	-	-	-	-	65	65	65	(0.06%)	65	(0.06%)	-	-	-	-	-	-	65	(0.06%)	65	(0.06%)	None
	Representative: Tseng, Ping-Joung																							
Independent director	Wang, Mu-Fan	300	300	-	-	-	-	130	130	430	(0.38%)	430	(0.38%)	-	-	-	-	-	-	430	(0.38%)	430	(0.38%)	None
	Yeh, Chien-Wei	300	300	-	-	-	-	135	135	435	(0.38%)	435	(0.38%)	-	-	-	-	-	-	435	(0.38%)	435	(0.38%)	None
	Huang, Chih-Chen	70	70	-	-	-	-	15	15	85	(0.07%)	85	(0.07%)	-	-	-	-	-	-	85	(0.07%)	85	(0.07%)	None
	Chen, Rei-Li	122	1220	-	-	-	-	60	60	182	(0.16%)	182	(0.16%)	-	-	-	-	-	-	182	(0.16%)	182	(0.16%)	None

1. Please explain the policy, system, criteria and structure of remuneration paid to independent directors, and describe the correlation with the amount of remuneration based on the factors such as responsibilities, risks, and time spent:
The remuneration paid to the independent directors of the Company includes the transportation fee, attendance fees and monthly compensation of fixed amount, which was passed by the first remuneration committee meeting of the third session on July 16th, 2020 and the resolution of the board meeting held on July 16th, 2020. In addition to referring to the industrial level, the above remuneration also considers the factors such as the Company's operating conditions, contributions to the Company and future risks, which are taken as the basis for remuneration payment.
2. Except the sheet disclosed above, the remuneration to all the directors served for all the companies within the consolidated financial statement (such as a consultant not an employee) in the most recent year:
The Company's Board of Directors passed a resolution on July 16th, 2020 to appoint the Director Li, Chin-Yi as the Company's consultant with a consulting fee of NT\$130,000 per month.

- Note 1: The names of directors should be listed respectively (For the institutional shareholder, it should list its name and representative respectively), and the general directors and independent directors should be listed separately. The total amount paid in each item should be disclosed. If the director concurrently holds the position of general manager or deputy general manager, it should fill out this table and the table below (3-1) or (3-2-1) and (3-2-2).
- Note 2: It refers to the compensation of directors in the most recent year (including the salary, pay rise, severance allowance, various bonuses and dividends).
- Note 3: It refers to the amount of remuneration distributed to the directors upon the resolution of the board meeting in the most recent year.
- Note 4: It refers to the allowance related to business of the directors in the most recent year (including the transportation expense, special subsidiary, various allowances, dormitory, vehicle, and other materialistic provisions). If the director is provided with house, automobile or other vehicle or exclusive expenditures, it should disclose the nature and cost of the capital, rental paid actually or estimated based on the fair price in the market, fuel expense or other payments. If a driver is assigned, it should also specify the salary paid by the Company, which should be excluded from the remuneration.
- Note 5: It refers to the amount received by the directors by holding the concurrent position in the most recent year (including general manager, deputy general manager, other managerial officer or employee), which includes the salary, pay rise, severance allowance, various bonuses and dividends, as well as transportation expense, special subsidiary, various allowances, dormitory, vehicle, and other materialistic provisions. If the director is provided with house, automobile or other vehicle or exclusive expenditures, it should disclose the nature and cost of the capital, rental paid actually or estimated based on the fair price in the market, fuel expense or other payments. If a driver is assigned, it should also specify the salary paid by the Company, which should be excluded from the remuneration. In addition, the remuneration expense recognized based on IFRS 2 [Stock-based Payment], including the stock option certificate, the restricted new shares and the shares subscribed through capital increase by cash, should be included in the remuneration.
- Note 6: It refers to the amount (including cash and stock) received by the directors by holding the concurrent position in the most recent year (including general manager, deputy general manager, other managerial officer or employee). It should disclose the amount distributed to the employees upon the resolution of the board meeting in the most recent year. If it can't be estimated, it should calculate the amount to be distributed based on the amount and percent actually distributed in the last year, and fill out the Table 1-3 in the Appendix.
- Note 7: It should disclose the total amount of various compensations paid to the directors by all companies in the consolidated financial statement (including the Company).
- Note 8: For the total amount of various remunerations paid to each director by the Company, it should disclose the director name under that range.
- Note 9: It should disclose the total amount of various remunerations paid to each director by all companies in the consolidated financial statements (including the Company) and disclose the director's name under that range.
- Note 10: The after-tax net profit refers to the amount of net profit after tax specified in the individual financial report in the most recent year.
- Note 11: a. The field should list the amount received by the director from any re-invested company other than the subsidiaries or the parent company (If no such amount is received, please fill in "None").
b. If the director of the Company has received the payment from the re-invested company other than the subsidiaries or the parent company, it should include the said payment in Column I in the table of remuneration range. Moreover, the column name should be changed into "The Parent Company and All Re-investment Companies".
c. The remuneration refers to the compensations, remunerations (including the remuneration paid to the employees, directors and supervisors), and the allowances received by the director of the Company by serving as the director, supervisor or managerial officer of the re-invested company other than the subsidiaries or the parent company.
- * The remuneration disclosed in this table is different from the concept of income defined in the Income Tax Act. Thus, this table is for information disclosure only, which can't be used for tax collection.

Remuneration Paid to General Directors, Independent Directors, Supervisors, General Manager and Deputy General Manager

1. Under any of the following circumstances, it should disclose the name of each individual director or supervisor and the corresponding remuneration amount, or opt to disclose aggregate remuneration information, with the name(s) indicated for each remuneration range, or to disclose the name of each individual and the corresponding remuneration amount (If it adopts disclosure by individual, please fill in the title, name and amount without listing the remuneration range):
 - (1) A company that has posted after-tax deficits in the financial reports for the recent three fiscal years, shall disclose the name and remuneration paid to individual directors and supervisors. However, it doesn't apply if there is any profit after-tax in the financial report of the most recent year that is sufficient to make up the accumulated loss.
 - (2) A company that has had an insufficient director shareholding percentage for 3 consecutive months or longer during the most recent fiscal year shall disclose the remuneration of individual directors; one that has had an insufficient supervisor shareholding percentage for 3 consecutive months or longer during the most recent fiscal year shall disclose the remuneration of individual supervisors [Note 2].
 - (3) A company that has had an average ratio of share pledging by directors or supervisors in excess of 50 percent in any 3 months during the most recent fiscal year shall disclose the remuneration paid to each individual director or supervisor having a ratio of pledged shares in excess of 50 percent for each such month [Note 3].
 - (4) If the remuneration received by all directors and supervisors exceeds 2% of the after-tax net profit of the remuneration paid for the directors and supervisors of all companies in the financial statement, and the amount of remuneration paid for individual director or supervisor exceeds NT\$15 million, it should disclose the remuneration of individual directors or supervisors. (Remarks: The remuneration of directors and supervisors is calculated based on the "director's remuneration" plus the "supervisor's remuneration" in the table attached, which doesn't include the related remuneration received by serving as employees concurrently.)
 - (5) A listed company that is ranked in the last range according to the corporate governance assessment result in the most recent year, or is involved in changes in trading methods, suspension of trading, termination of listing on the counter in the most recent year and as of the date of publication of the annual report or is in other conditions that the corporate governance assessment committee approves exclusion from the

assessment.

(6) The average annual remuneration of a full-time employee of a listed company who doesn't hold a manager position has not reached NT \$ 500,000 in the most recent year.

2. Under the circumstance 1 or 5 listed above, the remuneration information of the top five paid remuneration executives (such as general manager, deputy general manager, CEO or CFO) should be disclosed individually.

[Note 1] For example: When preparing the 2019 Annual Report during the 2020 shareholders' meeting, it should disclose the information of individual ones if the Company was in after-tax loss as specified in Individual Financial Statement for any year between 2017~2019. However, disclosure of individual directors may not be adopted if the after-tax net profit specified in 2019 Individual Financial Statement was sufficient to make up the accumulated loss even if it was in after-tax loss as specified in 2017/2018 Individual Financial Statement.

[Note 2] For example: When preparing the 2009 Annual Report during the 2010 shareholders' meeting, it should disclose the information of individual ones if the Company has had an insufficient director/supervisor shareholding percentage for 3 consecutive months or longer during January, 2009~December, 2009. In addition, it should disclose the information of individual ones if the Company has had an insufficient director/supervisor shareholding percentage for 3 consecutive months or longer in January, 2009 (namely, November and December, 2008 and January, 2009).

[Note 3] For example: When preparing the 2009 Annual Report during the 2010 shareholders' meeting, it should disclose the remuneration paid to each individual director having a ratio of pledged shares in excess of 50 percent for each of the three month if the company has had an average ratio of share pledging by directors in excess of 50 percent in February, May and August, 2009. In addition, it should disclose remuneration paid to each individual supervisor having a ratio of pledged shares in excess of 50 percent for each of the three month if the company has had an average ratio of share pledging by supervisors in excess of 50 percent in three months.

※Monthly pledge ratio of all directors: Shares pledged by all directors/shares held by all directors (including the No. of shares under trust with discretion reserved); Monthly pledge ratio of all supervisors: Shares pledged by all supervisors/shares held by all supervisors (including the No. of shares under trust with discretion reserved).

【Note 4】 For example, since the results of corporate governance evaluation mostly announced in April of each year, if the results of corporate governance evaluation are not yet announced for the most recent year (i.e., fiscal year 2021), the annual report of the shareholders' meeting for fiscal year 2022 should be based on the most recent results of corporate governance evaluation (e.g., fiscal year 2020). After the announcement of the results of the most recent annual corporate governance review, if it is the last level of the corporate governance review and the remuneration was originally disclosed by aggregating the names with the level of disclosure, the annual report of the shareholders' meeting shall be revised and uploaded to the Market Observation Post System in order to fulfill the integrity of information disclosure.

【Note 5】 For example, if a listed company prepares its annual report for 2021 after the end of the most recent year (i.e., fiscal 2021), it should use the most recent year (fiscal 2021) to assess whether it has not reached NT\$500,000 and should disclose the remuneration of individual directors and supervisors for the most recent year (fiscal 2021).

(2) Remuneration paid to the General Manager and the Deputy General Manager Name and Remuneration of Individual Ones Disclosed

Unit: NT\$1,000

Title	Name	Base Remuneration (A) (Note 2)		Severance Pay (B)		Bonus and Allowance(C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 8)				Compensation paid to General Manager and Deputy General Manager from a reinvested company other than the subsidiary or the parent company (Note 9)
		The Company	All companies in the consolidated financial statement (Note 5)	The Company	All companies in the consolidated financial statement (Note 5)	The Company	All companies in the consolidated financial statement (Note 5)	The Company		All companies in the consolidated financial statement (Note 5)		The Company		All companies in the consolidated financial statement (Note 5)		
								Cash	Stock	Cash	Stock	A+B+C+D) al	Ratio of Total Remuneration (A+B+C+D) to Net Income (%)	(A+B+ C+D)	Ratio of Total Remuneration (A+B+C+D) to Net Income (%)	
General Manager	Wu, Yu-Guo	2,310	2,310	-	-	282	297	-	-	-	-	2,592	(2.26%)	2,607	(2.27%)	None
Vice General Manager of Business Dept. & Engineering Management Dept.	Lee, Jun-Xian	2,189	2,189	-	-	541	541	-	-	-	-	2,729	(2.38%)	2,729	(2.38%)	

Note 1: The names of general managers and deputy general managers should be listed respectively. The total amount paid in each item should be disclosed. If the director concurrently holds the position of general manager or deputy general manager, it should fill out this table and the table above (1-1) or (1-2-1)(1-2-2).

Note 2: It refers to the salary, pay rise, and severance allowance of general manager and deputy general manager in the most recent year.

Note 3: It refers to the various bonuses and dividends, as well as transportation expense, special subsidiary, various allowances, dormitory, vehicle, other materialistic provisions, and other compensations received by the general manager and deputy general manager in the most recent year. If he is provided with house, automobile or other vehicle or exclusive expenditures, it should disclose the nature and cost of the capital, rental paid actually or estimated based on the fair price in the market, fuel expense or other payments. If a driver is assigned, it should also specify the salary paid by the Company, which should be excluded from the remuneration. In addition, the remuneration expense recognized based on IFRS 2[Stock-based Payment], including the stock option certificate, the restricted new shares and the shares subscribed through capital increase by cash, should be included in the remuneration.

Note 4: It refers to the amount (including cash and stock) distributed to the employees received by the general manager and the deputy general manager upon the resolution of the board meeting in the most recent year. If it can't be estimated, it should calculate the amount to be distributed based on the amount and percent actually distributed in the last year and fill out the Table 1-3 in the Appendix. The after-tax net profit refers to the amount of net profit after tax in the most recent year. For those that adopt IFRS, the after-tax net profit refers to the amount listed in the individual financial statement in the most recent year.

Note 5: It should disclose the total amount of various compensations paid to the general manager and the deputy general manager by all companies in the consolidated financial statement (including the Company).

Note 6: For the total amount of various remunerations paid to each general manager and deputy general manager by the Company, it should disclose the name of general manager and deputy general manager under that range.

Note 7: It should disclose the total amount of various remunerations paid to each general manager and deputy general manager by all companies in the consolidated financial statements (including the Company), and disclose the name of general manager and deputy general manager under that range.

Note 8: The after-tax net profit refers to the amount of net profit after tax in the most recent year. For those that adopt IFRS, the after-tax net profit refers to the amount listed in the individual financial statement in the most recent year.

Note 9: a. The field should list the amount received by the general manager and deputy general manager from any re-invested company other than the subsidiaries or the parent company (If no such amount is received, please fill in "None").

b. If the general manager and deputy general manager of the Company has received the payment from the re-invested company other than the subsidiaries or the parent company, it should include the said payment in Column E in the table of remuneration range. Moreover, the column name should be changed into “The Parent Company and All Re-investment Companies”.

c. The remuneration refers to the compensations, remunerations (including the remuneration paid to the employees, directors and supervisors), and the allowances received by the general manager and deputy general manager of the Company by serving as the director, supervisor or managerial officer of the re-invested company other than the subsidiaries or the parent company.

* The remuneration disclosed in this table is different from the concept of income defined in the Income Tax Act. Thus, this table is for information disclosure only, which can't be used for tax collection.

(3) The remunerations of the top five paid executives (Name of individuals and remuneration methods disclosed)

Title	Name	Base Remuneration (A) (Note 2)		Severance Pay (B)		Bonus and Allowance (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 6)				Compensation paid to the top five paid executives from a re-invested company other than the subsidiary or the parent company (Note 7)
		The Company	All companies in the consolidated financial statement (Note 5)	The Company	All companies in the consolidated financial statement (Note 5)	The Company	All companies in the consolidated financial statement (Note 5)	The Company		All companies in the consolidated financial statement (Note 5)		The Company		All companies in the consolidated financial statement		
								Cash	Stock	Cash	Stock	Total Remuneration (A+B+C+D)	Ratio of Total Remuneration to Net Income (%)	Total Remuneration (A+B+C+D)	Ratio of Total Remuneration to Net Income (%)	
General Manager	Wu, Yu-Guo	2,310	2,310	-	-	282	297	-	-	-	-	2,592	(2.26%)	2,607	(2.27%)	None
Vice General Manager	Lee, Jun-Xian	2,310	2,310	-	-	541	541	-	-	-	-	2,729	(2.38%)	2,729	(2.28%)	None
Manger, Corporate Governance Office and Legal Affair Dept.	Wang, Chen-Kang	1,314	1,314	-	-	-	-	-	-	-	-	1,314	(1.15%)	1,314	(1.15%)	None
Section Chief of Finance & Accounting Dept. (Accounting Manager)	Wu, Sing-Suei	1,184	1,304	-	-	-	-	-	-	-	-	1,184	(1.03%)	1,304	(1.14%)	None
Deputy Manager, Finance and Accounting Department (Finance Manager)	Chien, Lin-Chin	1,181	1,301	-	-	-	-	-	-	-	-	1,181	(1.03%)	1,301	(1.14%)	None

(4) Name of Managerial officers Distributed with Employee Dividend and Distribution Situation:Unit: NT\$1,000; March 30th, 2022

	Title (Note 1)	Name (Note 1)	Amount of stock dividend	Amount of cash dividend	Total	Percent of sum in the after-tax net profit (%)
Managerial Officers	General Manager	Wu, Yu-Guo				
	Vice General Manger of Business Dept. & Engineering Management Dept.	Lee, Jun-Xian				
	Deputy Manager, Finance and Accounting Department (Finance Manager)	Chien, Lin-Chin	-	-	-	-
	Section Chief of Finance & Accounting Dept. (Accounting Manager)	Wu, Sing-Suei				
	Manager, Corporate Governance Office and Legal Affair Dept.	Wang, Chen-Kang				

Note 1: It should disclose names and title of individuals, but it may disclose the profit distribution situation in summary.

Note 2: It refers to the amount (including cash and stock) distributed to the employees received by the managerial officers upon the resolution of the board meeting in the most recent year. If it can't be estimated, it should calculate the amount to be distributed based on the amount and percent actually distributed in the last year. The after-tax net profit refers to the amount of net profit after tax in the most recent year. For those that adopt IFRS, the after-tax net profit refers to the amount listed in the individual financial statement in the most recent year.

Note 3: If application scope of the managerial officers, according to the official document Tai Zheng III No. 0920001301 released by the Association on March 27th, 2003, includes the following:

- (1) General Manager and the equivalents.
- (2) Vice general manager and the equivalents.
- (3) Associates and the equivalents.
- (4) Manager of Finance Dept.
- (5) Manager of Accounting Dept.
- (6) Others authorized to manage the affairs of the Company and sign on behalf of the Company

Note 4: If the remuneration distributed to the employees is received by the directors, general manager and deputy general manager (including stock and cash), it should fill in this table in addition to the Table 1-2 in the appendix.

(5) Analysis of the proportion of the total remuneration of directors, supervisors, general managers, and vice general managers of the Company paid by the Company and all companies in the consolidated financial statement to the net profit after tax in individual financial statements of the recent two years. Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. Analysis of the proportion of the total remuneration paid to directors, supervisors, general manager and deputy general managers of the Company to the net profit after tax of the individual financial statement of the recent two fiscal years:

Year	2021				2020			
	Individual		Consolidated		Individual		Consolidated	
	Total amount (NT\$1,000)	Percent (%) in the net profit after tax	Total amount (NT\$1,000)	Percent (%) in the net profit after tax	Total amount (NT\$1,000)	Percent (%) in the net profit after tax	Total amount (NT\$1,000)	Percent (%) in the net profit after tax
Directors (including independent directors)	3,907	(3.41%)	3,922	(3.42%)	4,679	(5.22%)	5,116	(5.71%)
General Manager and Vice General Manager	5,321	(4.64%)	5,336	(4.66%)	9,339	(10.42%)	9,344	(10.42%)

2. Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance:

- (1) Directors – The Company's remuneration paid to Directors include fixed monthly remuneration, business execution fees, and remuneration, which are analyzed as follows:
- A. The independent directors of the Company receive business execution fees and fixed monthly remuneration, while the remaining directors only received business execution fees.
 - B. In addition to the fixed monthly salary and business execution fees, if the Company makes a profit in the year, the remuneration for Directors shall also be allocated in accordance with Article 28 of the Articles of Incorporation and paid in accordance with each Director's participation in the Company's operations (such as attendance in board meetings and special committees) and performance appraisal. However, as the Company did not make a profit in 2021, only the fixed remuneration is distributed, and no other remuneration was distributed to Directors. Therefore, the remuneration collected by Directors and Independent Directors in 2021 was unrelated to the performance of the Company's Board of Directors.
- (2) Managers – The Company's remuneration paid to managers include the salary, bonuses, and remuneration, which are analyzed as follows:
- A. The salary is paid in accordance with the Company's "Employee Salary/Position Management Regulations" as well as industry standards, job titles, ranking, academic background and experience, professional competence, and duties.
 - B. The bonuses are paid in accordance with the Company's incentive schemes as well as the performance and contribution (e.g., completion of land development and sales) of the projects the managers are responsible for.
 - C. The remuneration is determined in accordance with the Company's "Employee Bonus Distribution Regulations". In addition to referencing the actual salary and reviewing the Company's core values in practical and operational management capabilities, financial and operational performance indicators, comprehensive management indicators, continuing education, and participation in sustainable development, the Company also evaluates other special contributions for the Chairman to determine the payment.

4. Implementation of Corporate Governance

(1) The operations of the Board of Directors:

The Board of Directors held 13 (A) meetings in the most recent year (2021). The attendance of the directors is as follows:

1. The current Board of Directors (term of office from June 23rd, 2020 to June 22nd, 2023) convened 6 board meetings (A) in the current year (2021).

The attendance of Directors was as follows:

Title	Name (Note 1)	Attendance (Presence) in Person B	Attendance by Proxy	Attendance (Presence) Rate (%) 【B/A】 (Note 2)	Remarks
Director	Cheng, Ssu-Tsung	13	0	100%	—
Director	Lee, Chin-Yi	13	0	100%	—
Director	Dajie Investment Co., Ltd. Representative: Tseng, Ping-Joung	13	0	100%	—
Director	Yan, Ming-Hung	13	0	100%	—
Independent Director	Yeh, Chien-Wei	12	1	92%	—
Independent Director	Wang, Mu-Fan	13	0	100%	—
Independent Director	Huang, Chih-Chen	1	0	50%	Resigned on March 26th, 2021 Should attend 2 times
Independent Director	Chen, Rei-Li	6	0	100%	Appointed on August 5th, 2021 Should attend 6 times

Other Noticeable Particulars:

1. Should any of the following circumstances occur at the Board of Directors meeting, the date of the board meeting, term, proposal content, opinions of all independent directors and the Company's handling of such opinions, should be specified:

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

The current Board of Directors (term of office from June 23rd, 2020 to June 22nd, 2023)

Date of board meeting	Proposal content	Opinions of all independent directors and the Company's handling of opinions
2021.02.22 1 st meeting in 2021	<ol style="list-style-type: none"> Cash capital increase of the subsidiary Huajian Construction Co., Ltd. Agreement on audit fees for 2021 signed by the Company and Shine-Wing Taiwan. Amendment of the Company's "Delegation of Authority Table". Amendment of the Company's "EPC Project Procurement Regulations" and the establishment of the "Subcontracting Construction and Procurement Regulations". Amendment of the Company's "Employee Leave Regulations". Purchase of land on plot No. 124 on Lejie Section, Guishan District, Taoyuan City. Purchase of 5 plots of land including No. 226 on Qingxi Section, Zhongli District, Taoyuan City. Purchase of 8 plots of land including No. 41, Xinzhan Section, Shalu District, Taichung City. Distribution of sales bonus to the Company's managers and Chief Auditor. Promotion of the Company's Chief Financial Officer. 	Approved by all independent directors.
2021.03.30 3 rd meeting in 2021	<ol style="list-style-type: none"> Proposal for participating in the tender for 4 plots of land including No. 79 and 80 on Wenshang Section, Xitun District, Taichung City and No. 28 and 31, Shingaoie Section, Wuri District. Proposal for the purchase of 2 plots of land including plot No. 414 and 415, Qingshan Section, Dayuan District, Taoyuan City. Proposal for the purchase of 5 plots of land including No. 29 on Shanjie Section, Guishan District, Taoyuan City. 	Approved by all independent directors.

	<ol style="list-style-type: none"> 4. The Company's 2020 business report and financial statements. 5. The Company's 2020 loss makeup proposal. 6. Discussion and amendment of the Company's "Articles of Incorporation". 7. Discussion and amendment of the Company's "Procedures for Acquisition or Disposal of Assets". 8. Discussion and amendment of the Company's "Accounting System". 9. Discussion and amendment of the Company's "Financial Statements Formulation Procedures and Management Regulations". 10. Submission of the Company's 2020 "Statement of Internal Control System". 11. The date and agenda for the Company's 2021 general shareholders' meeting. 12. Appointment of the "Corporate Governance Officer". 13. Removal of restriction on concurrent posts and non-compete clause for the Company's General Manager and Chief Financial Officer. 	
2021.04.15 4 th meeting in 2021	<ol style="list-style-type: none"> 1. The Company's proposal for the issuance of ordinary shares through private placement. 2. By-election of one Independent Director. 3. The period for accepting nomination of Independent Directors, number of seats to be elected, and the venue for accepting nomination. 4. The list of candidates for independent directors nominated by the Board for Directors. 5. The date and agenda for the Company's 2021 general shareholders' meeting (added new agenda). 6. Amendment of the Company's "Organizational Structure". 7. Establishment of the Company's "Corporate Social Responsibility Best Practice Principles" and establishment of a unit responsible for promoting corporate social responsibility. 8. Establishment of the Company's "Ethical Corporate Management Best Practice Principles" and creation of the Ethical Corporate Management Team. 9. The Company's plan for signing a construction project contract with the subsidiary Huajian Construction Co., Ltd. for the residential complexes on "Xinbi Section", "Lejie Section A", and "Qingxi Section A". 	Approved by all independent directors.
2021.05.12 5 th meeting in 2021	<ol style="list-style-type: none"> 1. The Company has signed the Supplemental Deeds with the related parties for two plots of land at 233 and 235, Xinbi Section, Luzhu District, Taoyuan City, and two plots of land at 488 and 489, Qingxi Section, Zhongli District, Taoyuan City. 2. Discussion of the Company's managers and auditors' bonuses for the 2021 Dragon Boat Festival. 	Approved by all independent directors.
2021.07.13 7 th meeting in 2021	<ol style="list-style-type: none"> 1. The Company intends to sign a contract with its subsidiary, Huajian Construction Co., Ltd., for the new construction of a congregate housing (Falsework Part) on Qingxi Section B. 2. Postponement of the Company's 2021 General Shareholders Meeting. 	Approved by all independent directors.
2021.08.05 8 th meeting in 2021	<ol style="list-style-type: none"> 1. To set up the subscription price and the determination date of capital increase for the private placement of common stock. 2. To authorize the chairman to decide the quota for future land development. 3. Supplemental appointment of the fourth term of the "Remuneration Committee". 	Approved by all independent directors.
2021.08.11 9 th meeting in 2021	<ol style="list-style-type: none"> 1. Monthly salary of new independent director. 2. Appointment of "Legal Director". 3. Salary adjustment for managers and auditors. 4. To cancel the closing of the first private placement of common stock approved by the board of directors on August 5, 2021. 5. To set the subscription price and determination date of capital increase for the Company's 2021 private placement of common stock. 	Approved by all independent directors.
2021.09.03 10 th meeting in 2021	<ol style="list-style-type: none"> 1. To set up the subscription price and determination date of capital increase for the Company's 2021 private placement of common stock. 2. Discussion of 2021 Mid-Autumn Festival bonuses for managers and auditors. 	Approved by all independent directors.
2021.10.12 11 th meeting in 2021	<ol style="list-style-type: none"> 1. The Company's private placement of common stock. 2. The date of and reasons for the Company's first special shareholders' meeting in 2021. 3. The Company intends to sign a contract with its subsidiary, Huajian Construction Co., Ltd., for the new construction of a congregate housing (Geotechnical Engineering Part) on Qingxi Section B. 	Approved by all independent directors.
2021.11.11 12 th meeting in 2021	<ol style="list-style-type: none"> 1. The Company intends to sign a contract with its subsidiary, Huajian Construction Co., Ltd., for the new construction of a congregate housing (Geotechnical Engineering Part) on Xinzhan Section. 	Approved by all independent directors.

	<ol style="list-style-type: none"> 2. The Company provided an endorsement guarantee for Huajian Construction Co., Ltd. 3. To set up the internal audit plan for the year 2022. 4. Discussion of the amendment of the Company's "Rules of Procedures for Board of Directors Meeting". 5. Addition of the Company's "Measures for the Report on Illegal, Immoral and Dishonest Acts". 6. Addition of the Company's "Code of Risk Management". 7. Amendment of the the Company's "Regulations for Attendance". 8. Amendment of the Company's "List of Wedding and Funeral Subsidies for Employees". 9. Amendment of the "Regulations for the Purchase of Self-use Residential Housing". 10. Amendment of the "Rules for Procurement and Subcontracting" and "Rules for cost certificate and payment for Construction". 11. Repealed the "Planning and Design Practice" and "Subcontracting Procurement Practice". 	
2021.11.30 13 th meeting in 2021	To increase the cash capital of the Company's subsidiary, Huajian Construction Co., Ltd.	Approved by all independent directors.
2022.1.19 1 st meeting in 2022	<ol style="list-style-type: none"> 1. Payment of the land volume transfer fee for plot No. 31 of Shingaotie Section in Wuri District, Taichung City. 3. The Company and its subsidiary, Huajian Construction Co., Ltd. signed a contract for the new construction of a congregate housing (Structural Engineering Part) on Qingxi Section B. 4. The Company replaces the "Fuel Subsidy Application Method" with the "Transportation and Travel Subsidy Method" and amends the "Vehicle Purchase Subsidy Method" and the "Official Vehicle Use Management Method" of the Company. 5. The year-end bonus for managers and auditors of the Company for 2021. 	Approved by all independent directors.
2022.2.10 2 nd meeting in 2022	<ol style="list-style-type: none"> 1. The Company signed a contract with its subsidiary, Huajian Construction Co., Ltd., for the new construction of a congregate housing (Structural Engineering Part) in New Station Shingaotie Section, Wuri District, Taichung City. 2. To set up the subscription price of the Company's first private placement of common stock in 2022 and the determination date of the capital increase. 3. The case of the Company's general manager incentive payment. 	Approved by all independent directors.
2022.3.30 3 rd meeting in 2022	<ol style="list-style-type: none"> 1. The Company's Business report and financial statements for fiscal year 2021. 2. The Company's Loss make-up proposal for the year 2021. 3. The Company signed a contract with Shine Wing Taiwan for the annual fee of 2022. 4. Amendment of the Company's "Articles of Incorporation". 5. Amendment of the Company's "Procedures for the Acquisition or Disposal of Assets". 6. Amendment of the Company's "Rules of Procedures for Shareholders' Meeting". 7. Annual assessment of the effectiveness of the internal control system in fiscal year 2021. 8. The Company signed a contract with its subsidiary Huajian Construction Co., Ltd. for the new construction of a congregate housing (Geotechnical Engineering Part) on Shingaotie Section, Wuri District, Taichung City. 9. The date of and the reason for the Company's 2022 Annual General Meeting of Shareholders. 	Approved by all independent directors.
2022.4.25 4 th meeting in 2022	To set up the subscription price of the Company's second private placement of common stock in 2022 and the determination date of the capital increase.	Approved by all independent directors.
<p>(2) Unless otherwise stated, other independent directors who expressed dissenting or qualified opinions that were recorded or declared in writing: None</p> <p>2. As for the execution situation that directors avoid the proposal for conflict of interest, items like director name, proposal content, reason for avoiding conflict of interest and participation in the voting process shall be detailed:</p>		

Date of Board of Directors' meeting	Name of Directors	Agenda	Reason for recusal	Participation in voting
2021.8.11 9 th meeting in 2021	Chen, Ruei Li	Monthly Salary Case for New Independent Directors.	Chen, Ruei Li is a party to this case.	Seven directors were present at the Board of Directors' meeting, excluding one of the directors who could not exercise their voting rights, and six of the directors present passed the resolution.
2022.1.19 1 st meeting in 2021	Cheng, Ssu-Tsung	The Company replaced the "Fuel Subsidy Application Method" with the "Transportation and Travel Subsidy Method" and amended the "Vehicle Purchase Subsidy Method" and the "Official Vehicle Use Management Method" of the Company.	The company has its own interest with Chairman Cheng, Ssu-Tsung	The Chairman of the meeting was appointed by Chairman Cheng, Ssu-Tsung as the proxy for Independent Director Wang Mu-fan. Seven directors were present at the Board of Directors' meeting, excluding one of the directors who could not exercise their voting rights, and six of the directors present passed the meeting.

3. The public companies shall disclose the evaluation cycle, period, scope, method and content for the self (peer) evaluation of the directors and fill out Table 2 Board Evaluation Implementation Situation.

(1) The Company's Board of Directors passed the amendment of the "Regulations Governing the Evaluation of the Performance of the Board of Directors and Functional Committees" and related self-evaluation surveys on November 12th. The results of the evaluation for fiscal 2021 were reported to the Board of Directors on March 30, 2022 and reported on the Market Observation Post System.

(2) The contents of the evaluation report were as follows:

Evaluation cycle	Once every year (if an election is implemented in the same year, the performance of the previous term and the current term shall be completed before the election and at the end of the year)
Evaluation period	January 1 st to December 31 st , 2021
Evaluation scope and method	Scope of the evaluation: The performance evaluation of the board as a whole, individual Directors, and functional committees. Evaluation methods: Self-evaluation of the Board of Directors, self-evaluation of the Directors, appointment of external professional institutions or experts, and other appropriate methods for performance evaluation.
Evaluation procedures	The units responsible for the evaluation shall collect information about the activities of the Board of Directors and distribute the "Self-Evaluation Questionnaire on the Performance of the Board of Directors", "Self-Evaluation Questionnaire on the Performance of the Director", "Self-Evaluation Questionnaire on the Performance of the Audit Committee", and "Self-Evaluation Questionnaire on the Performance of the Remuneration Committee" for the performance evaluation of the Board of Directors. After the data are recovered, the Company records the evaluation results in accordance with the scoring standards for evaluation indicators in the Regulations, and reports to the Board of Directors for review and improvements.

●2021 evaluation indicators and options

Board performance evaluation	Self-evaluation of the performance of Directors	Performance evaluation of functional committees	
		Audit Committee	Remuneration Committee
Level of participation in the Company's operations Improvement of the quality of the Board of Directors' decision making Board composition and structure Election and continuing	Familiarity with the goals and missions of the Company Awareness of the duties of Directors Level of participation in the Company's operations Management of internal	Level of participation in the Company's operations Understanding of duties of the Audit Committee Improvement of the quality of the Audit Committee' decision making Composition of the Audit	Level of participation in the Company's operations Understanding of duties of the Remuneration Committee Improvement of the quality of the Remuneration Committee ' decision making Composition of the Remuneration

education of Directors Internal control	relations and communication Directors' professional and continuing education and training Internal control	Committee and selection of committee members Internal control	Committee and selection of Remuneration Committee Internal control
25 evaluation indicators	20 evaluation indicators	20 evaluation indicators	25 evaluation indicators

Excellent (5.00 to 4.01 points), good (4.00 to 3.01 points), and improvements required (less than 3 points)

●2021 evaluation results

Board performance evaluation	Self-evaluation of the performance of Directors	Performance evaluation of functional committees	
		Audit Committee	Remuneration Committee
Evaluation results: Excellent	Evaluation results: Excellent	Evaluation results: Excellent	Evaluation results: Excellent

4. Strengthening the functions of the Board in the current and recent years (such as setting up the Audit Committee, promoting information transparency, etc.) and conducting performance assessment:
- (I) The 2021 directors' liability insurance was purchased on December 2nd, 2021.
 - (II) The Company established the Audit Committee on May 31st, 2017 to replace Supervisors. The Committee convened 9 meetings in 2021 to strengthen internal monitoring and control mechanisms and help the Board of Directors implement decisions.
 - (III) The Company strengthens the new Directors' awareness of laws and regulations and holds at least one meeting of the Board of Directors each quarter. The Company also rigorously abide by the recusal system for conflicts of interest involving Directors and related parties in the "Rules of Procedure for Board of Directors Meetings", "Related Party Transaction Management Regulations".
 - (IV) The Company's Board of Directors passed the amendment of the "Regulations Governing the Evaluation of the Performance of the Board of Directors and Functional Committees" and related self-evaluation surveys on November 12th, 2019 and disclosed the evaluation results in 2021. The Company's Board of Directors' Meeting on November 12, 2019 approved the addition of the "Performance Evaluation Method of the Board of Directors and Functional Committee" and the related self-evaluation questionnaire, and the evaluation results have been reported for FY 2020 and FY 2021.
 - (V) The Company's Board of Directors approved the establishment of a "Corporate Governance Officer" on March 30, 2021 to assist the Board in promoting corporate governance.

Note 1: If the director or supervisor is a company, it should disclose the names of its shareholders and the name of its representative.

Note 2: (1) If any director/supervisor resigns before the end of the year, it shall specify the resignation date in the Remarks field. As for the attendance rate (%), it shall be calculated based on the board meetings held during his service period and the times that he attended such meeting in person.

(2) If any director/supervisor is re-elected before the end of the year, it shall specify both the old and the new director/supervisor and add comments in the Remarks field to distinguish the old and new ones and the re-election date. As for the attendance rate (%), it shall be calculated based on the board meetings held during his service period and the times that he attended such meeting in person.

(2) The operations of the Audit Committee:

A total of 9 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

1. The current Board of Directors (term of office from June 23rd, 2020 to June 22nd, 2023) convened 9 meetings of the Audit Committee (A)

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance ratio (%) (B/A)(Note)	Remarks
Independent director	Wang, Mu-Fan	9	0	100%	
Independent director	Yeh, Chien-Wei	9	0	100%	
Independent director	Huang, Chih Chen	1	0	100%	Resigned on March 26 th , 2021 Should attend 1 time
Independent director	Chen, Ruei Li	4	0	100%	Appointed on August 5 th , 2021 Should attend 4 times

● Summary of key work items of the year:

The Audit Committee assists the Board of Directors in its supervisory duties its responsibilities for tasks specified in the Company Act, Securities and Exchange Act, and other related regulations. The Company established the Audit Committee on May 31st, 2017. It consists of all three Independent Directors. Committee meetings are convened at least once each quarter, and a total of 9 meetings were convened in 2021. The Committee reviewed the following items:

1. Review of financial statements:

The Board of Directors has prepared the 2021 business report, financial statements, and earnings distribution proposal, of which the financial statements have been audited by ShineWing Taiwan, which has submitted an audit report. The aforementioned business report, financial statements, and earnings distribution proposal have been reviewed by the Audit Committee and deemed as correctly portraying the Company's business activities.

2. Evaluation of the effectiveness of internal control system:

The Audit Committee evaluates the effectiveness of the policies and procedures of the Company's internal control system.

3. Major asset transactions

4. Private placement or issuance of securities

5. Related-party transactions

6. Assessment of independence of the CPAs

Other Noticeable Particulars:

1. Should any of the following circumstances occur at the operations of Audit Committee, the date of the Audit Committee meeting, term, proposal content, opinions of all independent directors and the Audit Committee's handling of such opinions, should be specified:

(1) Matters specified in Article 14-5 of the Taiwan Securities and Exchange Act

The current Board of Directors (term of office from June 23rd, 2020 to June 22nd, 2023)

Date of board meeting	Proposal content	Opinions of all independent directors
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		and the Company's handling of opinions
2020.02.22 1 st meeting in 2021	<ol style="list-style-type: none"> 1. Cash capital increase of the subsidiary Huajian Construction Co., Ltd. 2. Agreement on audit fees for 2021 signed by the Company and Shine-Wing Taiwan. 3. Amendment of the Company's "Delegation of Authority Table". 4. Amendment of the Company's "EPC Project Procurement Regulations" and the establishment of the "Subcontracting Construction and Procurement Regulations". 5. Amendment of the Company's "Employee Leave Regulations". 6. Purchase of land on plot No. 124 on Lejie Section, Guishan District, Taoyuan City. 7. Purchase of 5 plots of land on No. 226 on Qingxi Section, Zhongli District, Taoyuan City. 8. Purchase of 8 plots of land including No. 41, Xinzhan Section, Shalu District, Taichung City. 	Approved by all independent directors.
2020.03.30 3 rd meeting in 2021	<ol style="list-style-type: none"> 1. Proposal for participating in the tender for 4 plots of land including No. 79 and 80 on Wenshang Section, Xitun District, Taichung City and No. 28 and 31, Shingaoite Section, Wurih District. 2. Pproposal for the purchase of 2 plots of land including plot No. 414 and 415, Qingshan Section, Dayuan District, Taoyuan City. 3. Proposal for the purchase of 5 plots of land including No. 29 on Shanjie Section, Guishan District, Taoyuan City. 4. The Company's 2020 business report and financial statements. 5. The Company's 2020 loss makeup proposal. 6. Discussion and amendment of the Company's "Articles of Incorporation". 7. Discussion and amendment of the Company's "Procedures for Acquisition or Disposal of Assets". 8. Discussion and amendment of the Company's "Accounting System". 9. Discussion and amendment of the Company's "Financial Statements Formulation Procedures and Management Regulations". 10. Submission of the Company's 2020 "Statement of Internal Control System". 	Approved by all independent directors.
2021.04.15 4 th meeting in 2021	<ol style="list-style-type: none"> 1. The Company's proposal for the issuance of ordinary shares through private placement. 2. Amendment of the Company's "Organizational Structure". 3. Establishment of the Company's "Corporate Social Responsibility Best Practice Principles" and establishment of a unit responsible for promoting corporate social responsibility. 4. Establishment of the Company's "Ethical Corporate Management Best Practice Principles" and creation of the Ethical Corporate Management Team. 5. The Company's plan for signing a construction project contract with the subsidiary Huajian Construction Co., Ltd. for the residential complexes on "Xinbi Section", "Lejie Section A", and "Qingxi Section A". 	Approved by all independent directors.
2021.05.12 4 th meeting in 2021	The Company signed the Supplemental Deeds with the related parties for two plots of land at 233 and 235, Xinbi Section, Luzhu District, Taoyuan City and two plots of land at 488 and 489, Qingxi Section, Zhongli District, Taoyuan City.	Approved by all independent directors.
2021.07.13 5 th meeting in 2021	The Company intends to sign a contract with its subsidiary, Huajian Construction Co., Ltd., for the new construction of a congregate housing ((Falsework Part) on Qingxi Section B.	Approved by all independent directors.
2021.08.05 6 th meeting in 2021	To authorize the chairman of the board of directors to decide on the quota for future land development.	Approved by all independent directors.
2021.10.12 7 th meeting in 2021	<ol style="list-style-type: none"> 1. Private placement of common stock by the Company. 2. The Company signed a contract with its subsidiary, Huajian Construction Co., Ltd., for the new construction of a congregate housing (Geotechnical Part) on Qingxi Section B. 	Approved by all independent directors.
2021.11.11 8 th meeting in 2021	<ol style="list-style-type: none"> 1. The Company signed a contract with its subsidiary, Huajian Construction Co., Ltd., for the new construction of a congregate housing (Geotechnical Part) on Xinzhan Section, Shalu District, Taichung City. 2. The Company acted for Huajian Construction Co., Ltd. in the case of endorsement guarantee. 	Approved by all independent directors.

	<p>3. To set up the internal audit plan for fiscal year 2022.</p> <p>4. Amendment of the "Rules of Procedures for Board of Directors Meeting" of the Company.</p> <p>5. Addition of the Company's "Measures for the Report on Illegal, Immoral and Dishonest Acts".</p> <p>6. Addition of the Company's "Code of Risk Management".</p> <p>7. Amendment of the Company's "Regulations for Attendance".</p> <p>8. Amendment of the Company's "List of Weddings and Funerals Subsidies for Employees".</p> <p>9. Amendment of the Company's "Regulations for the Purchase of Self-use Residential Housing".</p> <p>10. Amendment of the "Procedures for Procurement and subcontracting" and "Rules for cost certificate and payment for Construction".</p> <p>11. Repealed the "Planning and Design Practice" and "Subcontracting Procurement Practice".</p>	
2021.11.30 9 th meeting in 2021	To apply for a cash capital increase for the Company's subsidiary Huajian Construction Co., Ltd.	Approved by all independent directors.
2022.1.19 1 st meeting in 2022	<p>1. Payment of the land volume transfer fee for plot 31 of Shingaotie Section in Wuri District, Taichung City.</p> <p>2. The Company signed a contract with its subsidiary, Huajian Construction Co., Ltd.</p> <p>3. The Company replaced the "Fuel Subsidy Application Method" with the "Transportation and Travel Subsidy Method" and amended the "Vehicle Purchase Subsidy Method" and the "Official Vehicle Use Management Method" of the Company.</p>	Approved by all independent directors.
2022.2.10 2 nd meeting in 2022	The Company signed a contract with its subsidiary, Huajian Construction Co., Ltd., for the new construction of a congregate housing (Structural Engineering Part) on Xinzhan Section, Shalu District, Taichung City.	Approved by all independent directors.
2022.3.30 3 rd meeting in 2022	<p>1. The Company's Business Report and Financial Statements for fiscal year 2021.</p> <p>2. The Company's Loss-make-up proposal for the year 2021.</p> <p>3. The Company signed a contract with Shine Wing Taiwan for the annual fee of 2022.</p> <p>4. Amendment to the Company's "Articles of Incorporation".</p> <p>5. Amendment of the Company's "Procedures for the Acquisition or Disposal of Assets".</p> <p>6. Amendment of the Company's "Rules of Procedures for Shareholders' Meetings".</p> <p>7. Annual assessment of the effectiveness of the internal control system in fiscal year 2021.</p> <p>8. The Company signed a contract with its subsidiary Huajian Construction Co., Ltd. for the new construction of congregate housing (Geotechnical Engineering Part) of Shingaotie Section, Wuri District, Taichung City.</p>	Approved by all independent directors.

(2) Except for the matters stated above, any resolution rejected by the Audit Committee but approved by more than two thirds of the directors: None

2. **As for execution, in the event of independent directors' avoidance of the proposal due to conflict of interest, the name of the director, proposal content, reason for conflict of interest and participation in the voting process shall be specified:** None
3. **Communication between independent directors, Internal Chief Audit Executive and CPA (which should include materials, methods and results pertaining to corporate finance and business conditions):**
- (1) Communication between independent directors and Internal Chief Audit Executive:
- The Chief Auditor organizes at least one meeting of the Audit Committee or a seminar each year to independently communicate with the Independent Directors regarding the internal audit items and follow up on the implementation of the Audit Report.
 - The main communication items with the Chief Auditor in 2021 are summarized in the table below:

Date	Communication content	Opinion of independent directors
2021.02.22 Audit Committee	1. Report on internal auditors, duty agent information for fiscal 2021 and professional training for fiscal 2020.	No opinions
	2. Discussion of revisions to the vetting authority table.	Agree

2021.3.30 Audit Committee	Discussion of the assessment of the effectiveness of the internal control system in FY 2020.	Agree
2021.11.11 Audit Committee (Individual conversation)	1. Report the results of internal audit operations in 2021.	No opinions
	2. Discussion on the establishment of the internal audit plan for 2022.	Agree

(2) Communication between independent directors and CPA:

The Independent Directors and the Company's CPAs meet at least once a year for face-to-face communication. Where necessary, they communicate and discuss in writing on issues including the review of the Company's financial statements or audit results, and related legal communications. The Independent Directors also review the independence for the selection of CPAs and the audit and non-audit services provided by the CPAs.

Date	Key communication points	Opinions of the Independent Directors
2021.03.30 Audit Committee, Board of Directors Pre-meeting report	1. The CPA explained the audit of the Company's financial statements for 2020 and matters of critical interest (including key audit items). 2. Impact of recent important amendments of tax laws and introduction of the Corporate Governance 3.0 Sustainable Development Roadmap. 3. Discussions and communication between CPAs and Independent Directors.	No opinions
2022.03.30 Individual conversation	1. The accountants' review of the Company's financial statements for fiscal year 2021 and explanation of matters of critical concern (including key audits). 2. The impact of recent important tax law amendments. 3. The accountant's discussion and communication with the independent directors.	No opinions

Notes: *If any independent director resigns before the end of the year, it shall specify the resignation date in the Remarks field. As for the attendance rate (%), it shall be calculated based on the audit committee meetings held during his service period and the times that he attended such meeting in person.

*If any independent director is re-elected before the end of the year, it shall specify both the old and the new independent director and add comments in the Remarks field to distinguish the old and new ones and the re-election date. As for the attendance rate (%), it shall be calculated based on the audit committee meetings held during his service period and the times that he attended such meeting in person.

(3) The operations of corporate governance, its discrepancy with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons:

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary	
I. Has the Company established and disclosed Corporate Governance Best Practice Principles in accordance with [Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies]?	V		The Company has formulated the “Corporate Governance Code”, which is disclosed on the website of the Company.	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies
II. Corporate equity structure and shareholders' equity				
(1) Has the Company established internal operating procedures to handle shareholder proposals, questions, disputes and litigation, and acted accordingly?	V		(1) The Company has established spokesperson and acting spokesperson system, and also entrusts professional stock transfer agency to handle the shareholder proposals and questions. Moreover, the investor’s and stakeholder’s window is set upon the website of the Company.	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies
(2) Does the Company maintain a list of major shareholders and a final list of controlling shareholders?	V		(2) The Company is capable of maintaining the list of major shareholders and the final list of controlling shareholders.	
(3) Has the Company established and executed a risk control mechanism and firewall with its affiliates?	V		(3) The Company complies with the relevant laws and regulations, and has established the Operation Procedures for the supervision and management of the subsidiaries and the management of the transaction with related parties.	
(4) Has the Company established internal policies that prohibit corporate insiders from trading of securities using undisclosed information?	V		(4) The Company has established the “Operation Procedures for the Processing of Material Information”, and the “Operation Procedures for Prevention of Insider Trading” to prohibit corporate insiders from trading of securities using undisclosed information.	
III. Structure and duties of the Board of Directors.				
(1) Does the Board of Directors have a diversity policy, specific management objectives and implementation?	V		(1) According to Article 20 of the Corporate Governance Best Practice Principles of the Company, the composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that Directors concurrently serving as the Company's managers do not exceed one third of the total number of the Board members, and that an appropriate policy on diversity based on the	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary	
			<p>Company's business operations, operating dynamics, and development must be formulated. This Company's Board of Directors consists of seven Directors including three Independent Directors. Members have extensive experience and professional knowledge in finance, construction, management, law, and accounting. The Company is committed to creating and promoting a culture of diversity and inclusiveness, and in the future will optimize the management decision-making process by increasing the proportion of female directors and aligning it with international trends in order to contribute to the Company's own profitability, international competitiveness, and image. Please refer to page23-24 for the relevant implementation.</p>	
(2) Apart from the Remuneration Committee and Audit Committee, has the Company voluntarily set up other functional committees?		V	(2) The Company has set up the Remuneration Committee and the Audit Committee. The "Integrity Management Committee" is expected to be established in May 2022.	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies
(3) Has the Company established standards to assess the Board's performance annually, reported the result of performance evaluation to the Board as reference for remuneration paid to the directors and their nomination for succession?	V		(3) The Company's Board of Directors passed the Regulations Governing the Evaluation of the Performance of the Board of Directors on November 12 th , 2019 and reported the evaluation results of the performance of the Board of Directors for 2021 to the Board of Directors on March 30, 2022. The results will be used as references for determining the remuneration for individual Directors, their nomination, and reappointment. (Refer to P.36-37 for information on the operations of the Board of Directors)	
(4) Does the Company regularly evaluate the CPA's independence?			(4) The Company reviews the independence of the CPA annually. The independence evaluation for ShineWing CPA Chen, Kuang-Hui and CPA Yau, Yu Lin was passed during the board meeting held on March 30 nd , 2022(Note2).	
IV. As a TWSE/TPEX-listed company, has the Company established adequate and	V		The Company, following the resolution passed by the Board of Directors' meeting on March	In conformation to the regulations of Corporate

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary	
competent corporate governance personnel, and assigned a corporate governance manager in charge of corporate governance affairs (including but not limited to providing data required by directors and supervisors for business implementation, assisting directors and supervisors in regulatory compliance, dealing with matters relating to board meetings and shareholders' meetings, handling corporate registration and change in registration, preparing minutes of the board meetings and shareholders' meetings)?			<p>30, 2021, appointed Wang, Chen-Kang to serve as the Company's Corporate Governance Officer and take charge of the Company's corporate governance affairs.</p> <p>The scope of duties includes:</p> <ol style="list-style-type: none"> 1. Provide the data need by the directors when implementing business, and pay attention to the latest regulatory developments related to the operation of the Company to assist the directors in regulatory compliance and assistance to the Directors in taking office and continuing education. 2. Handle matters related to the Audit Committee, Remuneration Committee, and the Board of Directors and the Shareholders' Shareholders' Meeting, and assist the Company in regulatory compliance. 3. Prepare minutes of the audit committee meetings, Remuneration Committee and board meetings and shareholders' meetings. 4. Handle the shareholders' meeting related affairs, including pre-registration before the date of the Shareholders' Meeting, make a meeting notice and handbook before the deadline, meeting minutes, and handle the reporting and announcements as required by laws. <p>Handle the change registration in case of the amendment of the Articles of Association or the re-election of the directors.</p> <ol style="list-style-type: none"> 5. The Company organizes performance evaluations of the Board of Directors on a regular basis each year and reports the results to the Board of Directors. 6. Promote corporate governance matters such as the preparation of ESG reports, integrity management education and training, and the implementation of corporate governance evaluations. 7. Please see page 109 for further information on our Corporate Governance Officer. 	Governance Best Practice Principles for Listed Companies; it will set up the corporate governance manager based on the manpower allocation.
V. Has the Company established communication channels with interested parties (including but not limited to	V		The Company has established the spokesperson and acting spokesperson system. Moreover, the investor's and stakeholder's	In conformation to the regulations of Corporate Governance Best Practice

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary	
shareholders, employees, customers, and suppliers), set up a special zone on the website for stakeholders, and responded to critical CSR issues that concern interested parties?			window is set up on the website of the Company to respond to the issues concerned by the stakeholders properly.	Principles for Listed Companies
VI. Has the Company appointed a professional transfer agent to handle affairs pertaining to the shareholders' meeting?	V		The Company entrusts the professional Transfer Agency Department of CTBC Bank to handle the stock affairs of the Company.	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies
VII. Information Disclosure (1) Has the Company set up a website to disclose information regarding the Company's finance and corporate governance? (2) Does the Company have other information disclosure channels (e.g. creating an English website, appointing designated personnel to handle information collection and disclosure, developing a spokesman system, webcasting investor conferences)? (3) Does the Company announce and file its annual financial reports within 2 months from the end of the fiscal year? Does the company announce and file the financial reports for Q1, Q2 and Q3, as well as the operation status of each month before the due date?	V V		(1) The Company has constructed www.delpha.com.tw to disclose the information related to finance and corporate governance. (2) The Company has appointed designated personnel to handle information collection and finish the reporting operation as required by the competent authority. Moreover, it has practiced the spokesman system as required. The Company holds a corporate presentation at least once a year and discloses the relevant information on the Company's website and the Market Observation Post System. (3)The Company announces and files the annual financial report audited by the CPA within 3 months after the end of the fiscal year as required by the provisions of Article 36, Securities Exchange Act. The financial reports for Q1, Q2 and Q3, as well as the operation status of each month are announced within the required period. As for announcing before the due date, it depends on the board approval date and the operation time of the Company.	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies (1).(2) It will evaluate the operation time and the board operation for this issue.
VIII. Does the Company have any other important information to facilitate better understanding of the Company's corporate governance practices (e.g. including but not limited to employee rights and interests, employee care, investor relations, supplier relations, rights of stakeholders, directors' and	V		(1) Rights, benefits and care for employees: The Company has set up a staff welfare committee, and set asides pensions under laws. Moreover, it purchases group insurance for employees, and conducts health check-ups regularly, so as to protect employee rights and get the employee's health status. (2) Investor's relations:	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary	
supervisors' training records, implementation of risk measures, implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?			<p>The Company discloses the corporate information on the MOPS under laws, so as to provide transparent information for the investors in real time. Moreover, a spokesperson is set up to handle the advice made by the spokesperson.</p> <p>(3) Supplier's relations: The Company establishes long-term partnership with the suppliers, and keep good interaction.</p> <p>(4) Continuing education situation of directors : The Company provides the course information for directors randomly. The continuing education situation of directors is disclosed in the Annual Report and the MOPS.</p> <p>(5) Implementation of customer policies: The Company sets up a customer service line and Email to provide comprehensive after-sale service.</p> <p>(6) Purchase of liability insurance for directors: The Company purchases liability insurance for directors in accordance with the Articles of Association of the Company.</p>	
<p>IX. Based on the latest Corporate Governance Assessment System result from the Corporate Governance Center of the TWSE, describe the improvements and propose priority measures to strengthen unimproved aspects. (not applicable to companies that were not subject to evaluation)</p> <p>*Improvements:</p> <ol style="list-style-type: none"> 2021/3/30 Establishment of the Corporate Governance Officer. 2021/9/30 to complete the compilation of CSR report and upload it to the Public Information Observation Post System and the Company's website. Addition of the "Code of Corporate Social Responsibility" and " Ethical Corporate Management Best Practice Principles" and set up a task force. Addition of the "Code of Risk Management" and "Measures for the Report on Illegal, Immoral and Dishonest Acts". 2021/11/11 Report to the Board of Directors on information security operations in 2021. 2021/11/11 Report to the Board of Directors on the operation and implementation of the promotion of corporate integrity management in 2021. 2021/11/11 Report to the Board of Directors on the intellectual property management plan and its implementation in 2021. 2021/11/30 Report to the Board of Directors on the operation and implementation of risk management in FY2021. Formulate the succession plan and implementation status of the board members and key management personnel and disclose it on the Company's website. All directors complete their training in accordance with the hours specified in the "Guidelines for Directors and Supervisors of Listed Companies". <p>* Priority measures to strengthen unimproved aspects:</p> <ol style="list-style-type: none"> The Company expects to establish an additional functional committee in FY 2022. The interim financial report was approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution. The Company plans to establish an English website. 				

Note 1: The Summary should be specified regardless of a Yes or No selection under the Implementation Status.

Note 2: Criteria to evaluate the CPA independence:

Item	Evaluation item (during the two years before being elected and during the term of office)	Evaluation result
1	The tenure of the CPA did not exceed 7 years.	Yes
2	There are no direct or indirect material financial interests between the CPA and the Company.	Yes
3	The CPA firm does not rely excessively on a single customer (the Company) for its source of remuneration.	Yes
4	The CPA and the Company do not have significant or close business relations.	Yes
5	There are no potential employment relations between the CPA and the Company.	Yes
6	The CPA is unrelated to the audit cases or audit fees.	Yes
7	No CPA or member of the audit service team currently serves or had served as the Company's Director, manager, or other positions that could seriously affect the audit in the most recent two years.	Yes
8	The non-audit services provided by the CPA to the Company did not directly impact critical items in the audit.	Yes
9	The CPA does not promote or serve as the intermediary for the stocks or other securities issued by the Company.	Yes
10	The CPA does not represent the Company in defense against third-party legal cases or other disputes.	Yes
11	No CPA or member of the audit service team is related to the Company's Director, manager, or individuals in other positions that could seriously affect the audit.	Yes
12	The certifying accountant has not held any position as a director or manager of the Company or had any significant influence on the audit within one year of his or her retirement.	Yes
13	The certifying accountant receives no gifts or special privileges of significant value from the Company or its directors, officers, or substantial shareholders.	Yes

(4) If a Remuneration Committee is set up, it should disclose the composition, responsibilities and operations:

1. Information on the members of Remuneration Committee

Identity (Note 1)	Condition Name	Professional Qualifications and Experience (Note 2)	Independence Attributes (Note 3)	Number of members of compensation committees of other public companies
Independent director (Convener)	Wang, Mu-Fan	Refer to the Disclosure of Professional Qualifications of Directors and Independence of Independent Directors on page21-22		None

Independent director	Yeh, Chien-Wei		None
Independent director	Huang, Chih-Chen (Resigned on March 26 th , 2021)		None
Independent director	Chen, Ruei-Li (Appointed on August 5 th , 2022)		None

Note 1: Please specify the relevant years of service, professional qualifications and experience, and independence of each member of the Compensation Committee in the form. Please indicate the identity of an independent director or other (if you are a convener, please add a note).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of each member of the Compensation Committee.

Note 3: Independence attributes: Specify the independence attributes of the members of the Compensation Committee, including but not limited to whether they are directors, supervisors or employees of the Company or its affiliates; the number and percentage of shares held by them (or in the name of others); and whether they hold positions in companies with specific relationships with the Company (refer to stock listings or stock exchanges). The amount of remuneration received from the Company or its affiliates for the provision of commercial, legal, financial and accounting services in the last two years.

Note 4: Please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

2. Information on the Operations of Remuneration Committee

The Remuneration Committee of the Company is composed of 3 persons.

(1) The current Remuneration Committee (term of office from June 23rd, 2020 to June 22nd, 2023) convened 3 (A) meetings of the Remuneration Committee in the most recent year (2020).

The attendance of Directors was as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A) (Note)	Remarks
Committee Member	Wang, Mu-Fan	5	0	100%	
Committee Member	Yeh, Chien-Wei	5	0	100%	
Committee Member	Huang, Chih-Chen	1	0	100%	Resigned on March 26 th , 2021 Should attend 1 times
Committee Member	Chen, Ruei-Li	2	0	100%	Appointed on August 5 th , 2021 Should attend 2 times

Power and duties of the Remuneration Committee:

The Company set up the Remuneration Committee in December, 2011. And the Committee should exercise the duty of care of a good faith manager to faithfully perform the following power and duties, and submit proposals to the Board meeting for discussion:

1. Establish and regularly review the policy, system, standards and structure of the salaries and remuneration for the Company's directors and managerial officers.
2. Evaluate on a regular basis the remuneration of the Company's directors and managerial officers.

The date of meeting, term, proposal content, resolution result in the most recent year, and the Company's handling of the opinion of the remuneration committee members:

Meeting date (term)	Proposal content	Opinion of all members and the Company's handling
2021.02.22 4 th meeting of the 4 th term	1. Distribution of sales bonus to the Company's managers and Chief Auditor. 2. Promotion of the Company's Chief Financial Officer.	Approved by all Independent Directors.

2021.03.30 5 th meeting of the 4 th term	To establish a "Corporate Governance Officer".	Approved by all Independent Directors.
2021.05.12 6 th meeting of the 4 th term	Discussion of the Company's managers and auditors' bonuses for the 2021 Dragon Boat Festival.	Approved by all Independent Directors.
2021.08.11 7 th meeting of the 4 th term	1. Monthly salary for new independent directors. 2. Salary adjustment for managers and auditors.	The case is related to Independent Director Chen, Ruei-Li's own interest. Independent Director Chen, Ruei-Li recused himself from the discussion and voting, and the rest of the members present passed the case without objection.
2021.09.03 8 th meeting of the 4 th term	Discussion of the 2021 Mid-Autumn Festival Bonus for managers and auditors.	Approved by all Independent Directors.

Other Noticeable Particulars:

1. If the Board did not adopt or amend the recommendations of the Remuneration Committee, the date of the board meeting, term, proposal content, result of board resolution, and how the Company handled the proposal (If the remuneration approved by the board is higher than the proposal of the Remuneration Committee, the difference and reason should be specified.) should be specified: None
2. If members of the Remuneration Committee expressed opposition or qualified opinions that were recorded or declared in writing, the date of the remuneration committee meeting, term, proposal content, opinions of all members and the Company's handling of those opinions should be specified: None

Notes: (1) If any member of the Remuneration Committee resigns before the end of the year, the resignation date should be specified in the Remarks field. The attendance rate (%) is calculated based on the number of remuneration committee meetings held during the period of service and the frequency of attendance in person.

- (2) If any member of the Remuneration Committee is re-elected before the end of the year, both the old and new members should be specified, and comments should be indicated in the Remarks field to distinguish the old and new members and the re-election date. The attendance rate (%) is calculated based on the number remuneration committee meetings held during the period of service and the frequency of attendance in person.

(5) Implementation of sustainable development and differences from the Code of Practice for Sustainable Development of Listed and OTC Companies and the reasons for such differences

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons						
	Yes	No	Summary (Note 2)							
I. Has the company established a governance structure to promote sustainable development and set up a special (part-time) unit to promote sustainable development, which is authorized by the board of directors to be handled by senior management, and is supervised by the board of directors?	V		<p>1. In order to improve the management of corporate sustainable development, the Board of Directors resolved on April 15, 2021 that the Corporate Governance Office is responsible for promoting corporate sustainable development as a part-time unit, and established the "Code of Practice on Corporate Social Responsibility" (the Code was renamed the "Code of Practice on Sustainable Development" by resolution of the Board of Directors on May 12, 2022), which is responsible for the formulation and implementation of sustainable development policies, systems or related management policies and specific promotion plans. By holding meetings from time to time to strengthen the communication mechanism among various departments, deploy internal and external resources as appropriate, and carry out project planning and management when necessary, in order to achieve the principle of sustainable development through continuous improvement, and to fully realize our commitment to sustainable development. To achieve sustainable development, we will continue to make improvements to achieve the principle of sustainable development and fully demonstrate our commitment to sustainable development. In order to achieve sustainable corporate development and to grasp the overall social responsibility development trends domestically and internationally, we also provide opportunities for our employees to participate in internal and external training and seminars from time to time in order to continuously refine the concept of sustainable management, and to report to the Board of Directors from time to time to review the effectiveness of the operation in order to achieve the goal of mutual prosperity with all stakeholders, the environment, and society.</p> <p>2. The Office of Corporate Governance has reported to the Board of Directors on November 11, 2021, in accordance with the Board of Directors' supervisory instructions, on the operations and plans related to information security, integrity management and intellectual property management, which are oriented to sustainable corporate management.</p>	None						
II. Does the Company have a special (concurrent) unit to promote ESG initiatives, supervised by a Board-appointed member of the management team, who reports to the Board?(Note2)	V		<p>1. This disclosure covers the Company from January 1, 2021 to December 31, 2021 and the boundaries cover mainly the Company.</p> <p>2. The Sustainable Development Team is responsible for the planning, and in accordance with the GRI criteria, and with reference to the results of previous sustainability issue assessments, domestic and international industry benchmarks, international ESG trends, industry focus issues, value chains and related indicators, an online questionnaire was used to conduct a stakeholder survey under three major sustainability dimensions, including environmental, social and governance, and a total of nine key risk issues were identified. The Company's strategies for addressing these nine risk issues are as follows. (For details, please refer to the Company's ESG report)</p> <table border="1" data-bbox="719 1273 1832 1394"> <thead> <tr> <th>Major Topics</th> <th>Risk Assessment Projects</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td></td> <td>Water Resources</td> <td>The water consumption of the Company's office area and its own</td> </tr> </tbody> </table>	Major Topics	Risk Assessment Projects	Description		Water Resources	The water consumption of the Company's office area and its own	None
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Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons						
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Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons	
	Yes	No	Summary (Note 2)		
				and mitigate the impacts of climate change, and to identify the impacts and opportunities of climate change risks. The Company expects to report the Board of Directors' greenhouse gas inventory and verification schedule in the second quarter of 2022.	
			Social	Talent attraction and retention	The Company is committed to fulfilling its corporate social responsibility and protecting the basic human rights of all its employees, customers and stakeholders, which is the current international trend. It follows the universal values of international human rights conventions, such as the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact and the United Nations International Labor Organization, and respects the internationally recognized basic human rights policies, including freedom of association, care for the disadvantaged, prohibition of child labor, elimination of all forms of forced labor, and elimination of discrimination in employment and work.
				Employee Rights and Diversity Equality	
				Occupational Health and Safety	
			Governance	Financial Performance	1. The growth of financial performance is carried out through the Board of Directors' appointment and supervision of the Company's management team to ensure the interests of stakeholders and to maximize shareholders' equity. The Company's Board of Directors operates in accordance with the relevant laws and regulations, the

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary (Note 2)	
			<p>Company's Articles of Incorporation and the Rules of Procedure for the Board of Directors Meeting and utilizes the directors' expertise in various fields and industry experience to communicate with each other and fulfill their responsibilities of supervision and management, and to pursue the maximum growth of financial performance within a reasonable range.</p> <p>2. For the Company's fiscal 2021 financial results, please refer to the Company's fourth quarter fiscal 2021 financial report.</p>	
			<p>Integrity and Compliance</p> <p>The Company expects to establish an Integrity Management Committee in May 2022 under the Board of Directors, consisting of three independent directors, with the Corporate Governance Office serving as the meeting unit to assist the Committee in agenda planning, call notices, conduct of business, minutes of meetings and other related matters. In order to develop a corporate culture of integrity, the Company has established the "Ethical Corporate Management Best Practice Principles" and the "Operating Procedures and Guidelines for Integrity", which require directors, managers and all employees to conduct themselves in an ethical manner and not to engage in fraudulent intent or deceptive behavior; strictly prohibit the use of company property, non-public information or the use of their positions to gain improper benefits for themselves or their relatives; ensure that employees do not engage in fraudulent behavior, misconduct, leaks or lies; require employees not to accept invitations from vendors for entertainment or financial gifts; and require employees to maintain confidentiality with respect to customer information in the process of operations.</p> <p>The Integrity Management Committee is responsible for approving and overseeing the implementation of the Integrity Management Policy and reports regularly to the Board of Directors on compliance:</p> <p>1. Assist in integrating integrity and ethical values into the company's business strategy.</p> <p>2. To establish preventive measures to ensure the integrity of management in accordance with laws and regulations.</p> <p>3. Review the reporting system and ensure the effectiveness of its</p>	

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary (Note 2)	
			<p>implementation.</p> <p>4.Promote and coordinate integrity policy promotion and training.</p> <p>5.Other matters related to the development and supervision of the integrity management policy.</p> <p>Information Security and Customer Privacy</p> <p>1. The Company's information security authority is the Information Technology Section under the General Manager's Office, which is responsible for coordinating information security and related matters and conducting regular internal information security checks.</p> <p>2. The Company has established the "Information Management Practices" to regulate the information operation environment and the information security behavior of personnel, and updates them from time to time in accordance with changes in the operating environment and technological upgrades, and reports them to the Board of Directors on a regular basis.</p> <p>3. The Company has established the "Personal Information Protection Management Regulations" and "Personal Information Protection Management Rules" to implement the protection and management of customers' personal information files.</p>	
III. Environment issues				
(1) Does the Company establish proper environmental management systems based on the characteristics of its businesses?	V		(1) The waste generated in each construction site is handled by a professional and qualified environmental protection company. Moreover, supervision personnel are assigned in the construction site to supervise the management and maintenance of the environment of the contract during the construction period.	None
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(2) The Company complies with environment-related laws and regulations and relevant international standards to appropriately protect the natural environment, and in the execution of its operational activities and internal management, it strives to improve the efficiency of the utilization of various resources and use recycled materials with low impact on the environment, so that the earth's resources can be used sustainably, and strives to achieve the goal of environmental sustainability.	None
(3) Does the Company evaluate the	V		(3) In addition to referring to relevant climate change information, TCFD disclosure recommendations, and	None

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons																
	Yes	No	Summary (Note 2)																	
current and future potential risks and opportunities brought by the climate change, and take measure to respond to the climate related issues?			<p>reports and information released by other domestic and foreign related institutions, the Company also identifies short-, medium-, and long-term climate change risks by considering industry characteristics, market trends, laws and policies, and accordingly lists relevant climate risk factors. Relevant departments are then asked to assess the potential impacts and effects of climate related transformation risks and physical risks, and the results of the risk analysis are used to formulate corresponding adaptation action plans to enhance the ability to adapt and mitigate the impacts of climate change.</p> <p>The Company has identified feasible opportunities and developed measures to address them as follows:</p> <p>Transition Risks</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Risk Items</th> </tr> </thead> <tbody> <tr> <td>Policy and Regulatory Risks</td> <td>Increased costs of greenhouse gas emissions, increased sustainability-related demand and regulations, and increased costs of electric vehicle parking space construction</td> </tr> <tr> <td>Technical Risk</td> <td>Costs of Low Carbon Transition</td> </tr> <tr> <td>Market Risk</td> <td>Increase in raw material costs, change in customer preferences</td> </tr> <tr> <td>Reputation Risk</td> <td>Increased negative stakeholder feedback</td> </tr> </tbody> </table> <p>Physical Risk</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Risk Items</th> </tr> </thead> <tbody> <tr> <td>Immediate Risk</td> <td>Increase in extreme weather events</td> </tr> <tr> <td>Long-term risk</td> <td>Average temperature rise, sea level rise</td> </tr> </tbody> </table> <p>A detailed description of the Company's analysis of climate change risks and opportunities is expected to be disclosed in the Company's 2021 ESG Report (to be uploaded at the end of June 2022).</p>	Category	Risk Items	Policy and Regulatory Risks	Increased costs of greenhouse gas emissions, increased sustainability-related demand and regulations, and increased costs of electric vehicle parking space construction	Technical Risk	Costs of Low Carbon Transition	Market Risk	Increase in raw material costs, change in customer preferences	Reputation Risk	Increased negative stakeholder feedback	Category	Risk Items	Immediate Risk	Increase in extreme weather events	Long-term risk	Average temperature rise, sea level rise	
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(4) Does the company calculate the greenhouse gases (GHG) emission, water consumption and total weight of wastes for the past two years, and formulated the strategies for energy conservation, carbon reduction, GHG emission reduction, water saving and management of other wastes?	V		<p>(4) The Company's greenhouse gas emissions, water consumption and total weight of waste for the past two years are as follows:</p> <p>1. GHG emission</p> <table border="1"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Scope 1(kg)</td> <td>779</td> <td>926</td> </tr> <tr> <td>Scope 2(kg)</td> <td>43,839</td> <td>48,173</td> </tr> </tbody> </table>		2020	2021	Scope 1(kg)	779	926	Scope 2(kg)	43,839	48,173	None							
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Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons				
	Yes	No	Summary (Note 2)					
			<p>2. Water consumption</p> <table border="1"> <thead> <tr> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>777 m3</td> <td>564 m3</td> </tr> </tbody> </table> <p>The Company's water consumption in office areas and its own assets in 2021 was 564 cubic meters, a decrease of 213 cubic meters compared to the previous year. This indicates that the Company is continuously reviewing its water management based on water consumption and other data, and has significantly improved the effectiveness of resource utilization.</p> <p>All new construction projects in fiscal 2021 were contracted by the construction company, and the related water consumption and expenses were handled by the construction company, so water consumption was not included.</p> <p>3. Total weight of construction waste</p> <p>The Company's total construction waste from 2021 to 2022 is 1,982 cubic meters, which is the sum of the following completed construction projects:</p> <p>A. The Urban Green: The amount of construction waste from March 2020 to December 2021 is 1,232 cubic meters (m3)</p> <p>B. Central One: The amount of construction waste from April 2020 to December 2021 is 750 cubic meters (m3)</p> <p>There was no export of waste to overseas and no environmental litigation in fiscal 2021.</p>	2020	2021	777 m3	564 m3	
2020	2021							
777 m3	564 m3							
IV. Social issues								
(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) The Company follows international human rights conventions such as the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, and the United Nations International Labor Organization in establishing its human rights policies. Human rights policy and its implementation are disclosed on the Company's website.	None				
(2) Does the Company formulate and implement reasonable policies of staff welfare (including compensation, vacation and other	V		(2) Staff welfare: 1. Compensation. The Compensation is compose of basic salary, fringe benefits, bonus and so on. The basic salary is based on grade and duties, and is in line with the local minimum salary requirements, and emphasizes that the standard	None				

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary (Note 2)	
welfares), and reflect the operating performance or achievement in the compensation of the employees properly?			<p>starting salary is equal pay for equal work, without any difference according to gender or age.</p> <p>2. Welfare measures. In addition to labor insurance, national health insurance, and group insurance, the Company also pay performance bonuses, year-end bonuses, and employee bonuses every year depending on the results of the operations, so that the interests of employees and the company are integrated, and the belief of co-prosperity and coexistence is created. Any new or revised measures regarding labor relations are fully agreed upon and communicated between employers and employees, so that no disputes arise.</p> <p>3. Operating results may be reflected in employee compensation: Article 28 of the Company's Articles of Incorporation provides that no less than 0.5% of the annual profit shall be allocated to employee compensation and no more than 2% to director compensation. However, if the Company has accumulated losses, it shall reserve the amount of compensation in advance. The aforementioned employee compensation, the rate of distribution of directors' compensation and employee compensation may be made in cash or in shares and shall be made by a resolution of the Board of Directors, with two-thirds of the directors present and a majority of the directors present, and reported to the shareholders' meeting.</p>	
(3) Does the Company create a safe and healthy working environment and provide safety and health education for employees regularly?	V		<p>(3) The Company provides a safe and healthy workplace for the employees:</p> <p>(A)Door access security: The company has a door access monitoring system and signs contract with the security company.</p> <p>(B)Fire safety: The building management committee checks the fire security from time to time.</p> <p>(C)Drinking water safety: The Company regularly replaces the drinking water filter.(D)Ambient air cleaning: The company regularly (once every six months) replaces the air cleaning machine filters and maintains the machine.</p> <p>(E)Safety in construction site:</p> <p>(a)When accessing the construction site, it is required to put on helmet, and follow the construction site safety regulations. The construction project follows the labor safety and health laws and regulations promulgated by the government.</p> <p>(b)The company attaches great importance to the occupational safety of employees. In accordance with the provisions of Paragraph 1 of Article 34 of the Occupational Safety and Health Act, the company has formulated the "Code of Practice for Safety and Health" and reported it to the competent authority for approval. All employees of the company must abide by the code, operate according to the sub-items, management plans and standard operating procedures formulated by the code, and continue to conduct occupational safety and health training, including fire drills, daily occupational safety publicity, etc., so that employees can maintain a high level of crisis awareness. Through monthly meetings of the engineering management department, regular education and training, strict supervision, meeting review, site inspection and other measures before, during and after construction are implemented to reach occupational safety at construction sites in the construction industry.</p>	None
	V			None
	V			None

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary (Note 2)	
<p>(4) Does the Company provide employees with opportunities for career development and training?</p> <p>(5) Does the Company follow regulations and international standards in the customer health, safety, customer privacy, marketing and labeling of its products and services, and set policies and appeal procedures for protection of consumer's rights and interests?</p> <p>(6) Does the Company formulate the supplier management policies and require suppliers to follow relevant norms on environmental protection, occupational safety and health, or labor's human rights, and disclose the implementation?</p>	V		<p>Strengthen the professional knowledge and education training of colleagues, hold professional training every year, and require site directors to obtain an "occupational safety card" and receive at least 6 hours of occupational safety and health related courses and professional license training.</p> <p>(c)The company's construction site arranges various occupational safety and health educational training, meetings and notices for all employees and contractor construction personnel.</p> <p>(F)Physiological health: The Company regularly conducts health checkups for employees.</p> <p>(G)Insurance: The Company purchases group insurance for employees.</p> <p>(4) The Company encourages employees to participate in trainings and provide subsidy for such trainings in accordance with the "Regulations Governing the Employee Education and Training". The total number of training hours in FY 2021 is 192 hours. The total number of training hours per capita is 14.77 hours and the total cost of training is \$56,850.</p> <p>(5) From land development to design and construction, the Company has constantly been upholding the spirit of "cultivating spaces and caring about the earth", and has always been pursuing the goals of "providing high-quality and diversified construction and living spaces, caring about the social environment, and helping to create a gorgeously neat dwelling and urban life landscape". Paying attention to customer opinions, the Company provides the investor's and stakeholder's contact window on the Company's website, and set up a special area to provide channels for landlords, customers, and suppliers to complain or make suggestions.</p> <p>(6) In accordance with the "Code of Practice on Sustainable Development" and the "Rules for Procurement and Subcontracting " and with reference to ESG (Environmental, Social, and Governance), the Company strictly requires suppliers to comply with local laws and regulations and follow internationally recognized labor rights, make sure the human resources utilization policy does not differentiate between gender, race, socio-economic class, age, marriage, and family status. The Company also uphold the principle of local development, local supply, actively develop local suppliers and implement local procurement in order to reduce carbon emissions caused by long-haul transportation and create local employment opportunities. The Company constantly optimize green procurement and supplier management mechanisms so that upstream and downstream suppliers can jointly practice environmental protection and adhere to human rights protection policies in the course of business to create a sustainable business chain. In the screening of new suppliers, the Company will visit the supplier's company or factory, and visit the construction sites which are under construction or completed as needed. By visiting the supplier, the Company can evaluate suppliers' quality, the enthusiasm to cooperation with the company, and identify the possibility of establishing a solid relationship. After the evaluation, the Company will fill out the results in</p>	None

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary (Note 2)	
			<p>the "Vendor Evaluation Form" as the reference for selecting suppliers.</p> <p>The Company requires all suppliers to promise by regularly issuing declarations that they will not offer any term contracts, bribes, commissions, brokerage fees, post-gratuities, rebates, gifts, hospitality to the Company's affiliates, related parties or designees. In addition to other improper interests, the above commitments are included in the contract terms with suppliers. The Company also requires its suppliers to immediately report any of the above-mentioned acts to the Company in order to prevent dishonest acts. In order to ensure that the cooperating suppliers comply with internationally recognized labor rights, the Company stipulates in the contract that no illegal foreign migrant workers shall be used and compliance with this principle is a prerequisite to cooperate with the Company.</p> <p>If a supplier has a zero-tolerance deficiency, the Company will immediately cease cooperation with the supplier and place the supplier on the blacklist for no further cooperation. In case of non-zero tolerance, the Company will ask the supplier to provide improvement plans and measures according to the level of defects, and review the defective items regularly. If improvements are not made within the deadline, the supplier will be listed as an inferior suppliers and will not be included in the priority list when selecting suppliers for future cooperation, or the payment schedule will be adjusted.</p>	
V. Does the Company, following internationally recognized guidelines, prepare and publish reports such as its corporate Sustainability report to disclose non-financial information of the Company? Does the Company obtain a third-party verification or assurance for such reports?	V		The Company prepared the Sustainability Report in accordance with GRI (Global Reporting Initiative) standards and uploaded the first edition of the Company's Sustainability Report in English and Chinese version on September 30, 2021 on the Market Observation Post System and the Company's website.	None
<p>VI. If the Company has its own code of conduct for sustainable development in accordance with the "Code of Conduct for Sustainable Development of Listed Companies", please describe the differences between its operation and the code.</p> <p>On April 15, 2021, the Company established the "Code of Conduct for Corporate Social Responsibility of Listed Companies" (the Code was renamed as "Code of Conduct for Sustainable Development" by resolution of the Board of Directors on May 12, 2022) and incorporated the principles and spirit of honest management into the relevant rules and regulations, which follows the Code of Conduct for Corporate Social Responsibility of Listed Companies.</p>				
<p>VII. Other important information for understanding the implementation of sustainable development:</p> <p>Please refer to the Company's "ESG Report".</p>				

Note 1: If Yes is selected under Implementation Status, it shall explain the key policies, strategies, measures and implementation situation. If No is selected under Implementation Status, it shall explain the reason and the

plan to implement related policies, strategies and measures to be taken in the future.

Note 2: If a CSR Report is compiled by the Company, inquiry and index page about the CSR Report should be specified under Summary.

Note 3: The materiality principle refers to those related to environmental, social and corporate governance issues that have significant influence on the Company's investors and other interested parties.

(6) Implementation of business integrity, Discrepancy with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons:

Item	Implementation Status (Note 1)			Discrepancy with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons
	Yes	No	Summary	
I. Establishment of business integrity policies and programs				
(1) Does the Company have bylaws and external documents approved by the Board that uphold its policy and business integrity, and are the Board and top management team committed to implementing such policy?	V		(1) The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Rules for Handling Reports of Illegal, Unethical or Dishonest Conduct" to guide members of the Board of Directors and the management of the Company to conduct themselves in accordance with the principles of integrity.	None
(2) Does the company establish the evaluation mechanism for the risk of unethical conducts, so as to regularly analyze and evaluate the operating activities associated with high risk of unethical conduct, and establish appropriate preventive measures at least for the business activities prescribed in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	V		(2) The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Rules for Handling Cases of Reporting Illegal, Unethical or Dishonest Conduct" to regularly analyze and evaluate business activities within the scope of business that have a higher risk of dishonest conduct, to formulate prevention plans and to regularly review the appropriateness and effectiveness of the prevention plans.	None
(3) Has the Company established relevant programs which are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, penalties and grievance channels? Does the Company implement and regularly review to revise them?	V		(3) The Company has a "Ethical Corporate Management Best Practice Principles" and "Procedures for Handling Reports of Illegal, Unethical or Dishonest Conduct" and is expected to adopt "Operating Procedures and Conduct Guidelines for Ethical Corporate Management" in May 2022, which prohibit bribery and accepting bribes, making illegal political contributions, improper charitable donations or sponsorships, offering or accepting improper benefits, infringement of intellectual property rights, products or services to the detriment of stakeholders, and other dishonest conduct by the Company, its directors, officers, employees, appointees and persons under the Company's substantive control. The Company will review and amend the	None

Item	Implementation Status (Note 1)			Discrepancy with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons
	Yes	No	Summary	
			relevant regulations on a regular basis.	
II. Ethical Management Practice				
(1) Does the company check whether the counterparty has any record of ethical misconduct and if the contract terms require compliance of ethical corporate management policy?	V		(1) When signing major contracts, the contractual parties are required to present the “Disclaimer for Conflict of Interest”.	None
(2) Has the company set up a special (concurrent) unit under the direct supervision of the Board, to handle the implementation of the Company’s ethical standards and report the ethical policies and unethical conduct prevention program to the Board periodically (at least annually)?	V		(2) The Company expects to establish an Integrity Management Committee in May 2022, which will be part of the Board of Directors and consist of three members. The Corporate Governance Office will serve as the meeting service unit and will be responsible for assisting the Committee in agenda planning, convening notices, conducting business, taking minutes and other related matters, and reporting to the Board of Directors at least once a year on the integrity management policy and the prevention of misconduct and monitoring the implementation thereof.	None
(3) Has the Company established policies to prevent conflict of interest, provide appropriate reporting channels, and implement policies properly?	V		(3) The Company has established the “ Ethical Corporate Management Best Practice Principles”, “Organizational Procedures of the Integrity Management Committee” and “Operating Procedures and Conduct Guidelines for Ethical Corporate Management” to facilitate the effective operation and compliance of the members of the Integrity Management Committee. In addition, the Company has established various internal regulations, such as the “Regulations for Prevention of Insider Trading,” “Regulations for Reward and Punishment of Employees,” “Regulations for Complaint and Disciplinary Measures against Sexual Harassment in the Workplace,” “Policies and Principles for the Implementation of Employee Opinion Boxes,” “Regulations for Handling Reports of Illegal, Unethical or Dishonest Conduct,” and “Operating Procedures for Handling Internal Material Information,” in order to appropriately handle various risks arising from honest management.	None
	V			

Item	Implementation Status (Note 1)			Discrepancy with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons
	Yes	No	Summary	
(4) To implement relevant policies on ethical conduct, does the Company establish effective accounting and internal control systems? Does the internal audit unit make related audit plans based on the evaluation results of the unethical conduct prevention program, so as to audit the compliance with unethical conduct prevention program by the internal auditors or the entrusted CPA?	V		(4)The Company established the "Ethical Corporate Management Best Practice Principles" on April 15th, 2021. The Principles are effectively implemented along with the Company's existing accounting system and internal control system, and the internal auditors implement audits in accordance with the annual audit plan.	None
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?	V		(5) The Company appoint an instructor to lecture on "Practical Insider Trading Case Studies" on May 3rd, 2021 for all of the Company's Directors and managers.	None
III. Complaint Procedures				
(1) Has the Company established specific grievance and reward management procedures, as well as accessible grievance channels, and designated responsible individuals to handle complaints?	V		(1) The Company established the "Employee Opinion Box Implementation Policy and Principles" and set up an opinion box to create smooth communication channels between employees and the Company. The General Manager personally responds to the employees' opinions.	None
(2) Has the Company established standard operating procedures for investigating complaints and the subsequent measures taken after the investigation, and ensuring that such complaints are handled in a confidential manner?	V		(2) Article 22 of the Company Ethical Corporate Management Best Practice Principles established the reporting system and standard operating procedures and confidentiality mechanisms for case acceptance, investigation processes, investigation results, and related documentation.	None
(3) Does the Company adopt proper measures to protect a complainant from retaliation?	V		(3) It is committed to keep the profile of complainant confidential in the "Policies and Principles for Implementing Employee Advice Mailbox".	None
IV. Strengthening Information Disclosure				
(1) Does the Company disclose its Ethical Corporate Management Principles as well as information about implementation of such principles on its website and the MOPS?	V		The Company has established the Ethical Corporate Management Best Practice Principles", "Organizational Procedures of the Integrity Management Committee" and "Operating Procedures and Conduct Guidelines for Ethical Corporate Management", and has also disclosed the	None

Item	Implementation Status (Note 1)			Discrepancy with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons
	Yes	No	Summary	
			effectiveness of its promotion on MOPS.	
<p>V. If the Company has established the Ethical Corporate Management Principles based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX List Companies, describe the difference between the principles and implementation: The Company expects to establish an integrity management committee in May 2022 and incorporate the principles and spirit of integrity management into the relevant regulations to comply with the code of conduct for listed and listed companies.</p>				
<p>VI. Other important information to facilitate better understanding of the Company's implementation of business integrity (e.g., review and amendments to the Company's Ethical Code of Conduct)</p> <ol style="list-style-type: none"> 1. The Company complies with the Company Act, the Securities and Exchange Act, and related regulations for listed companies and other codes related to business conduct, which are taken as the foundation for implementing business integrity. 2. The Company regulates avoiding the conflict of interests for directors and stakeholders in the "Handbook for Board Meeting" and "Regulations Governing the Transactions with Related Parties". 3. The Company has established the "Operation Procedures for the Processing of Material Information", and the "Operation Procedures for Prevention of Insider Trading" to prevent improper disclosure of information. 				

Note 1: The Summary should be specified regardless of a Yes or No selection under the Implementation Status.

(7) If the company develops a corporate governance code and relevant regulations, it should disclose its inquiry method:

Relevant regulations:

1. Handbook for Shareholders' Meeting
2. Handbook for Board Meeting
3. Director Election Regulations
4. Operation Procedures for the Acquisition or Disposal of Assets
5. Operation Procedures for Lending Capital to Others
6. Operation Procedures for Endorsements and Guarantees
7. Operation Procedures for Prevention of Insider Trading
8. Operation Procedures for the Processing of Material Information
9. Policies and Principles for Implementing Employee Advice Mailbox
10. Remuneration Committee Charters
11. CSR Code of Best Practice
12. Audit Committee Charters
13. Regulations on Scope of Responsibilities of Independent Directors
14. Board and Functional Committee Performance Evaluation Regulations
15. Corporate Social Responsibility Best Practice Principles
16. Ethical Corporate Management Best Practice Principles

Inquiry method:

These regulations are available on the Company's website and the Market Observation Post System.

(8) The Company has established the "Operation Procedures for the Processing of Material Information", and the "Operation Procedures for Prevention of Insider Trading", and announced to all employees, managerial officers and directors:

The Company organizes at least one session of training on "regulations for preventing insider trading" and training on related regulations for current Directors, managers, and insiders at least once every year. The Company appoint the attorney Hsu, Chao-Ching to lecture on "Practical Insider Trading Case Studies" on May 3rd, 2021 for all of the Company's Directors and managers.

The Company provides the "Insider Equity Trading Q&A for Listed Companies" formulated by the TWSE after new employees are appointed to provide training. The Company provided related training for employees through the business communication forms. The contents included introduction to insider trading laws and regulations, causes of insider trading, process for determining insider training, penalties, and examples of common insider trading violations. The Company also placed the briefing and video files in the internal files of the Company for employees to view at any time. New employees are provided with an orientation manual for reference after they report for duty.

Four of the Directors of the Company's current Board of Directors attended the "Seminar on Legal Compliance for Stock Transactions by Internal Personnel of Listed Companies".

(9) Other important information to facilitate better understanding of the Company's implementation of corporate governance may also be disclosed:

None.

(10) Implementation of internal control system:

1. Statement of Internal Control System:


Delpha Construction Co., Ltd.
Statement of Internal Control System

Date: March 30th, 2022

Based on the findings of a self-assessment, Delpha Construction Co., Ltd. states the following with regard to its internal control system during the year 2021:

1. The Company's board of directors and managerial officers are responsible for establishing, implementing, and maintaining an adequate internal control system and have already established it. Its purpose is: i. to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets); ii. The report has reliability, timeliness, transparency; iii. It is in compliance with applicable rulings, laws and regulations, and could provide reasonable guarantees.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its three stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: i. control environment, ii. risk assessment, iii. control activities, iv. information and communication, and v. monitoring activities, each of which includes several items. As for more details about the said components, please refer to the provisions in the Regulations.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, the Company believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of the Company's Annual Report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was passed by the board of directors in their meeting held on March 30, 2022, with none of the 7 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Delpha Construction Co., Ltd.

Chairman: Cheng, Ssu-Tsung



General Manager: Wu, Yu-Guo



2. If CPA was engaged to conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

(11) Disclosure of any sanction imposed in accordance with the law upon the Company and its internal personnel, any sanction imposed by the Company upon its internal personnel for violation of internal control system provisions, principal deficiencies, and efforts to implement improvements in the most recent year and as of the Annual Report publication date:
None.

(12) Resolutions made during the shareholders' meeting or board meeting in the most recent year and as of the Annual Report publication date:

1. Review of the implementation of resolutions made during the shareholders' meeting in the most recent year:

Resolutions of the shareholders' meeting	Implementation
1. Approved the Company's 2020 Business Reports and Financial Statements.	Announced major information on August 5 th , 2021 as required after the resolution of the shareholders' meeting.
2. Approved the Company's 2020 loss make-up proposal.	
3. Amendments to the Company's "Articles of Incorporation".	After the resolution of the shareholders' meeting, it was uploaded to the Market Observation Post System and the Company's website on August 5 th , 2021 in accordance with the regulations, and the revised procedures were followed.
4. Amendments to the "Procedures for the Acquisition or Disposal of Assets of the Company".	
5. Approved the private placement of common share by the Company.	The shareholders' meeting resolved the completion of the 2021 private placement, and the registration of the change was completed, with a total of 200,000,000 shares and a private placement amount of NT\$2,360,000,000.

2. Important resolutions made during the shareholders' meeting and board meeting

Date	Meeting type	Resolutions	Remarks
2021/02/22	Board meeting	<ol style="list-style-type: none"> 1. Passed the cash capital increase of the subsidiary Huajian Construction Co., Ltd. 2. Passed the agreement on audit fees for 2021 signed by the Company and Shine Wing Taiwan. 3. Passed the Amendment of the Company's "Delegation of Authority Table". 4. Passed the amendment of the Company's "EPC Project Procurement Regulations" and the establishment of the "Subcontracting Construction and Procurement Regulations". 5. Passed the amendment of the Company's "Employee Leave Regulations". 6. Passed the purchase of 1 plots of land on No. 124 on Lejie Section, Guishan District, Taoyuan City. 7. Passed the purchase of 5 plots of land on No. 226 on Qingxi Section, Zhongli District, Taoyuan City. 8. Passed the purchase of 8 plots of land including No. 41, Xinzhan Section, Shalu District, Taichung City. 9. Passed the distribution of sales bonus to the Company's managers and Chief Auditor. 10. Passed the promotion of the Company's Chief Financial Officer. 	

2021/03/30	Board meeting	<ol style="list-style-type: none"> 1. Passed the proposal for participating in the tender for 4 plots of land including No. 79 and 80 on Wenshang Section, Xitun District, Taichung City and No. 28 and 31, Xingaojie Section, Wurih District. 2. Passed the proposal for the purchase of 2 plots of land including plot No. 414 and 415, Qingshan Section, Dayuan District, Taoyuan City. 3. Passed the proposal for the purchase of 5 plots of land including No. 29 on Shanjie Section, Guishan District, Taoyuan City. 4. Passed the Company's 2020 business report and financial statements. 5. Passed the Company's 2020 loss makeup proposal. 6. Passed the amendment of the Company's "Articles of Incorporation". 7. Discussion and amendment of the Company's "Procedures for Acquisition or Disposal of Assets". 8. Discussion and amendment of the Company's "Accounting System". 9. Discussion and amendment of the Company's "Financial Statements Formulation Procedures and Management Regulations". 10. Submission of the Company's 2020 "Statement of Internal Control System". 11. The date and agenda for the Company's 2021 general shareholders' meeting. 12. Appointment of the "Corporate Governance Officer". 13. Removal of restriction on concurrent posts and non-compete clause for the Company's General Manager and Chief Financial Officer.
2021/04/15	Board meeting	<ol style="list-style-type: none"> 1. The Company's proposal for the issuance of ordinary shares through private placement. 2. By-election of one Independent Director. 3. The period for accepting nomination of Independent Directors, number of seats to be elected, and the venue for accepting nomination. 4. The list of candidates for independent directors nominated by the Board for Directors. 5. The date and agenda for the Company's 2021 general shareholders' meeting (added new agenda). 6. Amendment of the Company's "Organizational Structure". 7. Establishment of the Company's "Corporate Social Responsibility Best Practice Principles" and establishment of a unit responsible for promoting corporate social responsibility. 8. Establishment of the Company's "Ethical Corporate Management Best Practice Principles" and creation of the Ethical Corporate Management Team. 9. The Company's plan for signing a construction project contract with the subsidiary Huajian Construction Co., Ltd. for the residential complexes on "Xinbi Section", "Lejie Section A", and "Qingxi Section A".
2021/05/12	Board meeting	<ol style="list-style-type: none"> 1. The Company has signed the supplemental Deeds with the related parties for two plots of land at 233 and 235, Xinbi Section, Luzhu District, Taoyuan City, and two plots of land at 488 and 489, Qingxi Section, Zhongli District, Taoyuan City. 2. Discussion of the Company's managers and auditors' bonuses for the 2021 Dragon Boat Festival.
2021/07/13	Board meeting	<ol style="list-style-type: none"> 1. The Company intends to sign a contract with its subsidiary, Huajian Construction Co., Ltd., for the new construction of a congregate housing (Falsework Part) on Qingxi Section B. 2. Postponement of the Company's 2021 Annual General Meeting of Shareholders.
2021/08/05	shareholders' meeting	<p>Approved by vote as follows :</p> <ol style="list-style-type: none"> 1. The Company's business report and financial statements of 2020. 2. The Company's proposal of make-up loss in fiscal 2020. 3. The amendment of the Company's "Articles of Incorporation". 4. The amendment of the Company's "Procedures for the Acquisition or Disposal of Assets". 5. Issuance of common stock by the Company in a private placement.
2021/08/05	Board meeting	<ol style="list-style-type: none"> 1. To set up the subscription price and the determination date of capital increase for the private placement. 2. To authorize the chairman of the board of directors to decide on the quota for future land development.

		3. Supplemental appointment of the fourth term of the "Renumeration Committee" members.	
2021/08/11	Board meeting	1. New Independent Director Monthly Salary Case. 2. Appointment of "Legal Director". 3. Salary adjustment for managers and auditors. 4. To cancel the first closing of the private placement of common stock approved by the Board of Directors on August 5, 2021. 5. To set up the subscription price and determination date for the Company's 2021 private placement of common stock.	
2021/09/03	Board meeting	1. To set up the subscription price and determination date of capital increase for the Company's 2021 private placement of common stock. 2. Discussion of the 2021 Mid-Autumn Festival Bonus for our managers and auditors.	
2021/10/12	Board meeting	1. The Company private placement of common stock. 2. The date of and the reason for the Company's first special shareholders' meeting in 2021. 3. The Company intends to sign a contract with its subsidiary, Huajian Construction Co., Ltd., for the new construction of a congregate housing (Geotechnical Engineering Part) on Qingxi Section B.	
2021/11/11	Board meeting	1. The Company intends to sign a contract with its subsidiary, Huajian Construction Co., Ltd., for the new construction of a congregate housing (Geotechnical Engineering Part) on Xinzhan Section. 2. The Company provided an endorsement guarantee case for Huajian Construction Co., Ltd. 3. To set up the internal audit plan for the year 2022. 4. Discussion of the amendment of the Company's "Rules of Procedures for Board of Directors Meeting". 5. Addition of the Company's "Measures for the Report on Illegal, Immoral and Dishonest Acts". 6. Addition of the Company's "Code of Risk Management". 7. Amendment of the the Company's "Regulations for Attendance". 8. Amendment of the Company's "List of Wedding and Funeral Subsidies for Employees". 9. Amendment of the "Regulations for the Purchase of Self-use Residential Housing". 10. Amendment of the "Rules for Procurement and Contracting" and "Rules for cost certificate and payment for Construction". 11. Repealed the "Planning and Design Practice" and "Subcontracting Procurement Practice".	
2022/01/19	Board meeting	1. Approved the payment of the land volume transfer fee for plot No. 31 of Shingaotie Section in Wuri District, Taichung City. 2. The Company and its subsidiary, Huajian Construction Co., Ltd. signed a contract for the new construction of a congregate housing (Structural Engineering Part) on Qingxi Section B. 3. The Company replaces the "Fuel Subsidy Application Method" with the "Transportation and Travel Subsidy Method" and amends the "Vehicle Purchase Subsidy Method" and the "Official Vehicle Use Management Method" of the Company. 5. The year-end bonus for managers and auditors of the Company for 2021.	
2022/02/10	Board meeting	1. The Company intends to sign a contract with its subsidiary, Huajian Construction Co., Ltd., for the new construction of a congregate housing (Structural Engineering Part) in New Station Shingaotie Section, Wuri District, Taichung City. 2. To set up the issue price of the Company's first private placement of common stock in 2022 and the base date of the capital increase. 3. The case of the Company's general manager incentive payment. °	
2022/03/30	Board meeting	1. The Company's Business report and financial statements for fiscal year 2021. 2. The Company's Loss make-up proposal for the year 2021. 3. The Company signed a contract with Shine Wing Taiwan for the annual fee of 2022. 4. Discussion of the amendment of the Company's "Articles of Incorporation". 5. Discussion of the amendment of the Company's "Procedures for the Acquisition or Disposal of Assets". 6. Discussion on the amendment of the Company's "Rules of Procedures for Shareholders' Meeting". 7. To evaluate the effectiveness of the internal control system in fiscal year 2021. 8. The Company signed a contract with its subsidiary Huajian Construction Co., Ltd. for the new construction of a congregate housing (Geotechnical Engineering Part) on Shingaotie Section, Wuri District, Taichung City. 9. The date of and the reason for the Company's 2022 Annual General Meeting of Shareholders.	
2022/04/25	Board	To set up the subscription price of the Company's second private placement of common stock in	

	meeting	2022 and the determination date of the capital increase.	
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(13) Whereas, in the most recent year and as of the Annual Report publication date, a director has expressed a dissenting opinion with respect to an important resolution passed by the Board, and the said opinion has been recorded or prepared as a written declaration, with main content disclosed thereof:N/A

(14) A summary of resignations and dismissals, in the most recent year and as of the Annual Report publication date, of the persons related to the Financial Statements (including the Chairman, General Manager, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Corporate Governance Manager and R&D manager): N/A

5. Information on CPA Fees:

(1) The company may opt to disclose CPA fees either by fee range or by individual amount disclosure, and given any one of the following conditions, shall disclose information as follows:

Unit: NT\$1,000

Name of accounting firm	Name of CPAs	Audit period	Audit fees	Non-audit fees	Total	Remark
ShineWing Taiwan	Chen, Kuang-Hui	2021/01/01~ 2021/12/31	1,500	525	2,025	Note1
	Yau, Yu Lin					

Note 1: Non-audit public service content :

- (1) Business registration fee NT\$315,000.
- (2) Salary auditing fee of NT\$20,000.
- (3) Pre-sale premium trust auditing fee NT\$80,000.
- (4) Accountant's review letter for land purchase NT\$110,000

Note 2: If the Company changes its accountant or accounting firm during the year, please list the audit period and state the reasons for the change in the remarks column, and disclose the information of audit and non-audit fees paid in order. The non-audit fees should be accompanied by a description of the services provided.

2. The accounting firm is changed and the audit fee for that year is less than in the previous year, it should disclose the amount of the audit fees paid before and after the replacement, and the reason: N/A.

3. The audit fee is reduced by over 10% than that of the previous year, it should disclose the reduction amount, proportion and reason: N/A.

6. Information on replacement of CPA: N/A.

7. Employment of the Company's Chairman, General Manager, Financial or Accounting Manager with the Accounting Firm or Its Affiliates in the Most Recent Year, It Should Disclose His Name, Title and Period when Employed by the Accounting Firm of the CPA Being or its Affiliated Companies: None.

8. Changes in Shareholding and Equity Pledge of Directors, Supervisors, Managerial Officers and Shareholders Holding More Than 10% of the Company's Shares in the Latest Year and as of the Annual Report publication date:

Unit: share

Title (Note 1)	Name	2020		The current year until April 25 th	
		Shareholding increase/decrease	Pledged shares increase/decrease	Shareholding increase/decrease	Pledged shares increase/decrease
Chairman	Cheng, Ssu-Tsung	-	-	-	-
Director	Lee, Chin-Yi	-	-	100,000 0	-
Director	Dajie Investment Co., Ltd. Representative: Tseng, Ping-Joung	-	-	-	-
Director	Yan, Ming-Hung	400,000 0	-	-	-
Independent director	Wang, Mu-Fan	100,000 0	-	50,000 0	-
Independent director	Yeh, Chien-Wei	-	-	150,000 0	-
Independent director	Chen, Rui-Li	-	-	-	-
General Manager	Wu, Yu-Guo	-	-	-	-
Vice president	Lee, Jun-Xian	200,000 0	-	-	-
Chief Financial Officer	Chien, Lin Chin	150,000 (5,000)	135,000 0	35,000 0	-
Accounting Manager	Wu, Sing-Suei	100,000 0	-	150,000 0	230,000 0
Corporate Governance Officer	Wang, Chen-Kang	320,000 0	-	-	-
Shareholder with the shareholding more than 10%	Chia Chun Investment Co., Ltd.	135,795,700 0	77,700,000 0	-	126,017,700 0

Independent director	Huang, Chih-Chen (Inauguration date : 2021/3/30) (Dismissal date : 2021/03/26)	-	-	-	-
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Note 1: The shareholders with the shareholding rate higher than 10% should be marked as major shareholders, which should be listed respectively.

Note 2: If the counterparty of equity transfer or equity pledge is a related party, it shall fill in the table as below.

9. Relationship Information: Any one among the Company's 10 Largest Shareholders is a related party or relative within the second degree of kinship of another shareholder:

Name (Note 1)	Shareholding		Spouse & minor current shareholding		Current shareholding by nominee arrangement		Name and relationship of the top 10 largest shareholders with parties, spouses, or relatives within the second degree of kinship (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Chia Chun Investment Co., Ltd.	230,572,599	29.78%	-	-	-	-	-	-	
Representative of Chia Chun Investment Co., Ltd.: Lin, Jia-Hong	-	-	-	-	-	-	Chia Chun Investment Co., Ltd.	The Chairman of this Company	
Neng Hong Investment Holdings Co., Ltd.	67,170,034	8.67%	-	-	-	-	-	-	
Representative of Neng Hong Investment Holdings Co., Ltd. : Wu, Yu-Te	3,153,000	0.41%	-	-	-	-	Neng Hong Investment Holdings Co., LTD.	The Chairman of this Company	
Da Shuo Investment Co., Ltd.	50,632,046	6.54%	-	-	-	-	Da Jie Investment Co., Ltd.	The Chairman of the Company is also the Chairman of this Company.	
							Lin, Wen-Liang	The first degree of kinship of the Chairman of the Company	
Representative of Da Shuo Investment Co., Ltd.: Lin, Jian-Yu	221,874	0.03%	-	-	-	-	Da Shuo Investment Co., Ltd.	The Chairman of this Company	
							Da Jie Investment Co., Ltd.	The Chairman of this Company	
							Lin, Wen-Liang	The first degree of kinship	
Chang Yun Investment Co., Ltd.	27,500,000	3.55%	-	-	-	-	-	-	
Representative of Chang Yun Investment Co., Ltd.: Wu, Yu-Ti	5,601,000	0.72%	-	-	-	-	Chang Yun Investment Co., Ltd.	The Chairman of this Company	
Hiyes International Co., Ltd.	21,030,000	2.72%	-	-	-	-	-	-	

Representative of Hiyes International Co., Ltd. : Huang, Hsi-Wen	-	-						Hiyes International Co., Ltd.	The Chairman of this Company
Da Jie Investment Co., Ltd.	16,888,773	2.18%						Da Shuo Investment Co., Ltd.	The Chairman of the Company is also the Chairman of this Company.
								Lin, Wen-Liang	The first degree of kinship of the Chairman of this Company
Representative of Da Jie Investment Co., Ltd.: Lin, Jian-Yu	221,874	0.03%						Da Shuo Investment Co., Ltd.	The Chairman of this Company
								Da Jie Investment Co., Ltd.	The Chairman of this Company
								Lin, Wen-Liang	The first degree of kinship
Wan Tai Fu Construction Co., Ltd.	15,724,388	2.03%	-	-	-	-	-	-	-
Representative of Wan Tai Fu Construction Co., Ltd.: Pan, Kuo-Shun	-	-	-	-	-	-	-	Wan Tai Fu Construction Co., Ltd.	The Chairman of this Company
Lin, Wen-Liang	11,259,098	1.45%	3,912,034	0.51%				Da Shuo Investment Co., Ltd.	The first degree of kinship of the Chairman of this Company
								Da Jie Investment Co., Ltd.	The first degree of kinship of the Chairman of this Company
Peng, Shu-Ing	10,143,000	1.31%	16,925	-	-	-	-	-	-
Hao Investment Co., Ltd	10,000,000	1.29%	-	-	-	-	-	-	-
Representative of Hao Investment Co., Ltd Cheng, Ssu-Tsung	-	-	-	-	10,000 ,000	1.29%		Hao Investment Co., Ltd	The Chairman of this Company

Note 1: The top 10 shareholders should be all listed. For the institutional shareholder, its name and the name of its representative should be listed respectively.

Note 2: As for the shareholding, it should be calculated based on the shareholding under the name of himself, his spouse & minor, or others.

Note 3: The relations between the shareholders listed above, including companies and individuals, should be disclosed based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

1. Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, its Directors and Supervisors, Managerial Officers, and Any Company Controlled Either Directly or Indirectly by the Company:

Until March 30th, 2021/Unit: share; %

Reinvestment business (Note)	Investment of the Company		Investment of the director, supervisor, manager and directly or indirectly controlled business		Comprehensive investment	
	Shares	%	Shares	%	Shares	%
Huachien Development Co., Ltd.	18,207,735	58.36%	--	--	18,207,735	58.36%
Huajian Construction Co.,Ltd	35,000,000	100.00%	-	-	35,000,000	100.00%

Note 1: It refers to the Company's investment based on equity method.

【Capital Overview】

1. Capital and Shares (Including Preferred Stock)

(1) Source of capital stock

1. Formation of capital stock:

Year/ Month	Par value	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital increased by assets other than cash	Others
1985.04	1000	30,000	30,000,000	30,000	30,000,000	Capital increase by cash	--	None
1985.06	1000	50,000	50,000,000	50,000	50,000,000	Capital increase by cash	--	None
1988.10	1000	100,000	100,000,000	100,000	100,000,000	Capital increase by capital reserve	--	None
1990.09	10	19,500,000	195,000,000	19,500,000	195,000,000	Capital increase by cash	--	None
1992.02	10	37,375,000	373,750,000	37,375,000	373,750,000	Capital increase by cash Capital increase by earnings and capital reserve	--	A capital increase of NT\$178,750,000, composed of 17,875,000 shares with NT\$10 per share, which was approved in the Document No. 00248 of (1992)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on February 28 th , 1992.
1992.11	10~12	54,233,750	542,337,500	54,233,750	542,337,500	Capital increase by cash Capital increase by earnings and capital reserve	--	A capital increase of NT\$168,587,500, composed of 16,858,750 shares with NT\$10 per share, which was approved in the Document No. 02898 of (1992)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on November 9 th , 1992.

1993.07	10	62,452,812	624,528,120	62,452,812	624,528,120	Capital increase by earnings and capital reserve	--	A capital increase of NT\$82,190,620, composed of 8,219,062 shares with NT\$10 per share, which was approved in the Document No. 30936 of (1992)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on July 22 nd , 1993.
1994.08	10	84,943,375	849,433,750	84,943,375	849,433,750	Capital increase by cash Capital increase by earnings	--	A capital increase of NT\$224,905,630, composed of 22,490,563 shares with NT\$10 per share, which was approved in the Document No. 32556 of (1994)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on August 4 th , 1994.
1995.10	10~20	150,000,000	1,500,000,000	115,365,791	1,153,657,910	Capital increase by cash Capital increase by earnings	--	A capital increase of NT\$304,224,160, composed of 30,422,416 shares with NT\$10 per share, which was approved in the Document No. 53734 of (1995)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on October 30 th , 1995.
1996.07	10	150,000,000	1,500,000,000	126,902,370	1,269,023,700	Capital increase by earnings	--	A capital increase of NT\$115,365,790, composed of 11,536,579 shares with NT\$10 per share, which was approved in the Document No. 40392 of (1996)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on July 2 nd , 1996.
1996.10	10~27	300,000,000	3,000,000,000	169,902,370	1,699,023,700	Capital increase by cash	--	A capital increase of NT\$ 430,000,000, composed of 43,000,000 shares with NT\$10 per share, which was approved in the Document No. 59106 of (1996)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on October

								15 th , 1996. With the amount of total capital within NT\$800,000,000, it may issue the convertible corporate bond.
1997.06	10~30	330,000,000	3,300,000,000	240,484,796	2,404,847,960	Capital increase by cash Capital increase by earnings and capital reserve	--	A capital increase of NT\$705,824,260, composed of 70,582,426 shares with NT\$10 per share, which was approved in the Document No. 40789 of (1997)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on June 4, 1997. With the amount of total capital within NT\$900,000,000, it may issue the convertible corporate bond.
1997.08	10	330,000,000	3,300,000,000	245,245,012	2,452,450,120	Conversion from certificate of entitlement to new shares form convertible bond Common shares	--	It converted the certificate of entitlement to new shares form convertible bond (Huachien A) into common shares with NT\$10 per share, with a total of NT\$47,602,160. It was approved in the Document No. 62893 of (1997)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on August 9 th , 1997. With the amount of total capital within NT\$800,000,000, it may issue the convertible corporate bond.
1998.01	10	330,000,000	3,300,000,000	257,683,522	2,576,835,220	Conversion from certificate of entitlement to new shares form convertible bond Common shares	--	It converted the certificate of entitlement to new shares form convertible bond (Huachien b) into common shares with NT\$10 per share, with a total of NT\$124,385,100. It was approved in the Document No. 11151 of (1998)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on January 13 th , 1998.
1998.05	10	500,000,000	5,000,000,000	326,902,009	3,269,020,090	Capital increase by	--	A capital increase of NT\$692,184,870,

						earnings and capital reserve Conversion from certificate of entitlement to new shares form convertible bond Common shares		composed of 69,218,487 shares with NT\$10 per share, which was approved in the Document No. 39123 of (1998)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on May 8 th , 1998. With the amount of total capital within NT\$1,000,000,000, it may issue the convertible corporate bond.
1998.08	10~36	500,000,000	5,000,000,000	356,902,009	3,569,020,090	Capital increase by cash	--	A capital increase of NT\$300,000,000, composed of 30,000,000 shares with NT\$10 per share, which was approved in the Document No. 65978 of (1998)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on August 7 th , 1998. With the amount of total capital within NT\$1,000,000,000, it may issue the convertible corporate bond.
1999.08	10	600,000,000	6,000,000,000	394,194,176	3,941,941,760	Capital increase by earnings	--	A capital increase of NT\$372,921,670, composed of 37,292,167 shares with NT\$10 per share, which was approved in the Document No. 5074 of (2000)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on June 1 st , 1999. With the amount of total capital within NT\$1,000,000,000, it may issue the convertible corporate bond.
2000.08	10	533,613,592	5,336,135,920	433,613,592	4,336,135,920	Capital increase by earnings and capital reserve	--	A capital increase of NT\$394,194,160, composed of 39,419,416 shares with NT\$10 per share, which was approved in the Document No. 52742 of (2000)Tai Cai Zheng (I) announced by the SFC under the Ministry of Finance on June 22 nd , 2000. With the amount of total capital within NT\$1,000,000,000, it may issue the convertible corporate bond.

2001.03	10	533,613,592	5,336,135,920	420,228,592	4,202,285,920	Buyback of treasury stock	--	A capital reduction of 13,385,000 shares, which was approved to be cancelled by the Ministry of Economic Affairs in the Document No. 09001121830 of Jing (2001) announced on April 9 th , 2001.
2004.09	10	533,613,592	5,336,135,920	268,434,130	2,684,341,300	Capital reduction to offset losses	--	A capital reduction of 151,794,462 shares, which was approved to be changed by the Department of Commerce, Ministry of Economic Affairs in the Document No. 09301165340 of Jing Shou Shang on September 3 rd , 2004.
2004.10	2.99	533,613,592	5,336,135,920	309,571,130	3,095,711,300	Capital increase by cash of private placement	--	A capital increase of NT\$411,370,000 composed of 41,137,000 shares with NT\$10 per share, which was approved by the Department of Commerce, Ministry of Economic Affairs in the Document No. 09301191540 of Jing Shou Shang on October 21 st , 2004.
2007.09	8	533,613,592	5,336,135,920	328,321,130	3,283,211,300	Capital increase by cash of private placement	--	A capital increase of NT\$187,500,000 composed of 18,750,000 shares with NT\$10 per share, which was approved by the Department of Commerce, Ministry of Economic Affairs in the Document No. 09601222970 of Jing Shou Shang on September 11 th , 2007.
2009.08	10	533,613,592	5,336,135,920	253,891,529	2,538,915,290	Capital reduction	--	A capital reduction of NT\$744,296,010 composed of 74,429,601 shares with NT\$10 per share, which was approved to be changed by the Department of Commerce, Ministry of Economic Affairs in the Document No. 09801177690 of Jing Shou Shang on August 6 th , 2009.
2010.08	10	533,613,592	5,336,135,920	258,969,360	2,589,693,600	Capital increase by earnings	--	A capital increase of NT\$50,778,310 by earnings, composed of 5,077,831 shares

								with NT\$10 per share, which was approved by the Department of Commerce, Ministry of Economic Affairs in the Document No. 09901187360 of Jing Shou Shang on August 17 th , 2010.
2011.09	10	533,613,592	5,336,135,920	265,443,594	2,654,435,940	Capital increase by earnings	--	A capital increase of NT\$64,742,340, composed of 6,474,234 shares with NT\$10 per share, which was approved by the Department of Commerce, Ministry of Economic Affairs in the Document No. 10001200540 of Jing Shou Shang on September 20 th , 2011.
2012.08	10	533,613,592	5,336,135,920	270,752,466	2,707,524,660	Capital increase by earnings	--	A capital increase of NT\$53,088,720, composed of 5,308,872 shares with NT\$10 per share, which was approved by the Department of Commerce, Ministry of Economic Affairs in the Document No. 10101173500 of Jing Shou Shang on August 21 st , 2012.
2021.01	10	533,613,592	5,336,135,920	520,752,466	5,207,524,660	Capital increase by cash	--	A capital increase of NT\$2,500,000,000, composed of 250,000,000 shares with NT\$10 per share, which was approved by the Department of Commerce, Ministry of Economic Affairs in the Document No. 10901245570 of Jing Shou Shang on January 6 th , 2021
2021.09	10	1,200,000,000	12,000,000,000	603,752,466	6,037,524,660	Capital increase by cash of private placement	--	A capital increase of NT\$830,000,000, composed of 83,000,000 shares with NT\$10 per share, which was approved by the Department of Commerce, Ministry of Economic Affairs in the Document No. 11001183190 of Jing Shou Shang on September 29 th , 2021

2021.10	10	1,200,000,000	12,000,000,000	720,752,466	7,207,524,660	Capital increase by cash of private placement	--	A capital increase of NT\$1,170,000,000, composed of 117,000,000 shares with NT\$10 per share, which was approved by the Department of Commerce, Ministry of Economic Affairs in the Document No. 11001183190 of Jing Shou Shang on October 14 th , 2021
2022.03	10	1,200,000,000	12,000,000,000	774,323,466	7,743,234,660	Capital increase by cash of private placement	--	A capital increase of NT\$535,710,000, composed of 53,571,000 shares with NT\$10 per share, which was approved by the Department of Commerce, Ministry of Economic Affairs in the Document No. 11101040400 of Jing Shou Shang on March 18 th , 2022

Note: The date of incorporation is December 1960, with the amount of paid-in capital of NT\$900,000. During the period from 1960~1985, it increased capital by cash of NT29,100,000 in total.

2. Capital of the Company

Definition of Stock	Authorized capital stock			Remarks
	Outstanding shocks (issued)	Non-issued shocks	Total	
Registered common stock	774,323,466 shares	425,676,534 shares	1,200,000,000 shares	As of the Annual Report publication date, it has issued a total of 720,752,466 shares.

3. General information about the reporting system: N/A.

(2) Shareholder structure

May 02th, 2022

Shareholders' Structure Amount	Government	Financial Institutions	Juridical Person	Private Investors	Foreign Institutions and Foreigners	Treasury Stock	Total
Number of shareholders	0	1	263	33,937	46	0	34,247
Shareholding	0	227	471,882,580	297,205,445	5,235,214	0	774,323,466
Shareholding ratio (%)	0.00%	0.00%	60.94%	38.38%	0.68%	0.00%	100.00%

Note: The primary listed (OTC listed) company should disclose the holding percentage of capital stock from Mainland China. It refers to the Chinese individuals, entities, groups, other institutions or companies investing in a third place as regulated in Article 3 of the Policy of Allowing Mainland Chinese Investors to Invest in Taiwan.

(3) Dispersion of shareholding

May 2th, 2022

Shares	Number of shareholders	Shareholding	Shareholding ratio (%)
1-999	26,746	1,578,888	0.20%
1,000-5,000	4,690	9,522,953	1.23%
5,001-10,000	1,051	8,273,324	1.07%
10,001-15,000	349	4,338,328	0.56%
15,001-20,000	272	5,020,436	0.65%
20,001-30,000	250	6,530,076	0.84%
30,001-40,000	142	5,081,809	0.66%
40,001-50,000	126	5,916,685	0.76%
50,001-100,000	247	18,074,143	2.33%
100,001-200,000	137	19,837,671	2.56%
200,001-400,000	101	28,691,157	3.71%
400,001-600,000	42	20,843,730	2.69%
600,001-800,000	8	5,667,005	0.73%
800,001-1000,000	20	18,379,643	2.37%
Above 1,000,001 shares	66	616,567,618	79.64%
Total	34,247	774,323,466	100.00%

(4) Major shareholders

May 2, 2022

Name of major shareholders	Shareholding	Shareholding ratio (%)
Chia Chun Investment Co., Ltd.	230, 572, 599	29. 78%
Neng Hong Investment Holdings Co., Ltd.	67, 170, 034	8. 67%
Da Shuo Investment Co., Ltd.	50, 632, 046	6. 54%
Chang Yun Investment Co., Ltd.	27, 500, 000	3. 55%
Hiyes International Co., LTD.	21, 030, 000	2. 72%
Da Jie Investment Co., Ltd.	16, 888, 773	2. 18%
Wan Dai Fu Construction Co., Ltd.	15, 724, 388	2. 03%
Lin, Wen-Liang	11, 259, 098	1. 45%
Peng, Shu-Ing	10, 143, 000	1. 31%
Hao Investment Co., Ltd.	10, 000, 000	1. 29%

(5) Market price, net worth, earnings, dividends per share for the most recent two fiscal year:

Item		Year			
		2020 (Adopting IFRS)	2021 (Adopting IFRS)	2022 and until March 31 (Adopting IFRS)	
Market price per share (Note 1)	Highest	19.00	15.85	15.20	
	Lowest	13.50	12.95	14.35	
	Average	15.99	14.14	14.58	
Net worth per share (Note 2)	Before distribution	11.81	11.65	--	
	After distribution	11.81	Pending for resolution	--	
Earnings per share	Weighted average shares		282,364,488	584,064,797	--
	Earnings per share (Note 3)	Before adjustment	(0.32)	(0.20)	--
		After adjustment	--	--	--
Dividend per share	Cash dividend		--	--	--
	Stock dividend	Before adjustment	--	--	
		After adjustment	--	--	
	Dividend in arrears (Note 4)		--	--	
Analysis of return on investment	P/E ratio (Note 5)		(49.97)	(70.70)	
	Price-dividend ratio (Note 6)		--	--	
	Cash dividend yield (Note 7)		--	--	

Note 1: It should list the highest and lowest market price of the common shares each year, and calculate the average market price based on the annual turnover in value and trading volume.

Note 2: It is subject to the number of shares that were issued by the end of each year and based on the distribution upon the resolution during the shareholder's meeting held in the subsequent year.

Net worth per share=shareholder's equity / (number of common shares + number of preferred shares (under the shareholder's equity) + number of shares equivalent to the capital collected in advance (under the shareholder's equity) –number of treasury stock of the parent company held by the parent company and the subsidiaries)

Note 3: If retroactive adjustment is required in cases such as stock dividends, the EPS should also be listed before and after the adjustment.

Note 4: If the equity securities issuance conditions regulate the stock dividend undistributed in the current year should be accumulated and distributed until there is annual profit, it should respectively disclose the accumulated stock dividend undistributed until the current year.

Note 5: P/E ratio = Average closing price per share of the current year / EPS

Note 6: Price-dividend ratio = Average closing price per share of the current year / cash dividend per share

Note 7: Cash dividend yield = cash dividend per share/average closing price per share of the current year

Note 8: The net worth per share and EPS are audited by the CPA; the data in the rest fields are for the current year and

as of the Annual Report publication date.

(6) Company's dividend policy and implementation

1. According to the 2021 final accounts of the Company, the after-tax net loss is NT\$ 114,622,437 dollars. The Board of Directors has made the resolution not to distribute dividend, which is still pending for the approval of the 2022 shareholders' meeting.

2. Dividend policy:

If there is a surplus in the final accounts of the Company, it should pay tax and make up accumulated loss. However, it doesn't apply when the legal reserve has reached the total amount of the paid-in capital of the Company. Then it should set aside 10% as the legal reserve, or appropriate or reverse special reserve as required by laws or competent authority. If there is still a surplus, plus the accumulated undistributed earnings at the beginning of the period, it should make the profit distribution plan based on the dividend policy and submit the plan to the shareholders' meeting for resolution before distribution.

The Company's dividend policy is based on the characteristics of construction industry that the Company is engaged in, which shows high requirements for funds. Moreover, it also considers the current and future development plans, investment environment and domestic industrial competition, and takes into account the interests of all shareholders. It sets aside 10%~70% of the annual distributed profit as the dividend for shareholders, but won't be distributed if the distributed profit is lower than 5% of the paid-in capital. This could improve the financial structure of the Company. The dividend for shareholders can be distributed by cash or stock, in which the cash dividend should be no less than 10% of the total amount.

As for the distribution of the dividend for shareholders as stated above, the Board of Directors should determine the most appropriate dividend policy based on the maximum benefits of the Company.

Situation of dividend distribution for 2020 is as below:

The shareholder's meeting held on August 05th, 2021 passed the resolution of made the resolution not to distribute dividend.

(7) Effect on the operational performance, EPS, the shareholder's ROI of the stock dividend distribution this time:

Unit: EPS is in the unit of NT\$, and the others are in the unit of NT\$1,000

Item		Year	2022 (Estimated)
Amount of paid-in capital at the beginning			7,207,525
Situation of dividend in this year	Cash dividend per share		--
	Stock dividend per shares appropriated from capital increase by earnings		--
	Stock dividend per shares appropriated from capital increase by capital reserve		--
Change of operational performance	Operation profit		1. The Company doesn't disclose the financial estimates for 2022, so it doesn't have to disclose the estimated information for 2022. 2. The after-tax net loss is NT\$114,622,437. The Board of Directors has made the resolution not to distribute dividend
	YoY increase (decrease) rate of operational profit if compared with the same period in the last year		
	After-tax net profit		
	YoY increase (decrease) rate of after-tax net profit		
	EPS		
	YoY increase (decrease) rate of EPS		
Proposed EPS and P/E ratio	If the amount of capital increase by earnings is fully distributed with cash dividend	Propose EPS	
		Proposed annual average ROI	
	If it doesn't increase capital by capital reserve	Propose EPS	
		Proposed annual average ROI	
	If it doesn't increase capital by capital reserve, and the amount of capital increase by earnings are fully distributed with cash dividend	Propose EPS	
		Proposed annual average ROI	

Note: 1. The Company should explain the hypothesis for the estimated or proposed data.

2. If the amount of capital increase by earnings is fully distributed with cash dividend= (After-tax net profit — expense of interest paid for the estimated cash dividend × (1 — tax rate)) / (Total shares issued by the end of this year — shares distributed as dividend)

Expense of interest paid for the estimated cash dividend= amount of earnings for capital increase × interest rate for one-year general loan

3. Annual average P/E ratio=Annual market price per share on average / annual EPS on the financial statement.

(8) Remuneration paid to employees and directors:

1. Percentage of remuneration paid to employees and directors stated in Article 28 of the Articles of

Incorporation:

According to Article 28 of the Articles of Association: “If there is a surplus of the Company in the current year, it should set aside no less than 0.5% as the remuneration for the employees, and no more than 2% as the remuneration for the directors. However, if there is still an accumulated loss, the Company should retain the amount to offset the loss in advance before setting aside the amount stated above. The remuneration for the employees can be distributed by cash or stock. The remuneration distribution for employees and directors should be approved by more than half of the attending directors during the board meeting that is attended by more than 2/3 of the total directors, which should be presented in the shareholders’ meeting.”

2. The base used to estimate the amount of remuneration for employees and directors in the current period, the base used to calculate shares distributed in the form of stock dividend, and the account processing in case of any discrepancy between the actual amount distributed and the amount estimated:

- (1) The base used to estimate the amount of remuneration for employees and directors in the current period:

The Company reported after-tax net loss in 2021, so there was no such situation.

- (2) The base used to calculate shares distributed in the form of stock dividend:

It doesn’t distribute the remuneration for employees by stock. If it will distribute the remuneration for employees by stock in the future upon the resolution, base used to calculate shares should be the closing price on the date before the resolution during the board meeting.

- (3) The account processing in case of any discrepancy between the actual amount distributed and the amount estimated:

The Company reported after-tax net loss in 2021 so there was no such situation.

3. Remuneration distribution approved by the board meeting:

- (1) The amount of remuneration distributed to employees and directors in the form of cash or stock dividend (In case of any discrepancy from the amount estimated and listed as expense, the difference in figures, reason and response should be disclosed):

No remuneration was distributed to employees and distributor this year.

- (2) The amount of stock dividend distributed as remuneration for employees, and the ratio of the total net profit after-tax and individual employee remuneration or separate financial statement for the current period:

It doesn’t distribute stock dividend for employees this year.

4. The actual distribution of remuneration for employees and directors in the previous year (including the shares and amount distributed or the stock price), and any discrepancy from the amount listed as remuneration for employees and directors; the difference in figures, reason and response should be stated.

The Company had a net loss before tax in 2020 and therefore did not distribute remuneration to employees or Directors.

(9) Share buyback of the Company in the most recent year and as of the Annual Report Publication Date: None.

2. Corporate Bonds, Preferred Shares, Global Depository Receipt (GDR), Employee Stock Warrants, New Restricted Employee Shares, Status of New Shares Issuance in Connection with Mergers, Acquisitions and Split”

- (1) Corporate Bonds:** None.
- (2) Preferred Shares:** None.
- (3) Global Depository Receipt (GDR):** None.
- (4) Employee Stock Warrants:** None.
- (5) New Restricted Employee Shares:** None.
- (6) Status of New Shares Issuance in Connection with Mergers, Acquisitions and Split:** None.

3. Status of Implementation of Capital Allocation Plans

(I) Project contents: Capital cash increase and issuance of new shares in 2020.

1. Competent authority of securities approval document number: Jin-Guan-Zheng-Fa No. 1090359318.
2. Total amount of capital required by the project: NT\$3,778,212,000.
3. Source of capital:
 - (1) Issuance of 250,000 thousand common shares for cash capital increase with a par value of NT\$10 per share. The issue price per share was set at NT\$12.56 and the total fund raised was expected to be NT\$3,140,000,000.
 - (2) The Company intends to use own funds or bank loans to pay for the remaining NT\$638,212,000.
 - (3) If funds are insufficient as a result of adjustment to the actual issue price per share for this project due to market changes, the difference will be covered by bank loans or own funds. However, if the fund-raised increase, the increase will be used to repay bank loans or replenish the working capital.
4. Project items and estimated schedule

(1) Total capital utilization plan for this project

Unit: NT\$1,000

Project Item		Expected date of completion	Total funding needed	Amount paid as of 2020 Q3	Scheduled fund utilization progress												
					2020	2021				2022				2023			
					Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Xinbi Section	Land purchase payment	2023 Q1	882,900	88,950	787,500	0	0	0	0	0	0	0	0	6,450	0	0	0
	Construction project payment		882,350	0	0	0	67,600	77,390	136,760	184,420	123,240	151,320	103,680	37,940	0	0	0
	Other expenses (Note)		237,619	0	354	6,274	9,419	10,254	16,200	21,088	18,170	20,948	131,132	3,780	0	0	0
Lejie Section	Land purchase payment	2023 Q4	519,222	53,070	465,930	0	0	0	0	0	0	0	0	0	0	0	222
	Construction project payment		500,890	0	0	0	110	57,250	42,880	77,190	98,520	53,000	62,200	47,090	31,030	26,610	5,010
	Other expenses (Note)		148,536	67	201	201	3,073	6,920	5,259	9,845	13,205	7,915	9,018	11,562	3,843	76,841	586
Qingxi Section	Land purchase payment	2023 Q1	316,225	31,600	284,400	0	0	0	0	0	0	0	0	225	0	0	0
	Construction project payment		219,520	0	0	0	16,815	19,252	34,026	45,883	30,660	37,648	25,794	9,442	0	0	0
	Other expenses (Note)		70,950	0	126	126	3,446	2,490	4,305	6,328	6,272	7,363	39,334	1,160	0	0	0
Total			3,778,212	173,687	1,538,511	6,601	100,463	173,556	239,430	344,754	290,067	278,194	371,158	117,649	34,873	103,451	5,818

Note: Other fees include design fees, management fees, sales commissions, and other miscellaneous fees.

(2) Total capital utilization plan for the cash capital increase

Unit: NTS1,000

Project Item	Expected date of completion	Total funding needed	Scheduled fund utilization progress												
			2020	2021				2022				2023			
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Xinbi Section Land purchase payment	2020 Q4	787,500	787,500	0	0	0	0	0	0	0	0	0	0	0	0
Xinbi Section Construction project payment	2023 Q1	882,350	0	0	67,600	77,390	136,760	184,420	123,240	151,320	103,680	37,940	0	0	0
Lejie Section Land purchase payment	2020 Q4	465,930	465,930	0	0	0	0	0	0	0	0	0	0	0	0
Lejie Section Construction project payment	2023 Q4	500,890	0	0	110	57,250	42,880	77,190	98,520	53,000	62,200	47,090	31,030	26,610	5,010
Qingxi Section Land purchase payment	2020 Q4	284,400	284,400	0	0	0	0	0	0	0	0	0	0	0	0
Qingxi Section Construction project payment	2023 Q1	218,930	0	0	16,815	19,252	34,026	45,883	30,660	37,648	25,794	8,852	0	0	0
Total		3,140,000	1,537,830	0	84,525	153,892	213,666	307,493	252,420	241,968	191,674	93,882	31,030	26,610	5,010

5. Anticipated benefits

The funds raised totaling NT\$3,140,000,000 will be used for the purchase of land and construction project payment for the three projects.

The anticipated benefits are as follows:

(1) Xinbi Section:

The expected payments for land purchase and construction totaled NT\$787,500,000, and NT\$882,350,000, respectively. The Construction is planned to begin in March 2021 and presale through an agency in April 2021, complete by October 2022 and obtain the usage license before completing the construction and transfer. It is expected to create revenue of NT\$2,439,582,000 and net profit of NT\$485,228,000 by the completion of sales in the fourth quarter of 2022 with a net profit margin of 19.89%.

(2) Lejie Section:

The expected payments for land purchase and construction totaled NT\$465,930,000, and NT\$500,890,000, respectively. The Construction is planned to begin in June 2021 and begin presale through an agency in March 2022, complete construction by June 2023 and obtain the usage license before completing the construction and transfer. It is expected to create revenue of NT\$1,464,675,000 and net profit of NT\$323,780,000 by the completion of sales in the second quarter of 2023 with a net profit margin of 22.11%.

(3) Qingxi Section:

The expected payments for land purchase and construction totaled NT\$284,400,000, and NT\$218,930,000, respectively. The Construction is planned to begin in March 2021 and begin presale through an agency in February 2022, complete construction by October 2022 and obtain the usage license before completing the construction and transfer. It is expected to create revenue of NT\$727,627,000 and net profit of NT\$133,323,000 by the completion of sales in the third quarter of 2022 with a net profit margin of 18.32%.

6. Project change date: The Company does not plan any changes for the project.

(II) Implementation status

The Company collected the payments for the cash capital increase for issuance of new shares in 2020 and completed the collection of a total of NT\$3,140,000,000 on December 14th, 2020. The capital implementation progress as of 2021 Q1 was as follows:

Unit: NT\$1,000

Project	2020 Q4			2021 Q1			2021 Q2			2021 Q3			2021 Q4			2022 Q1		
	Estimated	Actual	Implementation progress	Estimated	Actual	Implementation progress	Estimated	Actual	Implementation progress	Estimated	Actual	Implementation progress	Estimated	Actual	Implementation progress	Estimated	Actual	Implementation progress
Xinbi land purchase payment	787,500	720,640	91.51%	-	-	91.51%	0	66,860	100%									
Xinbi construction project payment	-	-	-	-	-	-	67,600	0	-	77,390	58,621	6.64%	136,760	53,939	12.76%	184,420	113,621	25.63%
Lejie land purchase payment	465,930	428,760	92.02%	-	-	92.02%	0	37,170	100%									
Lejie construction project payment	-	-	-	-	-	-	110	0	-	57,250	28,772	5.74%	42,880	61,772	18.07%	77,190	61,617	30.37%
Qingxi land purchase payment	284,400	272,889	95.95%	-	-	95.95%	0	11,511	100%									
Qingxi construction project payment	-	-	-	-	-	-	16,815	-	-	19,252	23,377	10.68%	34,026	31,589	25.10%	45,883	26,479	37.19%

Note: Refer to the fundraising implementation section on the Market Observation Post System for detailed information.

(2) Private Placement of Marketable Securities in 2021 and 2022

1. Program Content and Implementation

The 2nd issue of the 1st private placement in 2021		The 3rd issue of the 1st private placement in 2021		The 1st issue of the 1st private placement in 2022													
Issue Date	October 15, 2021	October 27, 2021		March 31, 2022													
No. of shares issued	83,000,000 shares	117,000,000 shares		53,571,000 shares													
Date of completion of payment	August 25, 2021	September 17, 2021		February 24, 2022													
Actual subscription price	NTD 11.80	NTD 11.80		NTD 12													
Total public offering amount	NTD 979,400,000	NTD 1,380,600,000		NTD 642,852,000													
Private Fund Utilization and Plan Implementation Progress (Information as of the first quarter of 2022):														Unit: NTD 1,000			
Purposes of Private Placement Funds	Estimated Expenditures	Accumulated Actual Expenditures	Cumulative Actual Expenditures and Percentage (%)	Description of the balance of unexpended funds and the purpose of use	Improvement plans and reasons for over- or behind-schedule performance	Purposes of Private Placement Funds	Estimated Expenditures	Accumulated Actual Expenditures	Cumulative Actual Expenditures and Percentage (%)	Description of the balance of unexpended funds and the purpose of use	Improvement plans and reasons for over- or behind-schedule performance	Purposes of Private Placement Funds	Estimated Expenditures	Accumulated Actual Expenditures	Cumulative Actual Expenditures and Percentage (%)	Description of the balance of unexpended funds and the purpose of use	Improvement plans and reasons for over- or behind-schedule performance
Enrichment of operational capital	-	80,000	100.00%	-	Not applicable	Enrichment of operational capital	-	-	-	Not applicable	Not applicable	Enrichment of operational capital	-	-	-	Not applicable	Not applicable
Repayment of bank loans	-	149,400	100.00%	-	Not applicable	Repayment of bank loans	-	-	-	Not applicable	Not applicable	Repayment of bank loans	-	-	-	Not applicable	Not applicable
Other	-	717,997	95.73%	The unexpended amount of \$32,003 has not been used and is deposited in a bank account.	Not applicable	Other	-	1,260,168	91.28%	The unexpended amount of \$120,432 has not been used and is deposited in a bank account	Not applicable	Other	-	48,614	7.56%	The unexpended amount of \$594,238 has not been used and is deposited in a bank account	Not applicable
Private Placement Benefits		To enhance the company's operational effectiveness and overall competitiveness.															

【Operational Highlights】

1. Businesses

(1) Business Scope

1. Main businesses and their operational proportion:
 - (1) Contracting the sales and lease of all type of commercial buildings: with the operational proportion accounting for 83% in 2021.
 - (2) Contracting the sales and lease of all type of residential buildings: with the operation proportion accounting for 17% in 2021.
 - (3) Broker for housing rental and sales: with the operation proportion accounting for 0 %.
 - (4) Agency and trade of import/export for various construction materials: with the operation proportion accounting for 0 %.
2. Current products and services and new products and services in the development plan:

The Company is mainly engaged in contacting the sales and lease of all types of commercial and residential buildings, and the products are mostly the smart office buildings and residential buildings, so as to meet the demands of business development and housing.

(2) Industrial overview

1. Overall economic environment:

The international economic situation continues to be challenging as the new variant of Omicron continues to spread rapidly around the world, with labor shortages, supply chain disruptions and rising inflationary pressures continuing to affect global economic performance. The global economy will remain vulnerable to a surge in confirmed cases and restrictions on economic activity in 2022, and a return to stringent epidemic control measures in most economies would affect global production and supply, to the detriment of economic recovery. Regarding the domestic manufacturing industry, international oil prices fell in December, and most petrochemical raw material prices fell, and demand in the domestic steel market showed a slowdown due to downstream digestion of inventories, and product quotations were slightly revised, so the proportion of companies in the basic steel industry who were bearish on the month's outlook was significantly higher than those who were bullish.

The construction industry, benefiting from the end of the year, government agencies and private enterprises for the completion of project acceptance, the construction plant in the project money injection increased, in addition to the construction of housing land to start the situation also increased, therefore construction industry business showed an upturn in December 2021. Prospects for the future, although the government agencies on the project review and design supervision will put forward more requirements,

so that the public sector new construction investment will be delayed, but fortunately the high visibility of the private commercial office and factory project orders, so the next six months the construction industry boom to a flat view.

Regarding the real estate sector, although the transactions of the pre-owned houses have cooled down in December 2021, ending the previous five consecutive months of expansion in the pre-owned houses, the monthly increase of 7.1% in the number of building sales and transfers in December is mainly due to the peak season of home buying and the wave of home deliveries at the end of the year, coupled with the fact that it still takes one month to transfer a house from the purchase to the transfer, thus the effect of the full escalation of the housing market regulation policies of the ministries in December has not yet been seen. Looking ahead, the domestic housing market is expected to show a long-short tug-of-war, with a high probability of high-end oscillation, i.e., no reversal of the downward trend for the time being, but it will be more difficult for the price and volume to rise rapidly again.

Based on the above survey results, the business climate test point for December 2021 was 110.95 points, up 1.88 points from November's 109.07 points, showing an upward trend for the second consecutive month.

2. Current situation and development of the industry

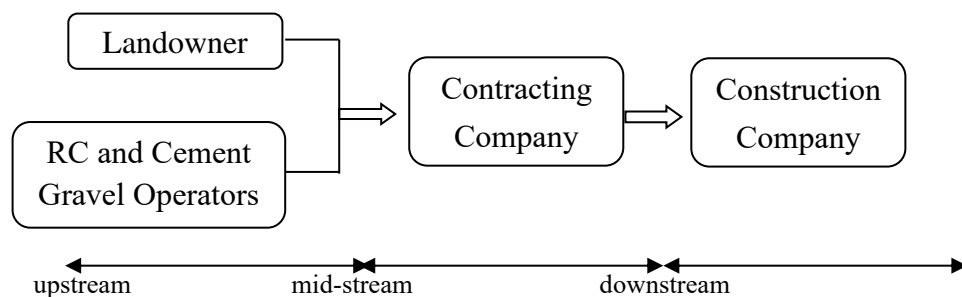
The total number of 267,750 units in the six cities in the housing market in 2021 is only inferior to 2011 (about 288,000 units), when the county and city merged and had a large number of units, and 2013 (about 292,000 units), when the housing boom was the hottest. Looking back at the trend of real estate in 2021, there are three main influencing factors, namely, the new pneumonia epidemic, excessive market lobbying, and negative housing policies, and the current situation of Taiwan's housing market has indeed formed a causal relationship. Including

1. The epidemic interrupted the supply chain of global production, as the production capacity could not be started as scheduled, resulting in the phenomenon of "scarcity of goods is expensive", and the related quotations rose one after another, and the cost of materials related to construction.
2. In order to save the global economy from the impact of the epidemic, the implementation of quantitative easing and low interest rates also could not escape the wave of price increases and became the reason for

the rise in housing prices. Low interest rates have made Taiwan a low-interest and lobbying environment, the epidemic has interfered with Taiwan to a much lesser extent compare to other countries, indirectly changing Taiwan to one of the possible investment targets. Whether it is the inflow of funds into Taiwan stocks or Taiwan real estate, it has created a different kind of pulling effect, and the index of Taiwan stocks, land prices and housing prices have climbed to new high-points.

3. In order to curb the overheated housing market, the government has introduced unfavorable housing policies such as Real Price Registration 2.0, Red List Registration, Loan Restriction Order, and Real Estate Tax 2.0. In the case of REIT 2.0 alone, although the holding period of short-term transactions is extended, the high tax rate is not applicable. If the concept of "home ownership" is used for a long time, the high tax rate can be avoided by converting short-term investments into long-term rentals, and the additional costs will be passed on in the form of rent increases, and property prices will still rise during the holding period, making profits relatively higher.

3. Correlation of upstream, mid-stream and downstream in the industry



The whole country was put on Level 3 alert in the first half of 2021 due to the outbreak of the COVID-19 epidemic, forcing the suspension of home inspection trips. However, with the epidemic slowing down in the second half of the year and the popularity of vaccination, coupled with the shipping industry's severe shortage of containers, ships, and port congestion, raw material prices continue to rise, and construction materials are also rising in tandem with the shortage of manpower and inflationary concerns, pushing up housing prices. The Ministry of the Interior proposed the "New Five Regulations for Pre-sale Housing" again in early 2022, and is preparing to pass legislation in the second half of the year to restrict the resale of pre-sale housing in order to keep the housing market cooling down. Taiwan's total project volume in 2021 exceeds 1.8 trillion yuan. The government's continued crackdown on housing in 2022 is expected to reduce the project volume by 20%, leaving only about 1.45 trillion yuan, showing a pattern of "shrinking volume and slightly rising prices". On the contrary, the financing cases of

Urban Renewal and Dangerous Aging are not bound by the lending ceiling of banks, and the bank is more flexible in lending, and the interest rate is also more favorable than the general civil construction financing loans, so the long-term operation of the joint construction cases of Urban Renewal or Dangerous Aging landowners may be more advantageous.

4. Product development trend

The housing market rebounded in 2020, with the number of buildings sold and transferred in all six cities of Taiwan reaching 250,000, a record high in the past seven years. In addition, "epidemic prevention building materials", "soundproof building materials" and "electric vehicle charging devices" will become standard in 2021. As for the types of projects, the main pings in urban areas and rezoned areas are very different, with small pings in downtown areas and 2~3 rooms within 40 pings in rezoned areas, and large pings luxury houses are gradually emerging. In addition, the Taipei Metro area will be the focus of attention this year, as the number of dangerous and old urban renewal cases has increased. The trend of project promotion in the first quarter of 2021 is instead focused on the Yangbei redevelopment zone in Xindian and the Renyi redevelopment zone in Sanchong. In addition, the second and third quarters will focus on Guishan A7 Special Zone, Zhonglu Special Zone, Xiaokuaixi Redevelopment Zone, and Qingpu Special Zone, benefiting from Taoyuan city's public constructions, builders will be more active in pushing projects.

Under the influence of COVID-19, the topic of "epidemic-proof building materials" will continue to be a trend in 2021, including the upgrading of public spaces and homes equipped with epidemic-proof building materials. In the public facilities section, in addition to the common methods of basic floor exhaust and floor-by-floor closure of sanitary piping, the duct ventilation and drainage systems are equipped with epidemic prevention equipment. In addition, many elevators and stair halls are equipped with negative ions, UV sterilization, and air cleaning devices, especially since elevators are closely related to life and are enclosed spaces. In residential spaces, air cleaning, filtration systems and total heat exchangers from well-known brands will be the main focus, maintaining good indoor air quality and temperature, became must-have building materials for many new construction projects. Not only is the topic of epidemic prevention still a trend, but "soundproof building materials" is also an issue of importance to consumers. In response to regulations, in recent years, most projects have planned sound-absorbing flooring, soundproof mats, etc. As for airtight windows, they also emphasize thickness, multiple layers, and Japanese brands that can strongly block noise effects, became indicators for

consumers before purchasing projects. In addition, electric vehicle became a trend in recent years, possibly exceed 30 million units worldwide within the next 10 years, therefore, new construction projects will include "electric vehicle charging devices" to promote the issue, which is even considered by the market as a potential for future housing price appreciation.

5. Competition situation

The domestic housing market affected by the COVID-19 epidemic, the U.S.-China trade war, low interest rates, and the return of Taiwanese businessmen in 2021. The housing market will be influenced by the return of Taiwanese businessmen with large capital injections into the housing market. Due to the rise of all domestic commodities, the Consumer Price Index (CPI) has exceeded the 2% inflation alert line for six times, and the annual growth rate of the Price Tuning Index (WPI) is as high as two digits. Under the psychological fear of expected inflation, both general residential and large pings of land, commercial offices, and industrial land have become important asset allocations for many groups. In view of the rising popularity of the housing market, local builders continue to increase their land hunting efforts, with land purchases reaching NT\$221.5 billion in 2021, an increase of more than 20% over the previous year. The total investment amount of these three locations exceeded NT\$143.6 billion, accounting for more than 60% of the total, indicating that builders are optimistic about the subsequent development of the housing market in Northern Taiwan. Especially, the housing market is booming and the scarcity of land in six cities has forced property owners to look for favorable land throughout the province, resulting in higher land prices and becoming an important factor in driving up housing prices.

(3) Technical and R&D overview

With the persistence of profession, delicacy and rationalization, we provide humanized green residential, technological and visionary quality office products.

1. 『Delpha Villa』 won the 13th gold award in the category of villa in Taiwan.
2. 『Gongyuanlu』 won the 14th gold award in the category of high-rise residential building in Taiwan.
3. 『The Top of the World』-- the office building equipped with satellite broadband network was completed.
4. 『LEADER』 -- 5A automated and smart office building was completed.
5. 『Terminal』 -- automated and smart office building was completed.
6. 『Luofu Palace』 won the 1st Formosa golden-lion award in the category of construction -- automated and smart office building was completed.
7. 『The Metro Building』 and 『Qingxi Section A』 were awarded the 29th Chinese Architecture Golden Stone Award.

* Due to the industrial characteristics, the Company doesn't require research and

development of new products like the general manufacturing industry or other industries do, so it has no research and development expense.

(4) Short/long-term business development plans

1. Long-term business development plans

It establishes the brand marketing model based on the corporate philosophy of “plowing space and caring for the land”. Moreover, the Company adheres to the principle of selecting the best location and constructing the high-end residential buildings and modern office buildings that meet the needs of customers. The business development will focus on:

- (1) Intensity the market research and learn the market trend.
- (2) Adjust the product positioning to meet the market demands.
- (3) Strengthen the capabilities of salespersons, so as to expand business scale.

2. Short-term business development plans

- (1) Accelerate the development of existing urban renewal projects and aggressively pursuing profitable lands throughout Taiwan to continue stabilizing the Company's financial structure and keep strengthening its operational structure.
- (2) The Company shall actively evaluate and participate in land tenders organized by government authorities with the aim of expediting development and creating profits.

2. Market and Sales Overview

(1) Market analysis

1. Target regions for main products:

The Company's products under construction are mainly the residential building located in the optimal segments of Taipei and Taoyuan City .

2. Market share:

The revenue of the Company in 2021 was NT\$8,718,000 which accounted for 0.0022% of the listed companies in the construction industries in Taiwan.

3. Expected sales cases:

- (1) According to the plan, "The Metro Building", "Qingxi Section A", "Lejie Section A", "Qingxi Section B" in Taoyuan city, Shalu "Xinzhan Section", and Wuri "Shingaotie Section" in Taichung city will be under construction and launched for sale accordingly.
- (2) The two sold-out projects, "The Urban Green" and "Central One", were completed and handed over according to the construction progress. (Central One has completed and recorded in March and April, 2022)

4. Favorable and unfavorable factors for development

(1) Favorable factors:

- A. The domestic prosperity is continuously recovered, and the interest rate is still at low level currently. People hold the view that land is wealth and expect the price rise, the real estate is still the general investment and hedging tool.

B. In recent years, the government has actively promoted various economic revitalization programs and major infrastructure constructions to drive the industrial development. It also provides many opportunities for construction companies, and will stimulate the prosperity of real estate market.

(2) Unfavorable factors:

A. Due to the increasingly scarce land and higher land price in the optimal segments of Greater Taipei region, the land acquisition cost is increased.

B. There are a large number of houses accumulated in the market. Moreover, the US has cancelled the quantitative easing (QE) policy and rose the interest rate again.

Coronavirus Plus the China-US trade war, the promotion of tax reform, the financial loosening, Brexit and other black swan effects have caused the fluctuation in the global financial market. This would possibly affect the customer's confidence in housing.

(3) Countermeasures:

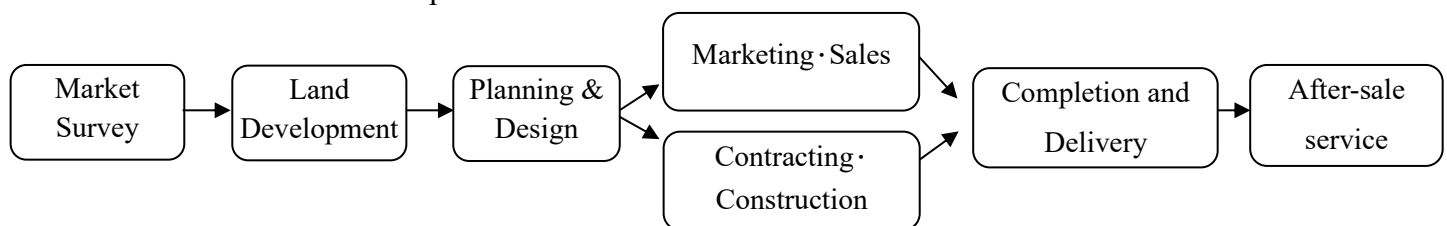
A. Cautiously evaluate development cases and strengthen product planning to increase the value-added to reduce the impact of higher costs.

B. In addition to the optimal segments in the center of the city, it should also actively evaluate to acquire the suburban areas with high potential, and also expand diversified land development means, such as urban renewal projects or the joint construction of unsafe and old buildings.

(2) Key applications and production process of main products

1. The Company's products are mainly engaged in land development, planning, design, and construction, and the products are mainly divided into two categories: residential and commercial buildings. The residential buildings are for living purpose, ranging from free-standing low-rise houses to high-rise residential buildings. The commercial buildings are designed for business activities, including shops and high-rise office buildings.

2. Production process:



(3) Supply of main materials:

The Company actively develops and seeks suitable land since it is the main raw material for the construction company..

(4) List of major suppliers and customers in the last two fiscal years

1. List timof major suppliers in the last two fiscal years with gross purchases over 10%, as well as the reason for increase(decrease)

Data of major suppliers in the last two fiscal years

Unit: NT\$1,000

Item	2020				2021				2022 and until March 31 (Note 2)			
	Company name	Amount	Ratio in the net amount of purchases in a year (%)	Relation with the issuer	Company name	Amount	Ratio in the net amount of purchases in a year (%)	Relation with the issuer	Company name	Amount	Ratio in the net amount of purchases in a year (%)	Relation with the issuer
1	Lin, Chia-Hung	1,208,650	66.68%	Stakeholder	Taichung City	3,895,679	53.46%	None r	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.			
2	A	499,700	27.57%	None	B	797,161	10.94%	None				
	Others	104,392	5.75%		Others	2,594,080	35.60%					
	Total	1,812,742	100.00%		Total	7,286,920	100.00%					

Note 1: List the major customers in the past two years with gross purchases over 10%, as well as amount and percentage of purchases. However, under the contract terms, it may not disclose the name of the customer or the trading counterparty if it is an individual or not a related party, which should be represented by a code.

Note 2: For the company that is publicly listed or has issued shares in TWSE, if the financial data in the most recent period is audited or reviewed by the CPA before the date of publishing the Annual Report, it should be disclosed.

Note 3: Reason for increase/decrease: Due to the industrial characteristics, the Company has no fixed contractor or supplier.

2. List of major suppliers in the last two fiscal years with gross sales over 10%

Data of major customers in the past two years

Unit: NT\$1,000

Item	2020				2021				2022 and until March 31 (Note 2)
	Company name	Amount	Ratio in the net amount of sales in a year (%)	Relation with the issuer	Company name	Amount	Ratio in the net amount of sales in a year (%)	Relation with the issuer	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.
1	Customer A	46,134	52.80%	None	Guang De Li parking lot	3,470	39.81%	None	
2	Customer B	32,670	37.39%	None	Gao Ding dressing store	977	11.21%	None	
3					2R International Co., Ltd.	944	10.83%	None	
4	Others	8,573	9.81%		Others	3,327	38.15%		
	Net amount of sales	87,377	100.00%		Net amount of sales	87,377	100.00%		

Note 1: List the major customers in the last two fiscal years with gross sales over 10%, as well as amount and percentage of purchases. However, under the contract terms, it may not disclose the name of the customer or the trading counterparty if it is an individual or not a stakeholder, which should be represented by a code.

Note 2: For the company that is publicly listed or has issued shares in TWSE, if the financial data in the most recent period is audited or reviewed by the CPA before the date of publishing the Annual Report, it should be disclosed.

Note 3: Reason for increase/decrease: Due to the industrial characteristics, the Company has no fixed customer.

(5) Outputs in the last two fiscal years

Unit: NT\$1,000

Year	2020			2021		
	Capacity (Ping = 3.3 m ²)	Output (Units)	Output value	Capacity (Ping = 3.3 m ²)	Output (Units)	Output value
Main commodity						
Shitan Section case A	-	-	-	-	-	-
Shitan Section case B	-	-	-	-	-	-
Total	-	-	-	-	-	-

Note: The cost is recognized by the completed contract method, and the output is recognized and calculated based on the completion year.

(6) Sales in the last two fiscal years

Unit: NT\$1,000

Year	2020		2021	
	Domestic sale		Domestic sale	
Sales	Volume (Ping = 3.3 m ²)	Value	Volume (Ping = 3.3 m ²)	Value
Main commodity				
Shitan Section case A (Huyue Tianqin)	135.10	78,804	-	-
Rental income	-	8,573	-	8,718
Total	135.10	87,377	-	8,718

3. Information on Employees in the last two years and as of the Annual Report publication date:

Year		2020	2021	April 30 th , 2022
Number of employees	Number of employees	32	53	60
	Total	32	53	60
Average length of service		11.93	7.86	6.75
Average age		47.98	42.60	40.70
Distribution of education levels %	Doctor	0%	0%	0%
	Master	3%	14%	12%
	College	91%	80%	81%
	High School	3%	4%	5%
	Below than high school	3%	2%	2%

Note: The length of service is calculated since June 16th, 2001.

4. Environmental Expenditure Information

(1) The total amount of losses due to environmental pollution in the most recent year and as of the Annual Report publication date:

Unit: NTD 1,000

Year	2020		2021		Most recent year as of the publication date of the annual report	
	The Company	Subsidiary	The Company	Subsidiary	The Company	Subsidiary
Pollution Status	-	-	Water Pollution Control Act	Noise Control Act、Occupational Safety and Health Act	Waste Disposal Act	Noise Control Act、Water Pollution Control Act、Occupational Safety and Health Act
Penalty amount	-	-	35	63	4	153

(2) Countermeasures and estimated expenditures in the future:

1. The cases invested by the Company are contracted by the contracting company. The contractor is liable for the environmental protection in the construction process. It

doesn't need to apply for license for pollution facility, approval for pollution discharge and payment of pollution prevention costs or set up a unit or assign a person responsible for the environmental protection.

2. For all environmental protection works such as reduction of construction noise, prevention of dust blowing or falling of gravel, the construction companies are strictly required to establish the most comprehensive measures, and fulfill their environmental responsibility.
3. Estimated expenditures in the future: None.

5. Labor Relations:

(1) Current labor agreement and implementation of various measures:

1. Welfare measures:

The Company has always been committed to providing a good workplace and welfare system. In addition to labor insurance and national health insurance, we plan to establish the following employee benefits based on the needs of employees and their quality of life:

- . Group insurance
- . Labor Retirement Reserves Supervision Committee
- . Employee welfare committee
- . Cash gifts and vacation for the three important Chinese festivals
- . Regular staff health checkup
- . Discounts for staff purchasing self-occupied houses
- . Employee stock subscription
- . Employee remuneration

2. Retirement system and implementation:

In order to strengthen employees' long-term professional service willingness, take care of employees' retirement life, increase work efficiency, and promote harmonious labor-management relations, the company has revised the company's employee retirement measures in accordance with the law. The Supervision Committee of Retirement Reserves shall review and verify the provision and expenditure of labor retirement reserves. After the establishment and implementation of the relevant mechanism, the willingness of employees to serve the company for a long time has indeed been strengthened.

The company has abided by the government policy to implement the new retirement system since July 1994. For employees who choose the new retirement system, they will pay 6% of their monthly wages to the labor pension on a monthly basis, and deposit them in the labor pension personal account established by the Labor Insurance Bureau. The Company has set aside labor retirement reserves in accordance with the law.

3. Other important agreements: None.

(2) List any loss sustained as a result of labor disputes in the recent year and as of the Annual Report publication date, the estimated amount and countermeasures to be taken in the future:

The Company has always attached great importance to labor relations, and has established various personnel and welfare systems. The communication channels between labors and employers are adequate. There have been no labor disputes that have caused loss for the Company. Moreover, such labor dispute is not likely to occur in the Company in the future.

(3) Certificate specified by the competent authority and acquired by the personnel related to the transparency of financial information in the Company:

Internal Chief Auditor (Li, Mei-Chan)—acquired the CIA certificate.

(4) Continuing education of the directors in the Company

Name	Title	Course name	Training hours
Cheng, Ssu-Tsung	Chairman	Insider Trading Practice Update	3 hours
		Legal Compliance Briefing for Insider Stock Transactions in 2021	3 hours
		Insider Trading and Money Laundering Prevention - A Case Study of Corporate Fraud	3 hours
Lee, Chin-Yi	Director	Insider Trading Practice Update	3 hours
		The 13th Taipei Corporate Governance Forum	3 hours
		How to Use Futures Commodity Hedging and Corporate Sustainability Seminar	3 hours
Yan, Ming-Hung	Director	Insider Trading Practice Update	3 hours
		Key Information and Responsibility Analysis of Annual Report: Directors' and Supervisors' Perspectives	3 hours
		From the Global Political and Economic Situation to the Business and M&A Strategies of Taiwanese Companies	3 hours
Tseng, Ping-Joung	Representative of Director	Insider Trading Practice Update	3 hours
		The 13th Taipei Corporate Governance Forum	3 hours
		How to Use Futures Commodity Hedging and Corporate Sustainability Seminar	3 hours

Wang, Mu-Fan	Independent Director	Insider Trading Practice Update	3 hours
		The 13th Taipei Corporate Governance Forum	3 hours
Yeh, Chien-Wei	Independent Director	Insider Trading Practice Update	3 hours
		Corporate Mergers and Acquisitions (M&A) Practices - Focusing on Hostile Mergers and Acquisitions	3 hours
Chen, Ruei-Li	Independent Director	The 13th Taipei Corporate Governance Forum	3 hours
		Legal Compliance Briefing for Insider Stock Transactions in 2021	3 hours
		Prevention of Insider Trading Seminar in 2021	3 hours
		Cathay Sustainable Finance and Climate Change Summit	3 hours

(5) Continuing education and training related to corporate governance attended by the managerial officers

Name	Title	Course name	Training hours
Wang, Chen-Kang	Corporate Governance Officer	Practical Workshop for Directors and Supervisors (including Independent Directors) and Heads of Corporate Governance	12 hours
		The 13th Taipei Corporate Governance Forum	3 hours
		Legal Compliance Briefing for Insider Stock Transactions in 2021	3 hours

(6) Employee continuing education and training:

The situation of the Company's employee continuing education and training in 2021 is as below:

Number of trainees	30
Expense	NT\$56,850
Course name/ (training institution)	
1. 2020 Taiwan Sustainable Finance Forum (TWSE)	
2. Seminar on stock affairs(Grand Fortune Securities & Corporate Operating and Development Association)	
3. Metro Renewal Financial and Tax Practices (The Real Estate Development Association of Taipei)	
4. Practical teaching of land evaluation analysis (The Urban Renewal Association of the Republic of China)	
5. Occupational safety and health business supervisor safety and health on-the-job training in	

- the construction industry (Industrial Safety and Health Association of the R.O.C.)
6. Accounting and Tax Practices for the Construction Industry (Jun Cheng Accounting and Taxation Tutoring Class)
 7. ACM Accounting General Ledger and Billing Management System (Goinfo Auto Co., Ltd.)
 8. ACM Transfer Voucher Course (Goinfo Auto Co., Ltd.)
 9. Advanced Land Development Course (The Urban Renewal Association of the Republic of China)
 10. Estimation and Timing of Incremental Capacity and Transfer Cash (Taoyuan Real Estate Development Association)
 11. Internal Auditing in ESG Trend. (The Institute of Internal Auditors-Chinese Taiwan)
 12. Practical Workshop for Directors and Supervisors and Heads of Corporate Governance (Securities and Futures Institute)
 13. How to use digital technology to investigate and improve operation process and fraud detection audit practice (The Institute of Internal Auditors-Chinese Taiwan)
 14. Enterprise information security and information structure audit and control practices (Accounting Research and Development Foundation)
 15. Continuing Education Course for Stock Exchange Accounting Supervisors of Issuers and Securities Firms (Accounting Research and Development Foundation)
 16. Pre-employment Training Course for Corporate Initial Internal Auditors (The Institute of Internal Auditors-Chinese Taiwan)
 17. Financial Reporting Orientation with Inline XBRL (TWSE/TPEX)

(7) Code of Conduct or Ethical Code of Conduct:

The Company hasn't formulated the Code of Conduct or the Ethical Code of Conduct. However, in the Employee Handbook or the Employee Awards/Punishments Regulation, the employee's conducts or ethics are regulated as below:

Employee Handbook:

1. Employees may not sign contract or provide guarantees for debts of others in the name of the Company or in the name of the position.
2. Employees shall be liable for confidentiality of the secrets of the Company.
3. Employees are not allowed to carry the public property and public facilities out of the office for private use.
4. The regulations for the telephone etiquette of the employees.

Employee Awards/Punishments Regulation (briefed as below):

1. Awards regulations are clearly defined (Article 3)
 - (1) For those who provide warm service, help others, work hard to complete major or special assignments in a timely manner, improve work methods, and show creativity, it should be provided with compliments and bonuses.

- (2) For those who propose improvement suggestions for engineering technology that are adopted by the Company, or save materials or costs effectively, it should record merits and provide bonuses.
 - (3) For those who maintain the employee safety, take risks to complete assignments and make achievements, safeguard the main benefits of the Company, and avoid material loss, it should record major merits and provide bonuses.
2. Punishment regulations are clearly defined (Article 5)
- (1) For those who are absent for work for a day without any reason, causes the data leakage of the Company's documents due to the negligence, make minor mistakes at work, disobey the reasonable instruction from the supervisor, it should record demerits and result in punishments.
 - (2) For those who are absent for work for 1~3 days without any reason, shuffle the responsibilities without any reason, causes major losses or governmental penalty or blemish the corporate image of the Company due to the negligence, it should record demerits and result in punishments.
 - (3) For those who are absent for work for more than 3 consecutive days without any reason, are absent without leave, drink alcohol in the workplace during the working hours, cause trouble to affect the order of works and groups, destroy or alter important documents or public property, deliberately disseminate false statements to affect the reputation of the Company or the employees, collect the Company's confidential data unrelated to the duties intentionally, it should record major demerits and result in punishments.

(8) Working environment and protection measures taken for employee safety:

Item	Content			
Door access security	The company has a door access monitoring system and signs contract with the security company.			
Fire safety	It inspects the standards compliance of fire facilities and performs the fire security test randomly.			
Drinking water safety	The Company regularly replaces the drinking water filter.			
Cleanness of the environment and air	The Company regularly (semi-annually) replaces the air cleaner filter and maintains the machine.			
Safety in construction site	<p>1. When accessing the construction site, it is required to put on helmet, and follow the construction site safety regulations. The construction project follows the labor safety and health laws and regulations promulgated by the government.</p> <p>2. The company attaches great importance to the occupational safety of employees. In accordance with the provisions of Paragraph 1 of Article 34 of the Occupational Safety and Health Act, the company has formulated the "Code of Practice for Safety and Health" and reported it to the competent authority for approval. All employees of the company must abide by the code, operate according to the sub-items, management plans and standard operating procedures formulated by the code, and continue to conduct occupational safety and health training, including fire drills, daily occupational safety publicity, etc., so that employees can maintain a high level of crisis awareness. Through monthly meetings of the engineering management department, regular education and training, strict supervision, meeting review, site inspection and other measures before, during and after construction are implemented to reach occupational safety at construction sites in the construction industry. Strengthen the professional knowledge and education training of colleagues, hold professional training every year, and require site directors to obtain an "occupational safety card" and receive at least 6 hours of occupational safety and health related courses and professional license training.</p> <p>3. The company arranges all kinds of occupational safety and health education training, meetings, notifications and notices for all employees and contractors at our construction sites, and the frequency and number of applications are as follows:</p>			
	Item	Purpose	Frequency of handling	Number of times handled
	Safety and health protocols	At least once a month, we meet with contractors to coordinate, communicate and resolve safety and health issues among contractors.	Once a month	20
	Labor Approach Safety and Discipline Pledge	We inform the contractors about the working environment, hazards and occupational safety and related regulations before they approach the site and make them commit to comply with the relevant safety matters.	Pre-approach	156
Construction environmental	According to each work item, we will inform the potential hazards	Pre-approach	156	

	hazards information sheet	and provide prevention measures before the contractor enters the site.		
Physiological health	The Company regularly conducts health checkups for employees.			
Insurance	The Company purchases group insurance for employees.			

6. Information Security Management

(1) Describe the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management, etc.:

The Company's information security authority is the Information Technology Section under the President's Office, which is responsible for coordinating information security, related matters and conducting regular internal information security checks.

To enhance the management of information security risks, the "Information Security Policy and Management Plan" is established to provide appropriate protection measures for the Company's information assets against unauthorized access, use, leakage, or destruction of information systems to ensure their confidentiality, integrity, and availability.

(2) List the losses suffered due to major information security incidents in the most recent fiscal year up to the publication date of the annual report, and the possible impact and countermeasures. If the amount cannot be reasonably estimated, facts of which estimation cannot be made shall be explained:

The Company has not yet taken out information security insurance and no significant information security incidents occurred in the most recent year and up to the date of printing of the annual report, and the relevant performance will be reported to the Board of Directors on November 11, 2021.

7. Important Contracts

(The contracts that are still effective as of the Annual Report publication date and are going to be expired within the most recent year)

(1) The contracts that are still effective as of the Annual Report publication date:

Contract type	Party	Contract duration	Contract content	Restrictions
Construction contract	Wang Bang Construction Co., Ltd.	2020/03/01 completion of the project	"The Central-One" new construction project on 14 land plots including No. 573-1, 2nd Subsection, Rongxing Section, Zhongshan District, Taipei City	None
	Li Kao Construction Co., Ltd.	2020/01/20 completion of the project	"The Urban Green" new construction project on two land plots No. 312 and 314, 1st Subsection, Longquan Section, Da'an District, Taipei City.	None

	Huajian Construction Co., Ltd.	2021/04/26 -2022/11/30	New construction of Land No. 233, Xinbi Section, Luzhu District, Taoyuan City	None
		2021/06/22~ 2023/03/05	New Construction of three land plots No. 174, 177, 182, etc. in Guishan District, Taoyuan City	None
		2021/04/06~ 2022/11/08	New construction project of No. 488, Qingxi Section, Zhongli District, Taoyuan City	None
		2021/07/14~ 2021/08/15	No. 226, Qingxi Section, Zhongli District, Taoyuan City (Hypothetical Project)	None
		2021/10/13~ 2022/02/28	No. 226, Qingxi Section, Zhongli District, Taoyuan City (Geotechnical Project)	None
Construction contract		2021/03/28~ 2023/04/20	No. 226, Qingxi Section, Zhongli District, Taoyuan City (Structural Project)	None
		2021/12/08~ 2021/04/06	Four land plots of 41, 42, 43, 50, etc. in the new station section of Shalu District, Taichung City (Geotechnical projects)	None
		2021/03/28~ 2014/05/17	Four land plots of 41, 42, 43, 50, etc. in the new station section of Shalu District, Taichung City (Structural projects)	None
Joint construction contract	Jiantan Temple Foundation	2019/01/31 completion of the project	14 land plots including No. 573-1, 2nd Subsection, Rongxing Section, Zhongshan District, Taipei City	None
	Liugong Irrigation Association, Taipei City	2019/02/18 completion of the project		None
	Seven related parties including Lin, Hsing-Hsiung	2019/02/22 completion of the project		None
	Three non-related parties including Chang, Chun	2020/09/15 completion of the project	Land on plot No. 237 on Xinbi Section, Luzhu District, Taoyuan City	None
	Seven non-related parties including Chiang, Chun	2020/10/22 completion of the project	Land on plot No. 174 on Lejie Section, Guishan District, Taoyuan City	None
	Three non-related parties including Chen, Chun	2021/12/09 completion of the project	Total two plots of land in Section 32 and 33, Shanjie Section, Guishan District, Taoyuan City	None
Credit Facilities Agreement	Shanghai Commercial and Savings Bank Ren'ai Branch	2020/11/27~ 2021/03/30	A. Medium-term secured loans - land financing B. Medium-term loans - building financing	None

	Far Eastern International Bank	2020/09/21~ 2023/09/21	Medium-term comprehensive credit limit A. Medium-term secured loans - land financing B. Medium-term loans - building financing C. Commercial paper guarantee	None
	Sales Department, Hwatai Bank	2020/11/09~ 2023/11/09	Medium-term secured loans	Certain amounts can only be used after the urban renewal project is authorized
	Taiwan Cooperative Bank Taoyuan Branch	2020/12/23~ 2023/12/31	Medium-term secured loans - land financing	None
	Taiwan Cooperative Bank Banqiao Branch	2021/01/13~ 2023/12/31	A. Medium-term secured loans - land financing B. Medium-term loans - building bulk loans	None
	Mega International Commercial Bank Nankan Branch	2021/01/13~ 2024/01/03	A. Medium-term secured loans - land financing B. Medium-term loans - additional building bulk	None
	Mega International Commercial Bank Nankan Branch	2021/06/03~ 2025/05/19	General Medium Term Secured Loans – Land Financing	None
	Mega International Commercial Bank Nankan Branch	First drawdown date until 2025/05/19	Medium-term construction financing (construction financing and capacity)	None
	Mega International Commercial Bank Nankan Branch	2022/01/24~20 25/09/28	General Medium Term Secured Loans - Land Financing	None
	Taiwan Cooperative Bank Taichung Branch	2021/6/24~ 2024/08/31	Medium Term Secured Loans - Land financing Medium-term lending - Capacity loan	None
	Taiwan Cooperative Bank Taichung Branch	First drawdown date until 2024/08/31	Mid-term loans - construction financing	None
	Taiwan Cooperative Bank Sansia Branch	2021/04/26~ 2025/03/31	Medium-term secured loans - land financing	None
	Taiwan Cooperative Bank Sansia Branch	First drawdown date until 2025/03/31	Mid-term loans - construction financing	None
	Taiwan Cooperative Bank Shihlin Branch	2021/05/28~ 2025/03/31	Medium-term secured loans - land financing	None
	Bank of Panhsin Neihsu Branch	2021/12/27~ 2026/12/27	Mid-term loans	None

*Only project contracts with a total contract price of more than NT\$100 million are specified.

*Only medium to long-term loan contracts are shown.

【Financial Information】

1. Condensed Balance Sheet and Statement of Comprehensive Income in the Past Five Years, and the CPA's Audit Opinion

(1) Condensed Balance Sheet and Statement of Comprehensive income

1. Condensed Balance Sheet – based on IFRS (Consolidated)

Unit: NT\$1,000

Item	Year	Financial data in the past five years (Note 1)					Financial data of the current year until M/D/Y (Note 3)
		2017	2018	2019	2020	2021	
Current assets		5,588,134	4,990,988	4,985,390	8,433,839	17,389,221	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.
Property, plant and equipment (Note2)		123,141	120,413	118,586	117,874	118,562	
Intangible assets		--	--	--	--	11,410	
Other assets (Note 2)		27,969	26,991	45,753	79,153	56,923	
Total assets		5,739,244	5,138,392	5,149,729	8,630,866	17,576,116	
Current liabilities	Before distribution	1,588,711	902,567	1,765,918	2,220,003	5,039,111	
	After distribution	1,588,711	983,792	1,792,993	2,220,003	--	
Non-current liabilities		687,709	742,686	12,328	10,305	3,896,851	
Total liabilities	Before distribution	2,276,420	1,645,253	1,778,246	2,230,308	8,935,962	
	After distribution	2,276,420	1,726,478	1,805,321	2,230,308	--	
Equity attributable to owner of the parent company		3,208,469	3,244,403	3,113,038	6,148,136	8,393,662	
Capital stock		2,707,525	2,707,525	2,707,525	5,207,525	7,207,525	
Capital reserve		11,070	11,381	9,141	658,613	1,018,613	
Retained earnings	Before distribution	525,829	558,580	400,161	281,438	166,227	
	After distribution	525,829	477,355	373,086	281,438	--	
Other equity		--	(5,322)	(3,789)	560	1,297	
Treasury stock		(35,955)	(27,761)	--	--	--	
Non-controlling interests		254,355	248,736	258,445	252,422	246,492	
Total equity	Before distribution	3,462,824	3,493,139	3,371,483	6,400,558	8,640,154	
	After distribution	3,462,824	3,411,914	3,344,408	6,400,558	--	

* If the individual financial report is prepared by the Company, it should prepare the individual Condensed Balance Sheet and Statement of Comprehensive Income for the last five fiscal years additionally.

* If the IFRS is adopted in the financial statements for less than 5 years, it should prepare the financial statement based on the GAAP as shown in Table (2) as below.

Note 1: The years that are not audited by CPA should be marked.

Note 2: If the Company has performed the revaluation in the current year, it should list the revaluation date and amount.

Note 3: For the company that is publicly listed or has issued shares in TWSE, if the financial data in the most recent period is audited or reviewed by the CPA before the date of publishing the Annual Report, it should be disclosed.

Note 4: The figure after the distribution of the last time should be listed based on the resolution during the shareholders' meeting in the next year.

Note 5: If the financial data is corrected or re-compiled upon the notice of the competent authority, it should list the updated figure, and specify the situation and reason.

2. Condensed Statement of Comprehensive Income-based on IFRS (Consolidated)

Unit: NT\$1,000

Item \ Year	Financial data in the past five years (Note 1)					Financial data of the current year until M/D/Y (Note 2)
	2017	2018	2019	2020	2021	
Operating income	69,225	1,212,121	10,170	87,377	8,718	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.
Gross profit/loss	11,402	198,053	8,265	25,427	8,718	
Operating profit/loss	(107,165)	68,178	(67,951)	(63,943)	(86,997)	
Non-operating income and expense	(12,022)	(33,514)	(5,898)	(30,717)	(31,834)	
Net profit(loss) before tax	(119,187)	34,664	(73,849)	(94,660)	(118,831)	
Net profit(loss) of continuing operations in the current period	--	--	--	--	--	
Loss of discontinued operations	--	--	--	--	--	
Net profit (loss) of the current period	(124,550)	20,066	(75,294)	(95,668)	(120,553)	
Other comprehensive gains/losses of the current period (Net amount after tax)	2	(577)	3,003	1,097	149	
Total comprehensive income of the current term	(124,548)	19,489	(72,291)	(94,571)	(120,404)	
Net profit/loss attributable to owner of the parent company	(116,361)	26,874	(68,696)	(89,645)	(114,623)	
Net profit/loss attributable to non-controlling interest	(8,189)	(6,808)	(6,598)	(6,023)	(5,930)	
Total comprehensive profit/loss attributable to owner of the parent company	(116,359)	26,301	(65,696)	(88,548)	(114,474)	
Total comprehensive income attributable to non-controlling interest	(8,189)	(6,812)	(6,595)	(6,023)	(5,930)	
EPS	(0.43)	0.10	(0.25)	(0.32)	(0.20)	

* If the individual financial report is prepared by the Company, it should prepare the individual Condensed Balance Sheet and Statement of Comprehensive Income for the last five fiscal years additionally.

* If the IFRS is adopted in the financial statements for less than 5 years, it should prepare the financial statement based on the GAAP as shown in Table (2) as below.

Note 1: The years that are not audited by CPA should be marked.

Note 2: For the company that is publicly listed or has issued shares in TWSE, if the financial data in the most recent period is audited or reviewed by the CPA before the date of publishing the Annual Report, it should be disclosed.

Note 3: Loss of discontinued operations is listed based on the net amount deducted with the income tax.

Note 4: If the financial data is corrected or re-compiled upon the notice of the competent authority, it should list the updated figure, and specify the situation and reason.

3. Condensed Balance Sheet - based on IFRS (Parent Company)

Unit: NT\$1,000

Year Item		Financial data in the past five years (Note 1)					Financial data of the current year until M/D/Y (Note 3)
		2017	2018	2019	2020	2021	
Current assets		4,337,053	3,691,488	3,714,824	7,178,320	15,682,437	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.
Property, plant and equipment (Note2)		61,157	58,845	57,435	57,139	57,954	
Intangible assets		--	--	--	--	--	
Other assets (Note2)		411,871	409,291	397,362	420,122	725,433	
Total assets		4,810,081	4,159,624	4,169,621	7,655,581	16,465,824	
Current liabilities	Before distribution	1,575,254	895,534	1,045,131	1,498,176	4,891,329	
	After distribution	1,575,254	976,759	1,072,206	1,498,176	--	
Non-current liabilities		26,358	19,687	11,452	9,269	3,180,833	
Total liabilities	Before distribution	1,601,612	915,221	1,056,583	1,507,445	8,072,162	
	After distribution	1,601,612	996,446	1,083,658	1,507,445	--	
Equity		3,208,469	3,244,403	3,113,038	6,148,136	8,393,662	
Capital stock		2,707,525	2,707,525	2,707,525	5,207,525	7,207,525	
Capital reserve		11,070	11,381	9,141	658,613	1,018,613	
Retained earnings	Before distribution	525,829	558,580	400,161	281,438	166,227	
	After distribution	525,829	477,355	373,086	281,438	--	
Other equity		--	(5,322)	(3,789)	560	1,297	
Treasury stock		(35,955)	(27,761)	--	--	--	
Non-controlling interests		--	--	--	--	--	
Total equity	Before distribution	3,208,469	3,244,403	3,113,038	6,148,136	8,393,662	
	After distribution	3,208,469	3,163,178	3,085,963	6,148,136	--	

* If the individual financial report is prepared by the Company, it should prepare the individual Condensed Balance Sheet and Statement of Comprehensive Income for the last five fiscal years additionally.

* If the IFRS is adopted in the financial statements for less than 5 years, it should prepare the financial statement based on the GAAP as shown in Table (2) as below.

Note 1: The years that are not audited by CPA should be marked.

Note 2: If the Company has performed the revaluation in the current year, it should list the revaluation date and amount.

Note 3: For the company that is publicly listed or has issued shares in TWSE, if the financial data in the most recent period is audited or reviewed by the CPA before the date of publishing the Annual Report, it should be disclosed.

Note 4: The figure after the distribution of the last time should be listed based on the resolution during the shareholders' meeting in the next year.

Note 5: If the financial data is corrected or re-compiled upon the notice of the competent authority, it should list the updated figure, and specify the situation and reason.

4. Condensed Statement of Comprehensive Income—based on IFRS (Parent Company)

Unit: NT\$1,000

Item \ Year	Financial data in the past five years (Note 1)					Financial data of the current year until M/D/Y (Note 2)
	2017	2018	2019	2020	2021	
Operating income	62,761	1,201,069	3,069	79,624	968	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.
Gross profit/loss	4,938	192,057	1,164	17,674	968	
Operating profit/loss	(99,240)	69,949	(66,306)	(62,545)	(81,574)	
Non-operating income and expense	(11,557)	(28,510)	(2,390)	(26,092)	(33,049)	
Net profit(loss) before tax	(110,797)	41,439	(68,696)	(88,637)	(114,623)	
Net profit(loss) of continuing operations in the current period	--	--	--	--	--	
Loss of discontinued operations	--	--	--	--	--	
Net profit (loss) of the current period	(116,361)	26,874	(68,696)	(89,645)	(114,623)	
Other comprehensive gains/losses of the current period (Net amount after tax)	2	(573)	3,000	1,097	149	
Total comprehensive income of the current term	(116,359)	26,301	(65,696)	(88,548)	(114,474)	
Net profit/loss attributable to owner of the parent company	--	--	--	--	--	
Net profit/loss attributable to non-controlling interest	--	--	--	--	--	
Total comprehensive profit/loss attributable to owner of the parent company	--	--	--	--	--	
Total comprehensive income attributable to non-controlling interest	--	--	--	--	--	
EPS	(0.43)	0.10	(0.25)	(0.32)	(0.20)	

* If the individual financial report is prepared by the Company, it should prepare the individual Condensed Balance Sheet and Statement of Comprehensive Income for the last five fiscal years additionally.

* If the IFRS is adopted in the financial statements for less than 5 years, it should prepare the financial statement based on the GAAP as shown in Table (2) as below.

Note 1: The years that are not audited by CPA should be marked.

Note 2: For the company that is publicly listed or has issued shares in TWSE, if the financial data in the most recent period is audited or reviewed by the CPA before the date of publishing the Annual Report, it should be disclosed.

Note 3: Loss of discontinued operations is listed based on the net amount deducted with the income tax.

Note 4: If the financial data is corrected or re-compiled upon the notice of the competent authority, it should list the updated figure, and specify the situation and reason.

(2) Condensed Balance Sheet and Statement of Comprehensive Income- based on GAAP

None: The IFRS is adopted by the Company in the financial statements for more than 5 years, it is not required to provide such reports.

* Capitalized amount of interests:

Unit: NT\$1,000

2017	0	2020	9,624
2018	0	2021	60,200
2019	6,198		

(3) The names of CPAs and their audit opinions in the past five years

1. The names of CPAs and their audit opinions:

Year	Name of CPA	Audit opinion
2017	Kuo,Chen-Yu, Chen, Kuang-Hui	Unqualified
2018	Chen, Kuang-Hui, Yau, Yu-Lin	Unqualified
2019	Chen, Kuang-Hui, Yau, Yu-Lin	Unqualified
2020	Chen, Kuang-Hui, Yau, Yu-Lin	Unqualified
2021	Chen, Kuang-Hui, Yau, Yu-Lin	Unqualified

2. CPA replacement reasons in the past five years:

The number of CPAs auditing a public company failed to meet the provisions of Article 4 of “Regulations Governing Approval of Certified Public Accountants to Audit and Attest to the Financial Reports of Public Companies”, so MOORE STEPHENS INTERNATIONAL LIMITED proposed to terminate the CPA appointment for finance statement of the Company in 2018.

2. Financial Analysis for the Last Five Fiscal Years

(1) Financial analysis - based on IFRS (Consolidated)

Year (Note 1)		Financial data in the past five years (Note 1)					Financial data of the current year until M/D/Y (Note 2)
		2017	2018	2019	2020	2021	
Analysis item (Note 3)							
Financial structure (%)	Debt Ratio	39.66	32.02	34.53	25.84	50.84	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.
	Ratio of long-term capital to property, plant and equipment	3,370.55	3,517.75	2,853.47	5,438.74	10,574.22	
Solvency (%)	Current ratio	351.74	552.98	282.31	379.90	345.09	
	Quick ratio	36.87	72.75	28.30	94.45	65.95	
	Times interest earned ratio	(2.08)	2.13	(1.77)	(2.73)	(0.82)	
Operational capability	Accounts receivable turnover (times)	1.71	406.62	4.93	42.37	3.64	
	Average collection days	213.45	0.89	74.03	8.61	100.27	
	Inventory turnover (times)	0.01	0.20	0.00	0.01	0.00	
	Accounts payable turnover (times)	0.39	24.25	0.09	0.75	0.00	
	Average days in sales	36,500.00	1,825.00	NA	36,500.00	NA	
	Property, plant and equipment turnover (times)	0.74	9.95	0.09	0.74	0.07	
	Total assets turnover (times)	0.01	0.22	0.00	0.01	0.00	
Profitability	Return on total assets (%)	(1.54)	0.82	(1.11)	(1.18)	(0.69)	
	Return on stockholders' equity (%)	(3.43)	0.58	(2.19)	(1.96)	(1.60)	
	Pre-tax net profit to paid-in capital (%) (Note 7)	(4.40)	1.28	(2.73)	(1.82)	(1.65)	
	Profit margin (%)	(179.92)	1.66	(740.35)	(109.49)	(1,382.81)	
	EPS (NT\$)	(0.43)	0.10	(0.25)	(0.32)	(0.20)	
Cash flow	Cash flow ratio (%)	12.92	66.93	--	--	--	
	Cash flow adequacy ratio (%)	232.45	297.18	414.30	31.33	8.32	
	Cash reinvestment ratio (%)	(0.27)	14.19	(2.39)	(0.42)	0.00	

Leverage	Operating leverage	0.17	1.97	0.10	(0.01)	0.24
	Financial leverage	0.73	1.82	0.75	0.78	0.70

Analysis of significant changes in financial ratio over the last two years. (Not required if the change does not exceed 20%.)

	2020	2021	Change ratio	Analysis of Change ratio higher than 20%
Debt Ratio	25.84	50.84	97%	The ratio increased mainly due to the increase in liabilities in the current period.
Ratio of long-term capital to property, plant and equipment	5,438.74	10,574.22	94%	The increase in the ratio was mainly due to the increase in long-term capital.
Current ratio	379.90	345.09	-9%	-
Quick ratio	94.45	65.95	-30%	The ratio decreased mainly due to the increase in current liabilities in the current period.
Times interest earned ratio	(2.73)	(0.82)	70%	Due to the increase in interest expense for the period.
Accounts receivable turnover (times)	42.37	3.64	-91%	The decrease was mainly due to the decrease in net sales during the period, resulting in a lower turnover rate
Average collection days	8.61	100.27	1,065%	1. The credit policy for the current period is consistent with that of the previous period. 2. The number of collection days increased due to the decrease in the turnover rate of receivables in the current period.
Inventory turnover (times)	0.75	0.00	NA	-
Accounts payable turnover (times)	0.01	0.00	NA	-
Average days in sales	36,500.00	NA	NA	-
Property, plant and equipment turnover (times)	0.74	0.07	-91%	The decrease was mainly due to the decrease in net sales during the period, resulting in a lower turnover rate.
Total assets turnover (times)	0.01	0.00	NA	-
Return on total assets	(1.18)	(0.69)	42%	The increase in the ratio was mainly due to the increase in average total assets for the period.
Return on stockholders' equity	(1.96)	(1.60)	18%	-
Pre-tax net profit to paid-in capital	(1.82)	(1.65)	9%	-
Profit margin	(109.49)	(1,382.81)	-1,163%	The decrease was mainly due to the decrease in net sales during the period, resulting in a lower ratio.
EPS (NT\$)	(0.32)	(0.20)	38%	Although the net loss increased, the weighted average number of shares outstanding increased, resulting in an increase in earnings per share.
Cash flow ratio	-	-	-	As the net cash flow outflow from operating activities for the period is not analyzed.
Cash flow adequacy ratio	31.33	31.33	-73%	Ratio decrease due to increase in inventory
Cash reinvestment ratio	(0.42)	0.00	NA	-
Operating leverage	(0.01)	0.24	2,500%	Leverage increased due to lower variable operating costs in the current period compared to the previous period
Financial leverage	0.78	0.70	-10%	-

(2) Financial analysis - based on IFRS (Parent Company)

Year (Note 1) Analysis item (Note 3)		Financial data in the past five years (Note 1)					Financial data of the current year until M/D/Y (Note 2)
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt Ratio	33.30	22.00	25.34	19.69	49.02	There is no financial data audited by the CPA in the current year and as of the Annual Report
	Ratio of long-term capital to property, plant and equipment	5,289.38	5,546.93	5,440.05	10,776.19	19,971.87	
Solvency (%)	Current ratio	275.32	412.21	355.44	479.14	320.62	
	Quick ratio	34.98	66.36	44.62	139.32	60.47	
	Times interest earned ratio	(3.59)	3.60	(4.26)	(5.63)	(1.03)	
Operational capability	Accounts receivable turnover (times)	1.56	562.69	85.25	1,474.52	1.11	
	Average collection days	233.97	0.64	4.28	0.24	328.82	
	Inventory turnover (times)	0.01	0.27	0.00	0.01	0.00	
	Accounts payable turnover (times)	0.39	24.32	0.09	0.75	0.00	
	Average days in sales	36,500.00	1,351.85	NA	25,704.22	0.00	
	Property, plant and equipment turnover (times)	1.01	20.02	0.05	1.39	0.02	
	Total assets turnover (times)	0.01	0.27	0.00	0.01	0.00	
Profitability	Return on total assets (%)	(1.90)	0.89	(1.49)	(1.45)	(0.78)	
	Return on stockholders' equity (%)	(3.45)	0.83	(2.16)	(1.94)	(1.58)	
	Pre-tax net profit to paid-in capital (%) (Note 7)	(4.09)	1.53	(2.54)	(1.70)	(1.59)	
	Profit margin (%)	(185.40)	2.24	(2,238.38)	(112.59)	(11,841.22)	
	EPS (NT\$)	(0.43)	0.10	(0.25)	(0.32)	(0.20)	
Cash flow	Cash flow ratio (%)	13.16	74.61	--	--	--	
	Cash flow adequacy ratio (%)	275.00	354.54	437.34	33.95	9.06	
	Cash reinvestment ratio (%)	(0.33)	23.09	(2.91)	(0.46)	0.00	
Leverage	Operating leverage	0.20	1.85	0.20	0.10	0.32	
	Financial leverage	0.80	1.30	0.89	0.92	0.76	

Analysis of significant changes in financial ratio over the last two years. (Not required if the change does not exceed 20%.)

	2020	2021	Change ratio	Analysis of Change ratio higher than 20%
Debt Ratio	19.69	49.02	149%	The increase in the ratio was mainly due to the increase in liabilities in the current period.
Ratio of long-term capital to property, plant and equipment	10,776.19	19,971.87	85%	The increase in the ratio was mainly due to the increase in long-term funds in the current period.
Current ratio	479.14	320.62	-33%	The increase in current liabilities mainly resulted in a lower ratio.
Quick ratio	139.32	60.47	-57%	The increase in current liabilities mainly resulted in a lower ratio.
Times interest earned ratio	(5.63)	(1.03)	82%	The increase was mainly due to the increase in interest expense for the period, which led to the increase in multiples.
Accounts receivable turnover (times)	1,474.52	1.11	-100%	The decrease was mainly due to the decrease in net sales during the period, resulting in a lower turnover rate.
Average collection days	0.24	328.82	136908%	1. The credit policy for the current period is consistent with that of the previous period. 2. The number of collection days increased due to the decrease in the turnover rate of receivables in the current period.
Inventory turnover (times)	0.75	0.00	NA	-
Accounts payable turnover (times)	0.01	0.00	NA	-
Average days in sales	25,704.22	0.00	NA	-
Property, plant and equipment turnover (times)	1.39	0.02	-99%	The decrease was mainly due to the decrease in net sales during the period, resulting in a lower turnover rate.
Total assets turnover (times)	0.01	0.00	NA	-
Return on total assets	(1.45)	(0.78)	46%	The increase was mainly due to the increase in average total assets during the period, resulting in an increase in the ratio.
Return on stockholders' equity	(1.94)	(1.58)	19%	-
Pre-tax net profit to paid-in capital	(1.70)	(1.59)	6%	-
Profit margin	(112.59)	(11,841.22)	-10417%	The decrease was mainly due to the decrease in net sales during the period, resulting in a lower ratio.
EPS (NT\$)	(0.32)	(0.20)	38%	Although the net loss increased, the weighted average number of shares outstanding increased, resulting in an increase in earnings per share.
Cash flow ratio	-	-	-	As the net cash flow outflow from operating activities for the period is not analyzed.
Cash flow adequacy ratio	33.95	9.06	-73%	Ratio decrease due to increase in inventory.
Cash reinvestment ratio	(0.46)	0.00	NA	

Operating leverage	0.10	0.32	220%	Leverage increased due to lower variable operating costs in the current period compared to the previous period.
Financial leverage	0.92	0.76	-17%	-

*If the individual financial report is prepared by the Company, it should prepare the analysis of the individual financial ratios for the last five fiscal years additionally.

*If the IFRS is adopted in the financial statements for less than 5 years, it should prepare the financial statement based on the GAAP as shown in Table (2) as below.

Note 1: The years that are not audited by CPA should be marked.

Note 2: For the company that is publicly listed or has issued shares in TWSE, if the financial data in the most recent period is audited or reviewed by the CPA before the date of publishing the Annual Report, it should be analyzed.

Note 3: The calculation equations as below should be listed at the end of the Annual Report:

1. Financial structure

(1) Ratio of liability to asset = total liability/total asset

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liability)/property, plant and equipment net amount

2. Solvency

(1) Current ratio = current asset/current liability.

(2) Quick ratio = (current asset – inventory – prepaid expense) / current liability

(3) Times interest earned = net profit before income tax and interest expense/current interest expense

3. Operational capability

(1) Accounts payable (including accounts receivable and notes receivable attributable to business) turnover ratio = net sales/average accounts receivable ((including accounts receivable and notes receivable attributable to business) balance

(2) Average collection days = 365 / accounts payable turnover ratio

(3) Inventory turnover ratio = sales cost / average inventory

(4) Accounts payable (including accounts payable and notes payable attributable to business) turnover ratio = sales cost / average accounts payable (including accounts payable and notes payable attributable to business) balance

(5) Average day in sales = 365 / inventory turnover ratio

(6) Property, plant and equipment turnover ratio = net sales/average real estate, plant and equipment net amount

(7) Total assets turnover ratio = net sales / average total assets

4. Profitability

(1) Return on assets = (after-tax profit and loss + interest expense × (1 – tax rate)) / average total assets

(2) Return on stockholders' equity = after-tax profit and loss / average total equity

(3) Net profit ratio = after-tax profit and loss / net sales

(4) Earnings per share = (equity attributable to owner of parent company – dividend on preferred shares) / weighted average issued share number (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash flow of operating activity / current liability

(2) Net cash flow adequacy ratio = net cash flow of operating activity in recent five years / recent five years (capital expenditure + inventory increase + cash dividend)

(3) Cash reinvestment ratio = (net cash flow of operating activity – cash dividend) / (real estate, plant and equipment gross + long-term investment + other non-current asset + working capital) (Note 5)

6. Leverage:

(1) Operating leverage = (net operating revenue – changed Operating costs and expense) / operating profit (Note 6)

(2) Financial leverage = operating profit / (operating profit – interest expense)

Note 4: The formula for calculating the above earnings per share take the following factors into consideration:

1. Subject to weighted average number of common shares, not based on the number of issued shares at the end of the year

2. If there is incremental cash flow or treasury stock transaction, the circulation period should be taken into account and the weighted average number of shares is calculated.

3. If there is surplus transferred to increment or capital reserve transferred to investment, when calculating the earnings per share of the previous year and half year, trace and adjust according to increment proportion without considering the issuing period of the increment.

4. If the special stock is the nonconvertible cumulative special stock, its dividend of that year (whether issued or not) shall be deducted from after-tax net profit for the year or increase the after-tax net loss. If the special stock is the non-cumulative type, wherein there is after-tax dispute, the special stock dividend shall be deducted from after-tax net profit for the year if any; in case of loss, there shall be no adjustment.

Note 5: Cash utilization analysis and assessment should take the following factors into consideration:

1. Net cash flow of operating activity refers to the net cash inflow of operating activity in the cash flow statement.

2. Capital expenditure refers to the cash outflow of annual capital investment.

3. Inventory increment shall only be taken into account when the ending balance is greater than the beginning balance; if the inventory decreases at the end of the year, it shall be calculated as zero.
4. Cash dividends include cash dividends on common stocks and special stocks.
5. Gross of fixed assets refer to the sum of property, plant and equipment before deducting the accumulated depreciation.

Note 6: Issuer shall divide the Operating costs and Operating expenses into fixed and variable cost, which shall maintain the rationality and consistency if estimated or based on subjective judgment.

Note 7: If the company share has no par value or the par value per share is not NTDS 10, the above ratio calculation related to paid-in capital shall be changed in order to calculate the ratio of equity attributable to the owner of the parent company.

(3) Consolidated Financial Analysis- based on GAAP

None. The IFRS is adopted by the Company in the financial statements for more than 5 years, it is not required to provide such reports.

(4) Financial Analysis- based on GAAP

None. The IFRS is adopted by the Company in the financial statements for more than 5 years, it is not required to provide such reports.

3. Audit Committee' Inspection Report in the Latest Year:

Audit Committee' Inspection Report

The Company's 2021 business report, financial statements (including the consolidated and parent Company ones) and Loss make-up proposal prepared by the Board have been reviewed by CPAs of ShineWing Taiwan and are inspected by the Audit Committee, which are considered as correct and accurate. This report is presented pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for further inspection.

2022 Annual Shareholders' Meeting of Delpha Construction Co., Ltd

Audit Committee Convener: **Wang, Mu-Fan**

March 30th, 2022

Delpha Construction Co., Ltd. and Subsidiaries
Letter of Representation

For the year ended December 31, 2021 (from January 1, 2021 to December 31, 2021), pursuant to “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, the entities that are required to be included in the consolidated financial statements of affiliates, are the same entities required to be included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the consolidated financial statements of affiliates is included in the aforementioned consolidated financial statements. Accordingly, it is not required to prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Delpha Construction Co., Ltd.

Cheng, Ssu-Tsung

Chairman

March 30, 2022

Independent Auditors' Report

Delpha Construction Co., Ltd.

Opinion

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

In our opinion, based on our audits, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

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 auditors' responsibilities for the audit of the consolidated financial statements** section of our report. We are independent of the Group 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 consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. We determined the key audit matters should be communicated in our audit report are as follows:

Evaluation of inventories

Please refer to Note 4(13) to the consolidated financial statements for the accounting policies of evaluation of inventories; refer to Note 5(2) to the consolidated financial statements for the accounting estimates and assumptions of the evaluation of inventories; and please refer to Note 6(6) to the consolidated financial statements for the details description of inventories accounts.

The inventory is an important asset of the Group's operation, which accounts for 78% of the total Group'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 are inappropriate. Therefore, we considered the evaluation of inventories as one of the key audit matters for the year.

Our audit procedures included, but are 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; and for the valuation report issued by the appraiser, to assess the

Independent Auditors' Report (Continued)

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.

Other matters

We have audited the parent only financial statements of Delpha Construction Co., Ltd. for the years ended December 31, 2021 and 2020 on which we have issued an unqualified opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditors' Report (Continued)

Independent auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks 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 Group'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 Group's ability to continue as 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the footnote disclosures, and whether the consolidated 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 Group's investee companies accounted for under equity method to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of audit of the Group'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 consolidated 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 consolidated 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 consolidated 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 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. and Subsidiaries

Consolidated balance sheets

December 31, 2021 and 2020

(Expressed in thousands of New Taiwan dollars)

Assets	<u>Notes</u>	December 31,			
		2021	%	2020	%
<i>Current assets</i>					
Cash and cash equivalents	6.(1)	\$ 3,161,810	18	\$ 1,842,842	21
Notes receivable, net	6.(4)	3,130	-	1,647	-
Accounts receivable, net	6.(4)	6	-	6	-
Other receivables	6.(5)	53	-	40,008	-
Current tax assets		225	-	413	-
Inventories	6.(6) and 8	13,776,208	78	6,121,039	71
Prepayments		289,800	2	215,913	3
Other current financial assets	6.(7) and 8	157,039	1	211,021	3
Other current assets, others		950	-	950	-
		17,389,221	99	8,433,839	98
<i>Non-current assets</i>					
Non-current financial assets at fair value through other comprehensive income	6.(3)	3,187	-	2,898	-
Property, plant and equipment	6.(8) and 8	118,562	1	117,874	1
Right-of-use asset	6.(9)	5,320	-	6,571	-
Intangible assets	6.(11)	11,410	-	-	-
Deferred tax assets	6.(30)	21	-	-	-
Guarantee deposits paid	7	38,936	-	61,013	1
Net defined benefit assets, non-current	6.(17)	3,907	-	3,119	-
Other non-current assets, others		5,552	-	5,552	-
		186,895	1	197,027	2
Total assets		\$ 17,576,116	100	\$ 8,630,866	100

(Continued on next page)

Delpha Construction Co., Ltd. and Subsidiaries

Consolidated 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	\$ 3,990,721	23	\$ 915,000	11
Short-term notes and bills payable	6.(14)	49,998	-	-	-
Current contract liabilities	6.(24)	532,459	3	342,486	4
Notes payable	6.(15)	108,861	1	1,723	-
Accounts payable	6.(15)	87,383	1	48,217	1
Accounts payable to related parties	6.(15) and 7	-	-	94,571	1
Other payables		19,935	-	10,480	-
Current tax liabilities		1,743	-	-	-
Current provisions	6.(18)	1,107	-	761	-
Current lease liabilities		5,384	-	6,599	-
Advance receipts		28,015	-	28,079	-
Current portion of non-current borrowings	6.(16) and 8	211,400	1	771,900	9
Other current liabilities, others		2,105	-	187	-
		<u>5,039,111</u>	<u>29</u>	<u>2,220,003</u>	<u>26</u>
<i>Non-current liabilities</i>					
Non-current portion of non-current borrowings	6.(16) and 8	3,895,684	22	-	-
Guarantee deposits received		1,167	-	10,305	-
		<u>3,896,851</u>	<u>22</u>	<u>10,305</u>	<u>-</u>
Total liabilities		<u>8,935,962</u>	<u>51</u>	<u>2,230,308</u>	<u>26</u>
<i>Equity attributable to owners of the parent company</i>					
Ordinary share	6.(20)	7,207,525	41	5,207,525	60
Capital surplus	6.(21)	1,018,613	6	658,613	8
Retained earnings:	6.(22)				
Legal reserve		237,247	1	237,247	3
Special reserve		-	-	3,789	-
Unappropriated retained earnings		(71,020)	-	40,402	-
Other equity interest		1,297	-	560	-
		<u>8,393,662</u>	<u>48</u>	<u>6,148,136</u>	<u>71</u>
Non-controlling interests	6.(23)	246,492	1	252,422	3
Total equity		<u>8,640,154</u>	<u>49</u>	<u>6,400,558</u>	<u>74</u>
Total liabilities and equity		<u>\$ 17,576,116</u>	<u>100</u>	<u>\$ 8,630,866</u>	<u>100</u>

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

Delpha Construction Co., Ltd. and Subsidiaries
Consolidated 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.(24)	\$ 8,718	100	\$ 87,377	100
Operating cost	6.(6) and 7	-	-	(61,950)	(71)
Gross profit from operations		8,718	100	25,427	29
Operating expenses					
Selling expenses	6.(27)	(1,045)	(12)	(2,618)	(3)
Administrative expenses	6.(27) and 7	(94,670)	(1,086)	(86,752)	(99)
		(95,715)	(1,098)	(89,370)	(102)
Net operating loss		(86,997)	(998)	(63,943)	(73)
Non-operating income and expenses					
Other income	6.(25)	11,376	130	4,857	6
Other gains and losses	6.(26)	(5,075)	(58)	(17,274)	(20)
Finance costs	6.(29)	(38,135)	(437)	(18,300)	(21)
		(31,834)	(365)	(30,717)	(35)
Net loss before tax		(118,831)	(1,363)	(94,660)	(108)
Tax expense	6.(30)	(1,722)	(20)	(1,008)	(1)
Current net loss		(120,553)	(1,383)	(95,668)	(109)
Other comprehensive income					
Component of other comprehensive income that will not be reclassified to profit or loss					
Gains on remeasurement of defined benefit plans		781	9	111	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(632)	(7)	986	1
Income tax expenses related to components that will not be reclassified to profit or loss		-	-	-	-
Total other comprehensive income		149	2	1,097	1
Total comprehensive loss for the year		(\$ 120,404)	(1,381)	(\$ 94,571)	(108)
Net loss attributable to					
Owners of the parent company		(\$ 114,623)	(1,315)	(\$ 89,645)	(102)
Non-controlling interests		(5,930)	(68)	(6,023)	(7)
		(\$ 120,553)	(1,383)	(\$ 95,668)	(109)
Total comprehensive loss attributable to					
Owners of the parent company		(\$ 114,474)	(1,313)	(\$ 88,548)	(101)
Non-controlling interests		(5,930)	(68)	(6,023)	(7)
		(\$ 120,404)	(1,381)	(\$ 94,571)	(108)
Earnings per share (In New Taiwan dollars)	6.(31)				
Basic earnings per share		(\$ 0.20)		(\$ 0.32)	

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

Delpha Construction Co., Ltd. and Subsidiaries

Consolidated statement of changes in equity

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent company

	Retained earnings					Other equity interest		Non-controlling interest	Total equity
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) of financial assets at fair value through other comprehensive income	Total		
Balance, January 1, 2020	\$ 2,707,525	\$ 9,141	\$ 237,247	\$ 24,199	\$ 138,715	(\$ 3,789)	\$ 3,113,038	\$ 258,445	\$ 3,371,483
Appropriation of prior year's retained earnings:									
Reversal of special reserve	-	-	-	(20,410)	20,410	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(27,075)	-	(27,075)	-	(27,075)
Expired and unclaimed dividend transfer to legal reserve	-	38	-	-	-	-	38	-	38
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(2,114)	3,363	1,249	-	1,249
Issue of shares	2,500,000	640,000	-	-	-	-	3,140,000	-	3,140,000
Share-based payments	-	9,433	-	-	-	-	9,433	-	9,433
Other	-	1	-	-	-	-	1	-	1
	<u>5,207,525</u>	<u>658,613</u>	<u>237,247</u>	<u>3,789</u>	<u>129,936</u>	<u>(426)</u>	<u>6,236,684</u>	<u>258,445</u>	<u>6,495,129</u>
Net loss for the year	-	-	-	-	(89,645)	-	(89,645)	(6,023)	(95,668)
Other comprehensive income	-	-	-	-	111	986	1,097	-	1,097
Total other comprehensive income	-	-	-	-	(89,534)	986	(88,548)	(6,023)	(94,571)
Balance, December 31, 2020	5,207,525	658,613	237,247	3,789	40,402	560	6,148,136	252,422	6,400,558
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 shares	2,000,000	360,000	-	-	-	-	2,360,000	-	2,360,000
	<u>7,207,525</u>	<u>1,018,613</u>	<u>237,247</u>	<u>-</u>	<u>42,822</u>	<u>1,929</u>	<u>8,508,136</u>	<u>252,422</u>	<u>8,760,558</u>
Net loss for the year	-	-	-	-	(114,623)	-	(114,623)	(5,930)	(120,553)
Other comprehensive income	-	-	-	-	781	(632)	149	-	149
Total other comprehensive income	-	-	-	-	(113,842)	(632)	(114,474)	(5,930)	(120,404)
Balance, December 31, 2021	<u>\$ 7,207,525</u>	<u>\$ 1,018,613</u>	<u>\$ 237,247</u>	<u>\$ -</u>	<u>(\$ 71,020)</u>	<u>\$ 1,297</u>	<u>\$ 8,393,662</u>	<u>\$ 246,492</u>	<u>\$ 8,640,154</u>

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

Delpha Construction Co., Ltd. and Subsidiaries

Consolidated 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	(\$ 118,831)	(\$ 94,660)
Adjustments for:		
Income and expenses having no effect on cash flows		
Depreciation expenses	5,011	4,572
Amortization expenses	272	-
Interest income	(1,918)	(1,329)
Dividend revenue	(1,798)	(8)
Net loss on financial assets or liabilities at fair value through profit or loss	-	8,372
Interest expense	38,135	18,300
Loss on disposal of property, plant and equipment	-	17
Gain arising from lease modification	-	(24)
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) decrease in notes receivable	(1,483)	818
Decrease (increase) in other receivables	38,397	(625)
Increase in inventories	(7,594,969)	(1,773,863)
Increase in prepayments	(74,159)	(67,833)
Decrease in other current financial assets	53,982	56,173
Increase in other current assets, others	-	(950)
Increase in current contract liabilities	189,973	155,356
Increase in notes payable	107,138	1,723
Increase in accounts payable	39,166	27,731
(Decrease) increase in accounts payable to related parties	(94,571)	94,571
Increase (decrease) in other payables	6,584	(6,288)
Increase in current provisions	346	117
Decrease in advance receipts	(64)	(879)
Increase (decrease) in other current liabilities, others	1,918	(90)
Increase in net defined benefit assets/decrease in net defined benefit liabilities	(7)	(5,155)
Cash outflows generated from operations	(7,404,803)	(1,529,629)
Interest received	1,931	1,443
Interest paid	(95,352)	(27,584)
Dividend received	1,798	8
Income taxes refund (paid) (including land value increment tax)	188	(1,061)
Net cash used in operating activities	(7,496,238)	(1,556,823)

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Delpha Construction Co., Ltd. and Subsidiaries

Consolidated 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	913	3,047
Acquisition of property, plant and equipment	(3,452)	(1,307)
Acquisition of subsidiary	(11,410)	-
Decrease (increase) in guarantee deposits paid	22,077	(29,550)
Net cash flows generated from (used in) investing activities	<u>8,128</u>	<u>(27,810)</u>
Cash flows from financing activities		
Increase in current borrowings	3,075,721	633,000
Increase in short-term notes and bills payable	49,998	-
Increase in non-current portion of non-current borrowings	4,047,084	60,000
Repayment of non-current portion of non-current borrowings	(711,900)	(513,000)
Payment of lease liability	(2,323)	(2,644)
(Decrease) increase in guarantee deposits received	(9,138)	124
Expired and unclaimed dividend transfer to legal reserve	-	38
Proceeds from issuing shares	2,360,000	3,149,433
Cash dividends paid	-	(27,075)
Disgorgement	-	1
Net cash flows generated from financing activities	<u>8,809,442</u>	<u>3,299,877</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(2,364)</u>	<u>(4,448)</u>
Net increase in cash and cash equivalents	1,318,968	1,710,796
Cash and cash equivalents at beginning of year	<u>1,842,842</u>	<u>132,046</u>
Cash and cash equivalents at end of year	<u>\$ 3,161,810</u>	<u>\$ 1,842,842</u>

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

Delpha Construction Co., Ltd. and Subsidiaries

Notes to the consolidated 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 and its subsidiaries (collectively referred as the "Group") are primarily engaged in commercial building constructed by commissioned construction contractor, selling and leasing public housing, development of specialized area, upholstery industry, real estate agency, rental and investment in related business.

2. The date of authorization for issuance of the consolidated financial statements and procedures for authorization

These consolidated 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

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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 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.	January 1, 2021
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)

B. The Group assessed the above standards and interpretations and there is no significant impact to the Group'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 Group.

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

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

A. The Group 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	January 1, 2023

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all insurance contracts (including 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.

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The entity should recognize the loss 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

January 1, 2023

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	choose to apply the classification overlay approach.	
Classification of Liabilities as Current or Non-current (amendments to IAS 1)	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 Group assessed the above standards and interpretations and there is no significant impact to the Group's financial position and financial performance.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations, and SIC Interpretations as endorsed by the FSC.

(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 consolidated 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 consolidated 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 Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

- (A) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (B) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- (C) Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (D) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (E) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of. The gains or losses should transfer directly to retained earnings if the gain or loss from disposal of underlying assets is transferred to retained earnings at disposal.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Note
			December 31,		
			2021	2020	
The Company	Huachien Development Co.,Ltd. ("Huachien")	Development, selling and leasing	58	58	-
The Company	Huajian Construction Co., Ltd. ("Huajian")	Construction industry	100	-	1

Note 1 : 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.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2021 and 2020, the Group's non-controlling interest is amounted to \$246,492 thousand and \$252,422 thousand, respectively. The information of non-controlling interest that are material to the Group and subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31,			
		2021		2020	
		Amount	Ownership %	Amount	Ownership %
Huachien	Taipei, Taiwan	\$ 246,492	42	\$ 252,422	42

Summarized financial information of the subsidiaries:

Balance sheet

	Huachien	
	December 31,	
	2021	2020
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>

Statement of comprehensive income

	Huachien	
	For the year ended December 31,	
	2021	2020
Revenue	\$ 8,016	\$ 7,782
Loss before income tax	(14,243)	(14,465)
Income tax expense	-	-
Net loss for the year	(14,243)	(14,465)
Other comprehensive loss for the year	-	-
Total comprehensive loss for the year	<u>(\$ 14,243)</u>	<u>(\$ 14,465)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 5,930)</u>	<u>(\$ 6,023)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

Statements of cash flows

	Huachien	
	For the year ended December 31,	
	2021	2020
Net cash used in operating activities	(\$ 12,476)	(\$ 21,037)
Net cash generated from investing activities	10	-
Net cash generated from (used in) financing activities	9,042	(1,908)
Decrease in cash and cash equivalents	(3,424)	(22,945)
Cash and cash equivalents, beginning of year	8,023	30,968
Cash and cash equivalents, end of year	\$ 4,599	\$ 8,023

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

Foreign currency translation 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".

(5) *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 Group 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 Group 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).

(6) 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.

(7) 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 Group 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 Group's financial assets measured at fair value through profit or loss in accordance with customary transactions are accounted for using trade date.
- C. The Group 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 Group recognizes dividend income in profit or loss.

(8) 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 Group'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 Group'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 Group 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.

(9) 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 Group as effect of discounting is immaterial.

(10) Impairment of financial assets

On each balance sheet date, the Group'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.

(11) *Derecognition of financial assets*

The Group 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 Group 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 Group has not retained control of the financial asset.

(12) *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.

(13) *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.

(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 Group 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 Group. 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 Group 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) *Intangible Assets*

Goodwill

Goodwill arises in business combination accounted for applying the acquisition method.

(17) *Impairment of non-financial assets*

- A. The Group 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.
- B. The recoverable amounts of goodwill, intangible assets with indeterminate useful life and intangible assets not yet available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's recoverable amount lower than its carrying amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(18) *Borrowings*

- A. Borrowings refer to the non-current and current loans borrowed from the bank and other long-term and short-term loans. The Group 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.

(19) 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 Group as effect of discounting is immaterial.

(20) Provisions

Provisions are recognized when the Group 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.

(21) *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 Group 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 Group terminates the employee's contract before normal retirement date or when the employee decides to accept the Group's offer of benefits instead of the termination of the contract. The Group 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.

(22) *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 and its subsidiaries 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 consolidated 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 Group 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 Group assessed the impact of the basic income tax on the consolidated financial statements for current period income tax.

(23) *Revenue recognition*

- A. The Group operates land development and sales of residential properties and recognizes revenue when the control of properties are transferred to customers. For the contracts of sales of properties that have been signed, the Group 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 Group 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 Group and the customers agree to defer payment, but period of deferred payment will be no more than 12 months. The Group determines these defer payment contracts do not contains significant financial component and therefore no adjustment to the consideration amount.

(24) *Business combinations*

- A. The Group uses the acquisition method for the business combination. The consideration is calculated based on the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued, and the transferred consideration includes the fair value of any assets and liabilities arising from the contingent consideration agreement. Acquisition-related costs are recognized as an expense as incurred. All assets acquired and liabilities assumed in a business combination are measured at acquisition-

date fair value. The Group is based on individual acquisition transactions, if the components of non-controlling interests are current ownership interests and its holders are entitled to a pro rata share of the net assets of the enterprise when liquidation occurs, choice in measurement at acquisition-date fair value or the non-controlling interests; or the non-controlling interests' proportionate share of net assets of the acquiree. All other components of non-controlling interests are measured at their acquisition-date fair value.

B. If the transferred consideration, the non-controlling interests of acquiree and the total fair value of interests in the acquiree previously held exceeds the fair value of the identifiable assets acquired and liabilities assumed, it is recognized as goodwill on the acquisition date; if the fair value of the identifiable assets acquired and liabilities assumed exceeds the total fair value of the transferred consideration, the non-controlling interests of the acquiree, and the fair value of the interests in the acquiree previously held, the difference is recognized on the acquisition date for the current profit and loss.

(25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the strategic business unit. The strategic business unit, who is responsible for allocating resources and assessing performance of the operation segments, has been identified as the board of directors that makes strategic decisions.

(26) Earnings per shares

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

(27) Dividends

Dividends are recorded in the Company's financial statements 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 these consolidated financial statements requires management to make critical judgments in applying the Group'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 Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

The Group 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 Group 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 Group 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 Group's carrying amount of inventories is \$13,776,208 thousand.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31,	
	2021	2020
Cash on hand and working capital	\$ 360	\$ 180
Checking accounts and demand deposits	3,161,450	1,842,662
Total	<u>\$ 3,160,810</u>	<u>\$ 1,842,842</u>

A. The Group 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 Group'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 Group 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 Group are long-term strategic investments and are not held for trading purpose 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. In July 2020, the Group applied for a refund of the amount of \$10 thousand from the Keelung Second Credit Centre and the aforesaid amount will be recovered in April 2021.
- F. The amount recognized in other comprehensive income by the Group in 2021 and 2020 is a loss of \$632 thousand and a gain of \$986 thousand respectively.
- G. Information relating to credit risk, please refer to Note 12(2).

(4) *Notes receivable and accounts receivable*

	December 31,	
	2021	2020
Notes receivable	\$ 3,130	\$ 1,647
Less: allowance for doubtful accounts	-	-
Subtotal	3,130	1,647
Accounts receivable	6	6
Less: allowance for doubtful accounts	-	-
Subtotal	6	6
Total	\$ 3,136	\$ 1,653

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

	December 31,	
	2021	2020
Not past due	\$ 3,136	\$ 1,653
Past due less than 1 month	-	-
Past due 1 - 3 months	-	-
Past due 3 - 6 months	-	-
Past due over 6 months	-	-
Total	<u>\$ 3,136</u>	<u>\$ 1,653</u>

- D. The Group 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	-	\$ 3,136	\$ -	\$ 3,136
Past due less than 1 month	-	-	-	-
Past due 1 - 3 months	-	-	-	-
Past due 3 - 6 months	-	-	-	-
Past due over 6 months	-	-	-	-
Total		<u>\$ 3,136</u>	<u>\$ -</u>	<u>\$ 3,136</u>

December 31, 2020	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts (Lifetime expected credit loss)	Amortized cost
Not past due	-	\$ 1,653	\$ -	\$ 1,653
Past due less than 1 month	-	-	-	-
Past due 1 - 3 months	-	-	-	-
Past due 3 - 6 months	-	-	-	-
Past due over 6 months	-	-	-	-
Total		<u>\$ 1,653</u>	<u>\$ -</u>	<u>\$ 1,653</u>

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

(5) *Other receivables*

	December 31,	
	2021	2020
Other receivables	\$ 16,298	\$ 56,253
Less: allowance for doubtful accounts	(16,245)	(16,245)
Total	<u>\$ 53</u>	<u>\$ 40,008</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	12,461,928	5,928,195
Land held for floor-area-ratio transfer	261	-
Construction in progress	1,608,712	501,113
Prepayment for land	13,540	-
Less: allowance for decline in market value and obsolescence	(389,396)	(389,396)
Total	<u>\$ 13,776,208</u>	<u>\$ 6,121,039</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
Tai Yuan Lu	1,211,267	34,652	1,211,267	34,652
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	266,247	875,582	1,863
Le Jie Duan A	476,602	186,169	517,902	1,514
Le Jie Duan B	507,401	91,302	-	-
Qing Xi Duan A	303,381	107,190	316,171	35
Qing Xi Duan B	1,133,407	131,679	-	-
Shalu New Station Duan	175,962	27,898	-	-
Shan jie Duan	333,179	1	-	-
Wuri New High-speed Railway Duan	3,895,809	40,829	-	-
Qing An Duan	616,355	-	-	-
Total	\$ 12,461,928	\$ 1,608,712	\$ 5,928,195	\$ 501,113

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

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

D. Detail for 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 Group'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 \$1,581,156 thousand in total, and \$670,126 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 losses	-	-
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) Property, plant and equipment

	Lands	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
Cost							
At January 1, 2021	\$ 94,331	\$ 38,958	\$ 639	\$ 7,246	\$ -	\$ 257	\$ 141,431
Additions	-	-	-	1,601	1,851	-	3,452
At December 31, 2021	<u>\$ 94,331</u>	<u>\$ 38,958</u>	<u>\$ 639</u>	<u>\$ 8,847</u>	<u>\$ 1,851</u>	<u>\$ 257</u>	<u>\$ 144,883</u>
At January 1, 2020	\$ 94,331	\$ 38,960	\$ 639	\$ 6,290	-	\$ 257	\$ 140,477
Additions	-	101	-	1,206	-	-	1,307
Disposals and scrapped	-	(103)	-	(250)	-	-	(353)
At December 31, 2020	<u>\$ 94,331</u>	<u>\$ 38,958</u>	<u>\$ 639</u>	<u>\$ 7,246</u>	<u>\$ -</u>	<u>\$ 257</u>	<u>\$ 141,431</u>

	Lands	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
Accumulated depreciation and impairment							
At January 1, 2021	\$ -	\$ 17,368	\$ 359	\$ 5,601	\$ -	\$ 229	\$ 23,557
Depreciation	-	1,635	80	689	360	-	2,764
At December 31, 2021	\$ -	\$ 19,003	\$ 439	\$ 6,290	\$ 360	\$ 229	\$ 26,321
At January 1, 2020	\$ -	\$ 15,826	\$ 280	\$ 5,564	\$ -	\$ 221	\$ 21,891
Depreciation	-	1,628	79	287	-	8	2,002
Disposals and scrapped	-	(86)	-	(250)	-	-	(336)
At December 31, 2020	\$ -	\$ 17,368	\$ 359	\$ 5,601	\$ -	\$ 229	\$ 23,557
Net book value							
At December 31, 2021	\$ 94,331	\$ 19,955	\$ 200	\$ 2,557	\$ 1,491	\$ 28	\$ 118,562
At December 31, 2020	\$ 94,331	\$ 21,590	\$ 280	\$ 1,645	\$ -	\$ 28	\$ 117,874

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

(9) *Leasing arrangements as lessee*

- A. The leased assets by the Group are buildings with the lease period usually ranges from one to four 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 Group's leased transportation equipment parking spaces does not exceed twelve months, and the leases of low-value assets are office equipment and other equipment. In addition, as of December 31, 2021 and 2020, the Group's lease payment for short-term lease commitments were \$419 thousand and \$119 thousand, respectively.

C. The carrying amounts 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	\$ 5,320	\$ 2,247	\$ 6,571	\$ 1,964
Transportation equipment	-	-	-	606
Total	<u>\$ 5,320</u>	<u>\$ 2,247</u>	<u>\$ 6,571</u>	<u>\$ 2,570</u>

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

	Buildings	Transportation equipment	Total
January 1, 2021	\$ 6,571	\$ -	\$ 6,571
Additions	996	-	996
Depreciation expenses	(2,247)	-	(2,247)
December 31, 2021	<u>\$ 5,320</u>	<u>\$ -</u>	<u>\$ 5,320</u>
January 1, 2020	\$ 4,363	\$ 606	\$ 4,969
Additions	16,662	-	16,662
Depreciation expenses	(1,964)	(606)	(2,570)
Lease modifications	(12,490)	-	(12,490)
December 31, 2020	<u>\$ 6,571</u>	<u>\$ -</u>	<u>\$ 6,571</u>

E. The right-of-use assets of the Group increased by \$996 thousand and \$16,662 thousand in 2021 and 2020, respectively.

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

Items affecting profit or loss	<u>For the year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest expense on lease liabilities	(\$ 112)	(\$ 121)
Expense on short-term lease	(\$ 661)	(\$ 225)
Expense on lease of low-value assets	(\$ 311)	(\$ 134)

G. The total cash outflow for the leases of the Group in 2021 and 2020 amounted to \$3,295 thousand and \$3,003 thousand, respectively.

(10) *Leasing arrangements as lessor*

A. The leased assets of the Group include land and buildings. The lease contracts period usually ranges from one to five years. Lease contracts are negotiated individually and contain various terms and conditions. To ensure that the leased assets of the Group are used normally, the contract requires the lessee not to sublease, add, modify, pledge or use by a third party.

B. The Group respectively recognized the rental income from operating lease contracts of \$8,718 thousand and \$8,573 thousand in 2021 and 2020, of which none of the rental income was recognized as variable lease payments.

C. The lease receipts due under an operating lease of the Group are analyzed as follows:

	December 31,	
	2021	2020
At December 31, 2021	\$ -	\$ 5,702
At December 31, 2022	6,335	3,434
At December 31, 2023	2,017	682
At December 31, 2024	758	486
At December 31, 2025	384	384
Total	<u>\$ 9,494</u>	<u>\$ 10,688</u>

(11) *Intangible Assets*

	December 31,	
	2021	2020
Goodwill		
Costs	<u>\$ 11,410</u>	<u>\$ -</u>

	Goodwill	
January 1, 2021	\$ -	-
Addition – business combination		11,410
December 31, 2021	<u>\$ 11,410</u>	<u>11,410</u>

(12) *Impairment of non-financial assets*

For the years ended December 31, 2021 and 2020, the Group 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	\$ 2,647,721	\$ 915,000
Credit borrowings	1,343,000	-
Total	\$ 3,990,721	\$ 915,000
Interest rate range (%)	1.50 ~ 2.0345	1.30 ~ 1.60

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) *Short-term notes and bills payable*

	Acceptance agencies	December 31,	
		2021	2020
Short-term notes and bills payable	Notes and bills of Mega Bank	\$ 50,000	\$ -
Less: unamortized discount		(2)	-
Total		\$ 49,998	\$ -

A. The interest rate for the issuance of short-term notes and bills payables on December 31, 2021 was 0.65%.

B. As of December 31, 2021, the issuance of short-term notes and bills payables is \$100,000 thousand.

(15) *Notes payable and accounts payable*

	December 31,	
	2021	2020
Notes payable	\$ 108,861	\$ 1,723
Accounts payable	79,485	36,991
Estimated accounts payable	7,898	11,226
Subtotal	87,383	48,217
Accounts payable to related parties	-	94,571
Total	\$ 196,244	\$ 144,511

(16) *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	-
- 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	-

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Credit long-term borrowings

- 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	-
- 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 and the repayment will be based on the proportion of the credit balance. The repayment of the remaining amount will be a one-off payment in December 2027, with floating interest rate. The interest rate as of December 31, 2021 was 1.68%	714,980	-
- Lands and buildings pledged from August, 2017, the repayment will be at a minimum of 70% of the total sales price if there is a sale of property, the repayment of remaining amount will be a one-off payment in May, 2021, with floating interest rate. The interest rate as of December 31, 2020 was 1.6998%.	-	711,900
Total	4,107,084	771,900
Less: non-current borrowings expired within an operating cycle	(211,400)	(771,900)
Net	\$ 3,895,684	\$ -

A. Repayment deadlines of above non-current borrowings are as follows:

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
After December 31, 2026	714,980
Total	\$ 4,107,084

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

(17) 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)
	(27,026)	24,726	(2,300)
Remeasurements			
Impact of change in financial assumptions	(958)	-	(958)
Examined adjustments	238	831	1,069
	(720)	831	111
Employer contribution	-	5,308	5,308
Actual benefit payment	7,640	(7,640)	-
	7,640	(2,332)	5,308
Balance as of December 31	(\$ 20,106)	\$ 23,225	\$ 3,119

	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:

	<u>For the year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
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 Group have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”). Under the new plan, the Group contributes to the employees’ individual pension accounts at the Bureau of Labor Insurance. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were \$2,035 thousand and \$1,411 thousand, respectively.

(18) 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	1,107
Used during the year	(761)
At December 31, 2021	\$ 1,107

Analysis of provisions was as follow:

	December 31,	
	2021	2020
Current	\$ 1,107	\$ 761
Non-current	\$ -	\$ -

(19) 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 transaction 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 issue of shares, of which retained for employee subscription in 2020 was \$9,433 thousand.

(20) Ordinary share

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, respectively.

B. Details of the Company's previous offerings 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 ordinary shares outstanding are as follows:

	Number of outstanding shares (in thousand)	
	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.

(21) *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.

(22) *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% of retained earnings 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 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 and 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 Company's paid-in capital.

This distribution of shareholders' dividends shall be either in cash or stock, 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 surplus 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(28).

(23) Non-controlling interests

	For the year ended December 31,	
	2021	2020
At January 1	\$ 252,422	\$ 258,445
Share attributable to non-controlling interests:		
Loss for the year	(5,930)	(6,023)
At December 31	<u>\$ 246,492</u>	<u>\$ 252,422</u>

(24) 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	8,718	8,573
Total	<u>\$ 8,718</u>	<u>\$ 87,377</u>

A. The Group'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	<u>\$ -</u>	<u>\$ 78,804</u>

B. Contracts liabilities

	December 31,	
	2021	2020
Contracts liabilities:		
Sales of properties	<u>\$ 532,459</u>	<u>\$ 342,486</u>

The Group'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.

(25) Other income

	For the year ended December 31,	
	2021	2020
Interest income:		
Interest on bank deposits	\$ 1,914	\$ 1,287
Other interest income	4	42
	1,918	1,329
Dividend income	1,798	8
Other income - other	7,660	3,520
Total	<u>\$ 11,376</u>	<u>\$ 4,857</u>

(26) *Other gains and losses*

	For the year ended December 31,	
	2021	2020
Net currency exchange loss	(\$ 2,364)	(\$ 4,448)
Net loss on financial assets at fair value through profit or loss	-	(8,372)
Gain on disposal of investment	289	-
Leases modification benefits	-	24
Loss on disposal of property, plant and equipment	-	(17)
Other non-operating losses	(3,000)	(4,461)
Total	(\$ 5,075)	(\$ 17,274)

(27) *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	\$ 8,068	\$ 53,716	\$ 61,784	\$ -	\$ 54,022	\$ 54,022
Depreciation expenses	9	5,002	5,011	-	4,572	4,572
Amortization expenses	55	217	272	-	-	-

(28) *Employee benefit expenses*

	For the year ended December 31,	
	2021	2020
Wages and salaries	\$ 49,136	\$ 40,919
Director's remuneration	3,977	6,211
Labor and health insurance contribution	3,805	2,476
Pension costs	2,028	3,023
Other personnel expenses	2,838	1,393
Total	\$ 61,784	\$ 54,022

A. In accordance with the Articles of Association, the 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 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 and shareholders' meeting.

(29) *Finance costs*

	<u>For the year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest expense		
Bank loans	\$ 98,335	\$ 27,924
Less: capitalization of qualifying assets	(60,200)	(9,624)
Total	<u>\$ 38,135</u>	<u>\$ 18,300</u>

(30) *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		
Current income tax expenses	\$ 1,743	\$ -
Land value increment tax included in current income tax for the year	-	1,008
Current income tax for the year	<u>1,743</u>	<u>1,008</u>
Deferred tax		
Relating to origination and reversal of temporary differences	(21)	-
Income tax expense	<u>\$ 1,722</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	(\$ 118,831)	(\$ 94,660)
Income tax expense at statutory rate	(23,766)	(18,932)
Tax effect of adjusting items		
Permanent differences	10,666	14,156
Loss on unrecognized deferred tax assets	13,737	4,288
Unrecognized temporary differences	1,085	488
Land value increment tax	-	1,008
Income tax expense	<u>\$ 1,722</u>	<u>\$ 1,008</u>

C. Deferred income tax assets are as follows:

	For the year ended December 31, 2021			
	At January 1	Recognized in profit or loss	Recognized in other	At
			comprehensive income	December 31
Deferred tax assets				
Current				
provisions	\$ -	\$ 21	\$ -	\$ 21

D. The details of unrecognized deferred tax assets were as follows:

	December 31,	
	2021	2020
Loss carry forward		
Expired in 2023	\$ 8,978	\$ 8,978
Expired in 2024	21,519	21,519
Expired in 2025	34,776	34,776
Expired in 2026	14,432	14,432
Expired in 2027	9,366	9,366
Expired in 2028	19,351	19,351
Expired in 2029	1,845	1,845
Expired in 2030	4,288	4,288
Expired in 2031	13,737	-
	<u>128,292</u>	<u>114,555</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
Unrealized exchange gains and losses	2,946	2,473
Net defined benefit liabilities	1,372	1,374
Current provisions	201	152
	<u>108,376</u>	<u>107,691</u>
Total	<u>\$ 236,668</u>	<u>\$ 222,246</u>

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

Expiry date	Unused loss carry forward
2023	\$ 8,978
2024	21,519
2025	34,776
2026	14,432
2027	9,366
2028	19,351
2029	1,845
2030	4,288
2031	13,737
Total	\$ 128,292

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

(31) *Earnings per share*

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

	For the year ended December 31, 2021		
	Amount after tax	Weighted average number of common shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Loss attributable to the Company	(\$ 114,623)	584,065	(\$ 0.20)
<u>Diluted earnings per share</u>			
None.			

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

Diluted earnings per share

None.

(32) *Business combination*

- A. On February 17, 2021, the Group acquired 100% equity of Huajian with cash of \$11,500 thousand and obtained control of Huajian. Huajian is a Grade A comprehensive construction plant and is able to benefit the Group in controlling the construction progress, quality and cost after acquisition.
- B. The information on the consideration paid for the acquisition of Huajian, the fair value of the assets acquired and liabilities assumed on the acquisition-date, and the fair value of the non-controlling interests on the acquisition-date are as follows:

	<u>February 17, 2021</u>
Acquisition consideration	
Cash	\$ 11,500
	<u>11,500</u>
Fair value of identifiable assets acquired and liabilities assumed	
Prepayment	<u>90</u>
Total net identifiable net assets	<u>90</u>
Goodwill	<u>\$ 11,410</u>

- C. Since the acquisition of Huajian on February 17, 2021, the operating income and net loss before income tax contributed by Huajian are \$0 and \$ 3,136 thousand, respectively. If it is assumed that Huajian has been included in the Group since January 1, 2021, the operating income and net loss before income tax of the Group will be \$0 and \$3,322 thousand, respectively.

(33) *Changes in liabilities from financing activities*

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

	<u>January 1, 2021</u>	<u>Cash flow</u>	<u>Other non-cash</u>	<u>December 31, 2021</u>
Current borrowings	\$ 915,000	\$ 3,075,721	\$ -	\$ 3,990,721
Short-term notes and bills payable	-	49,998	-	49,998
Lease liabilities	6,599	(2,323)	1,108	5,384
Non-current borrowings	771,900	3,335,184	-	4,107,084
Guarantee deposits	10,305	(9,138)	-	1,167
Liabilities from financing activities	<u>\$ 1,703,804</u>	<u>\$ 6,449,442</u>	<u>\$ 1,108</u>	<u>\$ 8,154,354</u>

	<u>January 1, 2020</u>	<u>Cash flow</u>	<u>Other non-cash</u>	<u>December 31, 2020</u>
Current borrowings	\$ 282,000	\$ 633,000	\$ -	\$ 915,000
Lease liabilities	4,974	(2,644)	4,269	6,599
Non-current borrowings	1,224,900	(453,000)	-	771,900
Guarantee deposits	10,181	124	-	10,305
Liabilities from financing activities	<u>\$ 1,522,055</u>	<u>\$ 177,480</u>	<u>\$ 4,269</u>	<u>\$ 1,703,804</u>

7. Related party transactions

Balances and amounts of transaction between the Company and subsidiaries had been eliminated upon consolidation and was not disclosed in this note. Details of transactions between the Group and other related parties were disclosed as follows:

(1) *Name of related parties and relationship*

<u>Name</u>	<u>Relationship</u>
Lin Yuan Yi	Second degree of kindship of the director of the Company
Lin Heng Yi	Second degree of kindship 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. Purchase

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

B. 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

Paoguo Real Estate Management Co., Ltd.	<u>\$ 686</u>	<u>\$ 952</u>
--------------------------------------------	---------------	---------------

C. General & administrative expenses

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

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

	December 31,	
	2021	2020
Refundable deposit		
Other related parties	<u>\$ 2,442</u>	<u>\$ 2,442</u>
Accounts payable		
Lin Chia Hung	<u>\$ -</u>	<u>\$ 94,571</u>

E. Others

(A) 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.

(B) 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	\$ 9,298	\$ 9,862
Termination benefits	-	-
Post-employment benefits	-	5,621
Other long-term employee benefits	-	-
Share-based payment	-	-
Total	\$ 9,298	\$ 15,483

8. Pledge of assets

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

Pledged assets	Purposes	Book value	
		2021	2020
Inventories			
Lands for sale	Performance guarantee	\$ -	\$ 5,505
Buildings for sale	Performance guarantee	-	2,809
Lands held for construction	Current borrowings and non-current borrowings	10,448,708	3,185,853
Construction in progress	Current borrowings and non-current borrowings	502,409	245,863
Property, plant and equipment			
Lands	Current borrowings	94,331	36,006
Buildings	Current borrowings	19,955	19,343
Other equipment	Current borrowings	28	28
Other current financial assets	Trust account	157,039	156,021
Total		\$ 11,222,470	\$ 3,651,428

9. Significant contingent liabilities and unrecognized commitments

- A. As of December 31, 2021, the Group received the promissory notes from the contractors and customers amounting to \$357,785 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 Group contracted the procurement material and project payments amounted to \$1,581,156 thousand, of which \$911,030 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 Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and interest of other related parties, to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group 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 Group 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 Group to ensure financing at a reasonable cost.

Debt-to-equity ratio is as follows:

	December 31	
	2021	2020
Total liabilities	\$ 8,935,962	\$ 2,230,308
Less: cash and cash equivalents	(3,161,810)	(1,842,842)
Net liabilities	5,774,152	387,466
Total equity	8,640,154	6,400,558
Capital adjustments	\$ 14,414,306	\$ 6,788,024
Debt-to-equity ratio	40.06%	5.71%

(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 instruments	\$ 3,187	\$ 2,898
Financial assets at amortized cost		
Cash and cash equivalents	\$ 3,161,810	\$ 1,842,842
Notes receivable	3,130	1,647
Accounts receivables	6	6
Other receivable	53	40,008
Other current financial assets	157,039	211,021
Guarantee deposits paid	38,936	61,013
	<u>\$ 3,360,974</u>	<u>\$ 2,156,537</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Current borrowings	\$ 3,990,721	\$ 915,000
Short-term notes and bills payable	49,998	-
Notes payable	108,861	1,723
Accounts payable	87,383	142,788
Other payable	19,935	10,480
Non-current borrowings (including current portion)	4,107,084	771,900
Guarantee deposits	1,167	10,305
	<u>\$ 8,365,149</u>	<u>\$ 1,852,196</u>
Lease liabilities	<u>\$ 5,384</u>	<u>\$ 6,599</u>

B. Financial risk management objectives and policies

The Group's financial instruments include equity investment, notes receivables, accounts receivables, other receivables, other current financial assets, refundable deposits, bank borrowings, notes payable, accounts payable and other payables. Risk management is coordinated by the Group'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 Group seeks to reduce the risk by employing a risk management and to analyze, identify and evaluate the related financial risk that potentially poses adverse effects on the Group. The Group 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 Group's earning or financial instruments held by the Group. 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 undertake by the Group'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 Group 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 gains and losses, etc., and foreign currency exchange gains or losses arise upon translation.

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

	For the year ended December 31, 2021		
	Foreign currency		Unrealized
	amount	Exchange rate	exchange gains
	(in thousands)		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		Unrealized
	amount	Exchange rate	exchange gains
	(in thousands)		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 Group's exchange risk mainly focuses on the relevant foreign currency appreciation or depreciation of main foreign currency items at the closing date of financial reporting period, and its impact on the Group's profit and loss and equity.

The determination of below sensitivity analysis is based on the Group'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>Non-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>Non-monetary items</u>							
US\$	102	28.480	2,898	5%	-	-	145

b. Interest rate risk

The Group's interest rate risk arises from borrowing. Borrowing with floating interest rate exposes the Group to change in fair value risk and cash flow risk. The Group by maintaining an appropriate combination of floating rate to manage interest rate risk. The Group 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 Group'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 reporting date of reporting period. Regarding the liabilities with variable interest rate, 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 management of the Group's assessment on the reasonably possible interval of interest rate change.

If the interest rate has increased or decreased by 1% with other variable held constant, the net profit before tax would have increased or decrease by \$81,478 thousand and \$16,869 thousand for the years ended December 31, 2021 and 2020, respectively, which would be mainly resulted from the Group's borrowing with variable interest rate.

c. Other price risk

The Group'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 Group manages risk by holding investment portfolios with different risk.

Sensitivity analysis

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

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 Group arising from default by counterparties on the contract obligations. The Group'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 Group 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 Group's internal rating criteria etc. The Group 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 Group's accounts receivables mainly comprise receipts from customers on sales of properties. Based on the past experiences, the Group's management assessed these accounts receivable has no significant risk.

The finance department of the Group manages the credit risk of bank deposits, fixed income securities and other financial instruments in accordance with the Group's policies. The trading parties of the Group 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 Group is unable to settle its financial liabilities by cash or other current financial assets and failure to fulfill obligations associated with existing operations.

The Group manages its liquidity risk by maintaining adequate cash and cash equivalents in order to cope and mitigate the effects of the Group's operating cash flow fluctuations. The Group'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 Group. As of December 31, 2021 and 2020, the total banking facilities that have not yet utilized by the Group were \$1,693,095 thousand and \$1,774,100 thousand respectively.

Table of liquidity and interest rate risk

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

	December 31, 2021				Total of undiscounted cash flows
	Less than 1 year	Between 1 and 3 year	Between 3 and 5 years	Over 5 years	
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Current borrowings	\$ 2,016,493	\$ 2,041,025	\$ -	\$ -	\$ 4,057,518
Short-term notes and bills payable	50,000	-	-	-	50,000
Notes payable	108,861	-	-	-	108,861
Accounts payable	87,383	-	-	-	87,383
Other payables	19,935	-	-	-	19,935
Lease liabilities	2,305	3,079	-	-	5,384
Non-current borrowings (include current portion)	132,125	293,554	3,228,734	726,992	4,381,405
Guarantee deposits received	686	353	128	-	1,167
Total	<u>\$ 2,417,788</u>	<u>\$ 2,338,011</u>	<u>\$ 3,228,862</u>	<u>\$ 726,992</u>	<u>\$ 8,711,653</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	10,480	-	-	-	10,480
Lease liabilities	1,939	3,983	677	-	6,599
Non-current borrowings (include current portion)	13,268	780,880	-	-	794,148
Guarantee deposits received	971	56	4,728	4,550	10,305
Total	<u>\$ 582,946</u>	<u>\$ 1,313,150</u>	<u>\$ 5,405</u>	<u>\$ 4,550</u>	<u>\$ 1,906,051</u>

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

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

(3) *Fair value information*

A. The different levels of valuation techniques which are used to measure 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, accounts receivables, 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			
	Level 1	Level 2	Level 3	Total
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			
	Level 1	Level 2	Level 3	Total
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 Group used to measure fair value are as follows:

(A) The Group applied market quoted prices 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 values 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 of the evaluation model is the estimated value, and the evaluation technique may not reflect all the factors that the Group 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 Group'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. Change in level 3

	For the year ended December 31,	
	2021	2020
January 1	\$ 2,898	\$ 3,769
Increase in the current period	1,781	-
Refund of capital after capital reduction in the current period	(860)	(1,847)
Refund of capital in the current period	-	(10)
Gain (losses) recognized in other comprehensive income	(632)	986
December 31	<u>\$ 3,187</u>	<u>\$ 2,898</u>

G. The Group's evaluation process for fair value is 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 independently 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 December 31, 2021	Evaluation techniques	Significant unobservable inputs	Relationship between input value and fair value
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 December 31, 2020	Evaluation techniques	Significant unobservable inputs	Relationship between input value and fair value
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

		For the year ended December 31, 2021					
				Recognize to profit or loss		Recognize to other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable	
		Input value	changes	changes	changes	changes	changes
Financial assets							
	Lack of						
	market						
	liquidity						
	and						
	minority						
Equity	share						
instruments	discount	10%	\$ -	\$ -	\$ 531	\$ 531	
		For the year ended December 31, 2020					
				Recognize to profit or loss		Recognize to other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable	
		Input value	changes	changes	changes	changes	changes
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 was numbered starting from 1 and forward.

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) 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	Hua 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./Mrs. 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./Mrs. Chen	-	October 2020	180,755	Note 2	Construction of residential buildings	-
The Company	Lot 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./Mrs. Pai	Non-related party	-	-	-	-	Valuation report	Construction of residential buildings	-
The Company	Lot No. 124, Le Jie Section, Gui Shan District, Taoyuan City	March 12, 2021 (Signing date)	502,445	Pay according to the contract	Mr./Mrs. Chu	Non-related party	-	-	-	-	Valuation report	Construction of residential buildings	-
The Company	Lot No. 32, Shanjie Section, Gui Shan District, Taoyuan City and relevant lands, etc.	April 10, 2021 (Signing date)	313,553	Pay according to the contract	Mr./Mrs. Chu	Non-related party	-	-	-	-	Valuation report	Construction of residential buildings	-
The Company	Lot No. 31, New high-speed Railway Section, Wuri District, Taichung City and relevant lands, etc.	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	-

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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./Mrs. 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./Mrs. Huang	Non-related party	-	-	-	-	Valuation report	Construction of residential buildings	-

Note 1: Including the acquired 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 end

(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 (payable)		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%	Note 1
Huajian	The Company	Parent company	Sales	(344,313)	100%	Pay in installments according to the contract	-	-	27,712	100%	Note 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 to 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 11490	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 11490	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 shares held	Percentage of shareholding (%)
Chia Chun Investment Co., Ltd.	230,573	31.99
Da Shuo Investment Co., Ltd.	50,632	7.02
Neng Hong 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 shares capital recorded in the Company's financial statements may vary from the Company's actual number of shares which completed the non-physical registration and delivery due to different calculation basis or differences.

Note 2: In the above table, if the shareholder entrust 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 right, etc. For the information on the declaration for insider equity, please refer to Market Observatory Post System.

14. Segment information

(1) General information

The Group operates in a single industry. The board of directors determined the operating segments based on the overall assessment of Group's performance and allocation of resources. The Group's company organization, basis of department segmentation and principles for measure segment information for the period were not significantly changed.

(2) Segment information

The segment information provided to the strategic business unit for the reportable segments is as follows:

The Group's reportable segments are the strategic business unit to provide different types of products and services. The accounting policies of the segments are in agreement with the significant accounting policies summarized in Note 4.

The Group's reportable segment income, profit and loss, assets and liabilities are adjusted, eliminated and summarized as follows:

For the year ended December 31, 2021

	The Company	Huachien	Huajian	Elimination & adjustment	Total
Total segment revenue					
Revenue from external customers	\$ 702	\$ 8,016	\$ -	\$ -	\$ 8,718
Inter-segment revenue	266	-	344,313	(344,579)	-
Total	\$ 968	\$ 8,016	\$ 344,313	(\$ 344,579)	\$ 8,718
Interest income	\$ 1,905	\$ 2	\$ 11	\$ -	\$ 1,918
Interest expense	(25,928)	(12,202)	(5)	-	(38,135)
Depreciation	(2,837)	(2,389)	(64)	7	(5,283)
Share of loss of investment account for under equity method	(13,409)	-	-	13,409	-
Significant profit and loss items:					
Net currency exchange losses	(2,364)	-	-	-	(2,364)
Segment net income (loss)	(\$ 114,623)	(\$ 14,243)	\$ 8,370	\$ 1,665	(\$ 118,831)
Assets					
Long-term equity investment account for under equity method	\$ 673,427	\$ -	\$ -	(\$ 673,427)	\$ -
Capital expenditure - non- current assets	3,159	-	293	-	3,452
Segment assets	\$ 16,465,824	\$ 1,313,053	\$ 494,773	(\$ 697,534)	\$ 17,576,116
Segment liabilities	\$ 8,072,162	\$ 731,279	\$ 160,349	(\$ 27,828)	\$ 8,935,962

Inter-segment income, profit and loss, assets and liabilities are adjusted and eliminated.

For the year ended December 31, 2020

	The Company	Huachien	Elimination & adjustment	Total
Total segment revenue				
Revenue from external customers	\$ 79,595	\$ 7,782	\$ -	\$ 87,377
Inter-segment revenue	29	-	(29)	-
Total	\$ 79,624	\$ 7,782	(\$ 29)	\$ 87,377
Interest income	\$ 1,323	\$ 6	\$ -	\$ 1,329
Interest expense	(5,203)	(13,098)	1	(18,300)
Depreciation	(2,192)	(2,408)	28	(4,572)
Share of loss of investment account for under equity method	(8,442)	-	8,442	-
Significant profit and loss items:				
Net currency exchange gain (losses)	(4,448)	-	-	(4,448)
Net gain of financial assets at fair value through profit or loss	(8,372)	-	-	(8,372)
Segment net income (loss)	(\$ 88,637)	(\$ 14,465)	\$ 8,442	(\$ 94,660)
Assets				
Long-term equity investment account for under equity method	\$ 347,836	\$ -	(\$ 347,836)	\$ -
Capital expenditure - non-current assets	1,307	-	-	1,307
Segment assets	\$ 7,655,581	\$ 1,318,887	(\$ 343,602)	\$ 8,630,866
Segment liabilities	\$ 1,507,445	\$ 722,870	(\$ 7)	\$ 2,230,308

Inter-segment income, profit and loss, assets and liabilities are adjusted and eliminated.

(3) Information on segment revenue, segment net income (loss) and segment assets

A. Segment revenue

	For the year ended December 31,	
	2021	2020
Total segment revenue	\$ 353,297	\$ 87,406
Inter-segment elimination	(344,579)	(29)
Total revenue	<u>\$ 8,718</u>	<u>\$ 87,377</u>

B. Segment net income (loss)

	For the year ended December 31,	
	2021	2020
Segment net income	(\$ 120,496)	(\$ 103,102)
Inter-segment elimination	1,665	8,442
Segment net income before income tax	<u>(\$ 118,831)</u>	<u>(\$ 94,660)</u>

C. Segment assets

	December 31,	
	2021	2020
Total segment assets	\$ 18,273,650	\$ 8,974,468
Inter-segment elimination	(697,534)	(343,602)
Segment assets	<u>\$ 17,576,116</u>	<u>(\$ 8,630,866)</u>

(4) Information on products and services

Details of sources of income and the balances of the Group are the followings:

Revenue	For the year ended December 31,			
	2021	%	2020	%
Revenue - buildings	\$ -	-	\$ 15,920	18
Revenue - lands	-	-	62,884	72
Rental income	8,718	100	8,573	10
Total	<u>\$ 8,718</u>	<u>100</u>	<u>\$ 87,377</u>	<u>100</u>

(5) Geographical information

Location	For the year ended December 31,			
	2021		2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	<u>\$ 8,718</u>	<u>\$ 163,050</u>	<u>\$ 87,377</u>	<u>\$ 184,439</u>

(6) Major customer information

For the years ended December 31, 2021 and 2020, the Group's revenue from one single customer which exceeds 10% of total operating revenue is as the followings:

Customer	For the years ended December 31,			
	2021	%	2020	%
Customer A	\$ 3,470	40	\$ -	-
Customer B	977	11	-	-
Customer C	944	11	-	-
Customer D	-	-	46,134	53
Customer E	-	-	32,670	37

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	Notes	December 31,			
		2021	%	2020	%
<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)
		(82,542)	(8,527)	(80,219)	(100)
Net operations loss		(81,574)	(8,427)	(62,545)	(78)
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		(13,409)	(1,385)	(8,442)	(11)
		(33,049)	(3,414)	(26,092)	(33)
Net loss before tax		(114,623)	(11,841)	(88,637)	(111)
Income tax expense	6.(28)	-	-	(1,008)	(1)
Current net loss		(114,623)	(11,841)	(89,645)	(112)
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
	<u>5,207,525</u>	<u>658,613</u>	<u>237,247</u>	<u>3,789</u>	<u>129,936</u>	<u>(426)</u>	<u>6,236,684</u>
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
	<u>7,207,525</u>	<u>1,018,613</u>	<u>237,247</u>	<u>-</u>	<u>42,822</u>	<u>1,929</u>	<u>8,508,136</u>
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	<u>\$ 7,207,525</u>	<u>\$ 1,018,613</u>	<u>\$ 237,247</u>	<u>\$ -</u>	<u>(\$ 71,020)</u>	<u>\$ 1,297</u>	<u>\$ 8,393,662</u>

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	<u>8,321</u>	<u>(27,810)</u>
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	<u>8,422,902</u>	<u>3,301,757</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(2,364)</u>	<u>(4,448)</u>
Net increase in cash and cash equivalents	963,292	1,733,741
Cash and cash equivalents at beginning of year	<u>1,834,819</u>	<u>101,078</u>
Cash and cash equivalents at end of year	<u>\$ 2,798,111</u>	<u>\$ 1,834,819</u>

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

January 1, 2023

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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 prepayment 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	<u>3,392,104</u>	<u>60,000</u>
Less: non-current borrowings expired within an operating cycle	(<u>211,400</u>)	(<u>60,000</u>)
Net	<u>\$ 3,180,704</u>	<u>\$ -</u>

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	\$ 990

Analysis of provisions was as follow:

	December 31,	
	2021	2020
Current	\$ 990	\$ 761
Non-current	\$ -	\$ -

(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:

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

Diluted earnings per share

None.

	<u>For the year ended December 31, 2020</u>		
	<u>Amount</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
	<u>after tax</u>		
<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		Carrying		Effect on		Effect on
	currency	Exchange	amount	Variation	profit or		Equity
	amount	rate	(NT\$)		loss		
<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				Total of undiscounted cash flows
	Less than 1 year	Between 1 and 3 year	Between 3 and 5 years	Over 5 years	
<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	
				changes	changes	changes	changes	
	Input value	Changes						
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	
				changes	changes	changes	changes	
	Input value	Changes						
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><u>\$ 2,798,111</u></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\$)				
									Type							
									Common							
Huachien	18,208	\$ 347,836	-	\$ -	-	\$ -	(\$ 8,313)	\$ -	stock	18,208	\$ 339,523	\$ 581,774	\$ 18.65	58%	Equity method	None
									Common							
Huajian	-	-	35,000	339,000	-	-	(5,096)	-	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)

<u>Customer</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
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)

<u>Customer</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
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)

Item	Description	Amount	Note
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)

Item	Description	Period	Discount rate	Balance, December 31	Note
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)

Item	Description	Amount	Note
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.

6. Financial Difficulties of the Company and Its Subsidiaries in the Latest Year and as of the Annual Report Publication Date, and the Impact on the Financial Status of the Company: None.

【Review of Financial Conditions, Operating Results, and Risk Management】

1. Financial Status

Comparative analysis table of financial status in the last two fiscal years
(consolidated reports):

Unit: NT\$1,000

Item \ Year	2021	2020	Difference	
			Amount	%
Current assets	17,389,221	8,433,839	8,955,382	106%
Non-current assets	186,895	197,027	(10,132)	-5%
Total assets	17,576,116	8,630,866	8,945,250	104%
Current liabilities	5,039,111	2,220,003	2,819,108	127%
Non-current liabilities	3,896,851	10,305	3,886,546	37,715%
Total liabilities	8,935,962	2,230,308	6,705,654	301%
Capital stock	7,207,525	5,207,525	2,000,000	38%
Capital reserve	1,018,613	658,613	360,000	55%
Retained earnings	166,227	281,438	(115,211)	-41%
Other equity	1,297	560	737	132%
Non-controlling equity	246,492	252,422	(5,930)	-2%
Total equity	8,640,154	6,400,558	2,239,596	35%
<p>1. The increase in current assets was due to the cash inflow from the private placement of capital and the purchase of land for construction.</p> <p>2. The increase in current liabilities was mainly due to the increase in short-term loans during the period.</p> <p>3. The increase in non-current liabilities was mainly due to the increase in long-term loans.</p> <p>4. The increase in capital stock and capital surplus was due to the capital increase from private placement during the period.</p>				

2. Financial Performance

(1) Comparative analysis table of financial performance in the last two fiscal years (consolidated reports):

Unit: NT\$1,000

Item \ Year	2021	2020	Difference (Amount)	Difference (%)
Net operating income	8,718	87,377	(78,659)	-90%
Operating cost	0	61,950	(61,950)	-100%
Gross profit	8,718	25,427	(16,709)	-66%
Operating expense	95,715	89,370	6,345	7%
Operating profit/loss	(86,997)	(63,943)	(23,054)	36%
Non-operating income and expenditure	(31,834)	(30,717)	(1,117)	4%
Pre-tax net profit/loss	(118,831)	(94,660)	(24,171)	26%
Income tax expense	1,722	1,008	714	71%
After-tax net profit/loss	(120,553)	(95,668)	(24,885)	26%
Net profit/loss of the current period	(120,553)	(95,668)	(24,885)	26%
Notes: The decrease in operating income resulted in lower gross profit and higher operating loss.				

(2) Analysis of gross profit changes

Unit: NT\$1,000

	Amount of increase/decrease in the current and the previous periods	Difference reason			
		Price difference	Cost difference	Sale portfolio difference	Volume difference
Gross profit	(16,709)	--	--	--	--
Description	1. The Company is in the construction industry, and the difference in calculation is not applicable due to the characteristics of the industry. 2. The operating income decreased due to the decrease of gross profit in the current period.				

3. Cash Flow

(1) Liquidity analysis for the last two fiscal years

Unit: NT\$1,000

Item \ Year	2021	2020	Increase/decrease (%)
Cash flow ratio (%)	--	--	--
Cash adequacy ratio (%)	8.32	31.33	(73%)
Cash reinvestment ratio (%)	0.00	(0.42)	NA
Analysis of changes: Cash flow ratio: As the net cash flow outflow from operating activities for the period is not analyzed. Cash adequacy ratio: The ratio was decreased due to the increase in inventories.			

(2) Cash liquidity analysis for the next year:

Unit: NT\$1,000

Beginning cash balance (1)	Cash flow from operating activities expected in the whole year (2)	Cash inflow (outflow) expected in the whole year (3)	Amount of cash balance (shortage) (1)+(2)-(3)	Cash shortage contingency plan	
				Investment Plan	Financing plan
3,161,810	(5,620,044)	1,664,107	(794,127)	--	1,200,000
Analysis of changes in cash flow in 2022: Operating activities: Expected to purchase land and invest in new development projects. Financial management activities: Expected to increase capital through private placement.					

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

5. Re-investment Policy in the Current Year, the Main Reason for Profit or Loss, Improvement Plan and Investment Plan for the Next Year:

To save construction costs and monitor the quality of construction projects, the Company purchased shares of a construction company in 2021 and renamed it Huajian Construction Co., Ltd. It became a wholly owned subsidiary of the Company and its main business is the EPC tenders for the Company's new construction projects.

6. Analysis and Assessment of Risk Issues:

(1) The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

The effect upon the Company's profits (losses)

Item	2021(NT\$1,000; %)
Net amount of interest income (Expenditure)	(36,217)
Net amount of exchange gain(loss)	(2,364)
Ratio of interest income (Expenditure) to net operating income	(415.43%)
Ratio of interest income (Expenditure) to pre-tax net profit/loss	30.48%
Ratio of net interest income and expenses to total assets	(0.21%)
Ratio of exchange gain(loss) to net operating income	(27.12%)
Ratio of exchange gain(loss) to pre-tax net profit/loss	1.99%
Ratio of net profit and loss on exchange to total assets	(0.01%)

1. Impact of changes in interest rate on the Company's profits and losses and future response measures

The Company has good credit and is a popular client for major banks and cooperatives. The current liabilities and liability ratios are lower than that of competitors. The Finance Department evaluates changes in interest rates based on the financing information of banks and requests banks to provide the most favorable interest rate for business transactions with the Company. The measures have been effective in reducing interest expenses for the Company.

2. Impact of changes in exchange rate on the Company's profits and losses and future response measures:

The Company is a real estate development company and provides services to the domestic market. The regular payments are mainly in NTD and exchange rate fluctuations have no significant impact on the Company.

3. Impact of inflation on the Company's profits and losses and future response measures

Inflation in Taiwan has been moderate and stable in recent years. With the recovery of the global economy, international demand for raw materials has rebounded and prices continued to rise, which creates mounting risks of inflation. However, as people regard real estate as assets that retain value and as sales on the market stabilized, the costs can be offset by sales price and we have been able to maintain profitability. Therefore, inflation has no significant impact on the Company's profit and loss.

(2) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

1. High-risk and highly leveraged investments

The Company has not conducted any high-risk or highly leveraged investments.

2. Loans to others

The Company established the "Procedures for Extending Loans to Others" which were passed in resolutions of the Board of Directors and shareholders' meeting and used as the basis for the Company's related transactions. The Company has not lent funds to others in the most recent fiscal year up to the publication date of the Annual Report.

3. Endorsements and guarantees

The Company has established the "Procedures for Endorsement and Guarantee", which has been approved by the Board of Directors and the shareholders' meeting as the basis for the Company to engage in relevant transactions.

In response to the need of the Company's subsidiary, Huajian Construction Co., Ltd., to undertake the operational turnaround of the Company's construction projects, the Company endorsed the guarantee, which was approved by the Audit Committee and the Board of Directors.

Details for endorsements/guarantees up to Dec 31st, 2021 as below :

Year	Endorsements		Maximum balance for the period	Ending Balance	Endorsement guarantee limit for a single enterprise	The maximum amount of endorsement guarantee
	Company Name	Relationship				
2021	Huajian Construction Co., Ltd.	The Company's Subsidiary	\$100,000	\$100,000	\$1,678,732	\$4,196,831

4. Derivative trading

The Company established the "Procedures for Acquisition or Disposal of Assets" which included related regulations on derivative trading. They were passed by the Board of Directors and shareholders' meeting and used as the basis for the Company's related transactions. The Company has not engaged in any derivatives trading in the most recent fiscal year up to the publication date of the Annual Report.

(3) Research and development work to be carried out in the future, and

further expenditures expected for research and development work:

The Company is engaged in the construction industry. Since the industry doesn't require the development of new products like general manufacturing industry or other industries do, it has no expenditure for research and development.

(4) Effect on the Company's financial operations of important policies adopted and changes in the legal environment home and abroad, and measures to be taken in response:

Real estate is closely connected to the economic cycle and heavily influenced by the general economic and financial environment. Taiwan's real estate cycles in the past decade have been affected by changes in laws and regulations with significant impact on the real estate transaction volume. Government policies are also an important factor for the industry. To solve the problem of rapid increase in housing prices in metropolitan areas in Taiwan, the government has introduced measures to curb speculation in the housing market and contain the rapid rise in housing prices. Although changes in laws and regulations often reduces the transaction volume in the housing market, its main purpose is to counter the actions of investors who seek to own the properties for a short period of time and reduce real estate speculation. Therefore, the amendments of related real estate regulations will support the long-term development of the real estate industry. The Company operates in compliance with the relevant laws and regulations and pays close attention to the changes in government policies and laws in order to respond to potential impact on the real estate industry. We actively start planning after land purchases, and rigorously monitor the progress of construction projects and case schedules to maintain the Company's overall competitiveness. There has been no significant adverse impact on the Company's financial conditions due to significant changes in domestic and foreign policies and changes in laws in the most recent year.

(5) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:

The Company main businesses include the commissioned construction of commercial buildings and the lease and sales of public housing units. When designing individual projects, the Company adopts the latest building technologies to reduce construction time and uses new high-tech products in individual cases to make products more attractive. The Company's land development personnel have a professional and keen sense of the market. They obtain industry information from a variety of sources to monitor development trends. They actively seek land with

potential for investment and development. Therefore, the changes in technologies and the industry as of the publication date of the Annual Report have had no significant adverse impact on the Company's financial and business operations.

(6) Effect on the company's crisis management of changes in the corporate image, and measures to be taken in response:

The Company upholds the business philosophy of "cultivating spaces and caring for the land", and implements corporate governance based on the values of integrity, accountability, and compliance with laws. As of the publication date of the Annual Report, the Company has not been subject to any change in corporate image that incurred a crisis in business management.

(7) Expected benefits and possible risks associated with any merger or acquisition, and mitigation measures to be taken:

The Company doesn't perform acquisition in the most current year and as of the Annual Report publication date.

(8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures to be taken:

The Company doesn't perform any plant expansion in the most current year and as of the Annual Report publication date.

(9) Risks associated with any consolidation of sales or purchases, and mitigation measures to be taken:

As the Company is a real estate developer, the suppliers consist of landowners and construction companies. The Company's purchase of land for construction is based on the Company's internal consultation and evaluation and we select land with development value on the market. Since there are numerous and dispersed sources for land purchases, there is no risk of concentration of supply or interruption of supply shortage. For the construction contracts, the Company compares companies and prices and selects companies with abundant experience in construction and sufficient capital to take on the projects. We could also select the Company's subsidiary Huajian Construction Co., Ltd. for construction. To effectively control the quality and progress of the projects, the Company specifies relevant regulations in the contracts and maintains good partnerships with contractors. Therefore, the Company does not face risks in concentrated procurements due to the abundant

supply of construction companies.

The Company sells products to the general public and does not face risks in concentrated sales.

(10) Effects of risks relating to large share transfers or changes in shareholdings by directors, supervisors, or shareholders with shareholdings of over 10%, and measures to be taken:

The Company increased the number of shares held by directors and major shareholders as a result of the private placement of cash capital in fiscal 2021, and there was no significant transfer or replacement of shares.

(11) Effect on the Company as well as risks associated with any change in management officers or top management:

The Company organized an election of all Directors in the shareholders' meeting on June 23th, 2020, which changed the management rights. The newly appointed management team has several years of experience in related industries and has strong professional experience. They actively develop business operations and has led the Company in the development of projects in Taoyuan /Taichung / Tainan that benefit the Company. They ensured effective allocation of resources and positive effects for the operations of the Company and subsidiaries.

(12) Litigation or non-litigation matters as of the Annual Report publication date:

Refund case (High Court-2020 Xiao Shang Zi No. 1)

(1) Plaintiff: Lin ○○

(2) Fact: The plaintiff claimed to cancel the contract and return the house payment on the grounds that some public properties (facilities) of 【Delpha Reading Green Life Tianqin Special Zone】 that he purchased from the Company breached by laws

(3) We carry the cause in the Taiwan Civil High Court and the case is currently pending in the Supreme Court.

(13) Other important risks: None

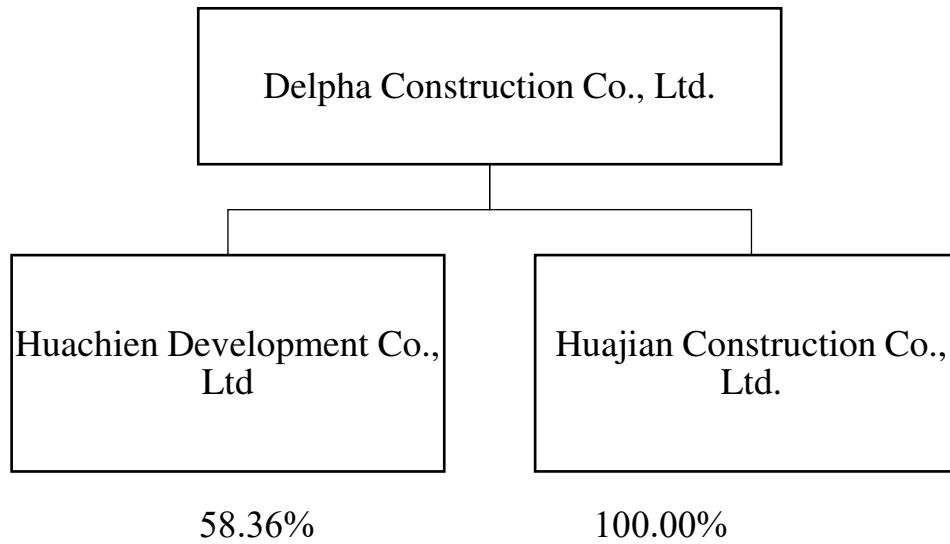
7. Other Important Matters: None

【Special Disclosures】

1. Summary of Affiliated Companies

(1) Consolidated Operation Report of the Affiliates

1. Organizational chart of affiliates (2021/12/31)



2. Basic data of affiliates:

Unit: NT\$1,000; Date: 2021/12/31

Name of company	Date of incorporation	Address	Paid-in capital (NT\$1,000)	Major businesses or products
Huachien Development Co., Ltd.	1998/06/23	16F, No. 460, Section 5, Chenggong Road, Neihu District, Taipei City	312,015	Development, lease and sale of houses and buildings
Huajian Construction Co., Ltd.	1982/01/12	16F, No. 460, Section 5, Chenggong Road, Neihu District, Taipei City	350,000	Comprehensive Construction Industry, Housing and building developing and leasing industry 、 Architectural Materials Wholesale Industry

- All affiliates should be disclosed (including the presumptive controlled and affiliated companies)
- If the plant is set up by the affiliate, and the sales volume of the products produced by that plant exceeds 10% of the revenue of the controlling company, it should also list the related data of the Company.
- If any affiliate is a foreign company, it should be listed in English, calendar year and foreign currency (The exchange rate on the report date should be specified).

3. For the presumptive controlled and affiliated companies, the same data of the directors: None.

4. Directors, Supervisors and General Manager of Affiliates

Unit: share; %; Date: 2021/12/31

Name of affiliate	Title (Note 1)	Name	Name or representative	Shareholding (Note 2)(Note 3)	
				Shares	Percent
Huachien Development Co., Ltd.	Chairman	Cheng, Ssu-Tsung	Delpha Construction Co., Ltd	18,207,735	58.36%
	Director	Wu, Yu-Guo			
	Director	Wang, Ying-Quan			
	Director	Hsu, Kai	Hongyu Construction Co., Ltd	9,606,830	30.79%
	Director	Chen, Jing-Xin			
	Supervisor	Lee,,Jun-Xian		0	0%
Huajian Construction Co., Ltd.	Chairman	Huang,Hsin-Te	Delpha Construction Co., Ltd	35,000,000	100.00%

Notes: 1. If the relationship company is a foreign company, it should list the equivalent position.

2. If the invested company is not a holding company, it should fill in the shares and percent of shareholding.

3. When the director or supervisor is a company, it should also list the related data of the representatives.

5. Operations of the affiliates:

Unit: NT\$1,000; Date: 2021/12/31

Name of company	Amount of paid-in capital	Total amount of assets	Total amount of liabilities	Net value	Operating income	Operating profit	Profit (loss) of the current term (after tax)	EPS (after tax)
Delpha Construction Co., Ltd	7,207,525	16,465,824	8,072,162	8,393,662	968	(81,574)	(114,623)	(0.20)
Huachien Development Co., Ltd.	312,015	1,313,053	731,279	581,774	8,016	(2,043)	(14,244)	(0.46)
Huajian Construction Co., Ltd.	350,000	494,773	160,349	334,424	344,313	8,550	6,648	0.68

(1) All affiliates should be disclosed.

(2) If the relationship company is a foreign company, it should list the related figures in NT\$ converted based on the exchange rate on the report date.

6. If the industries and overall businesses engaged by the affiliates are correlated, list the labor division situation

Unit: NT\$1,000

Name of company	Industries covered by the businesses	Business relationship	Business partner	Amount	Reason for business relationship	Remarks
Delpha Construction Co., Ltd	Construction industry	Restock	Huajian Construction Co., Ltd.	252,061	None	
Huachien Development Co., Ltd.	Development, lease and sale of houses and buildings	None	None	None	None	
Huajian Construction Co., Ltd.	Comprehensive Construction Industry · Housing and building developing and leasing industry · Architectural Materials Wholesale Industry	Sales	Delpha Construction Co., Ltd	344,313	Consigned to build commercial buildings and public housing	

2. Transaction on the company's private placement of securities in the most recent year and as of the Annual Report publication date:

First Session of the First Private Placement in 2021 (Withdrawn)

Item	Date of issuance: Not applicable Number of shares: Not applicable
Security Category for Private Placement	Common Shares
Date and Amount approved in the General Shareholders'	The line of issuance was approved no more than 200,000,000 shares in the General Shareholders' Meeting dated August 5, 2021

Meeting	
The basis and rationality of pricing strategy	<p>The date convening the Board of Directors' Meeting, August, 5, 2021, is set as the price determination date.</p> <p>(1) In the simple arithmetic method, its resulted average amid the closing prices of common shares on the 1st, 3rd or 5th business days prior to the price determination date were NT\$13.95, NT\$14.03 and NT\$14.02 respectively. Chosen from one of them, the stock price is subject to the average from the result of deducting free allotment ex-rights and dividends, then adding back to the stock price, NT\$13.95, after capital reduction reversing ex-rights.</p> <p>(2) The stock price, NT\$13.84, is subject to the resulted average in the simple arithmetic method among the closing prices of common shares in 30 business days prior to the price determination date, deducting free allotment ex-rights and dividends, then, adding back to price after capital reduction reversing ex-rights.</p> <p>The higher one was selected between above two prices of calculations as the price referenced in this private placement, NT\$13.95.</p> <p>Combined as above, NT\$11.8 was proposed to be the price in the actual private placement herein, which accounts for 84.59% of the reference price, not lower than 80% of that was determined in the General Shareholders' Meeting.</p>
Selective method of subscribers	<p>The subscribers for private placement shall meet the qualifications for the specified persons listed in Article 43-6 of the Securities and Exchange Act and the Explanation (91) Tai Cai Zheng Yi No. 0910003455 in June 13, 2002 by the Financial Supervisory Commission about the regulation of the specified persons. The related background information check is proposed to be reviewed by the Board of Directors.</p> <p>Subscribers/Relationship</p> <p>Wang, Mu-Fan/Independent Director</p> <p>Yan, Ming-Hung/Director</p> <p>Guo, Ming-Zhen/Spouse of the manager</p> <p>Lee, Jun-Xian/Manager</p> <p>Wang, Chen-Kang/Manager</p> <p>Chien, Lin-Chin/Manager</p> <p>Wu, Sing-Suei/Manager</p> <p>Chia Chun Investment Co., Ltd./Majority shareholder</p> <p>Hong Yi Investment Ltd./Related party</p> <p>Da Shuo Investment Co., Ltd./Related party</p> <p>Hou, Bo-Yao/None</p> <p>Shih, Gang-Hong/None</p>

	Lee, Mei-Chan /None Hou, Su-Fen /None Liu, Sin-Hai /None Wang, Pei-Yu /None Tsong Bo Consulting Co., Ltd. /None Fong, Sin-Yi /None Siao, Yu-Jie /None Hiyes International Co., Ltd. /None Neng Hong Investment Holdings Co., Ltd. /None Yang, Jih-Cheng /None Chen, Chia-Ling/None Wu, Lou-Ho/None Chou, Tsung-Yueh/None Lin, Hsing-Yu/None Huang Yueh Enterprise Co., Ltd. /None Song, Pei-Ching/None Chen, Chien-Fu/None Honey LI Limited Corporation/None Chen Ying/None Chen, Zheng-Lin/None Yuan Hsiang International Development Co., Ltd. /None
Reasons for necessity of private placement	The Company evaluates the fund market condition and consider factors including but not limited to time efficiency, convenience, issuing costs and equity steadiness in the fundraising process, so common shares were issued via private placement.
Payoff Date of Price	Not applicable
Subscriber profile	Not applicable
Actual subscription price	Not applicable
Difference between actual subscription price and reference price	Not applicable
The effect private placement	Not applicable

on the equity	
Progress in the use of fund from private placement	Not applicable
Efficiency of private placement	Not applicable
Remark	The pricing case of common shares that the Company's Board of Directors has approved on August 11, 2021 to wait for the resolution passed on August 5, 2021 is posted as follows: The Company was acknowledged of some subscribers failing to pay off stock price by the deadline and hereby confirmed discontinue of this round of private placement; hence, the resolution approved for pricing case of common shares dated August 5, 2021 is withdrawn in this Board of Directors' Meeting.

Second Session of the First Private Placement in 2021

Item	Issuing Date: 2021/10/15 Total Shares: 83,000,000 shares
Security Category for Private Placement	Ordinary Share
Date and Amount approved in the General Shareholders' Meeting	The line of issuance was approved no more than 200,000,000 shares in the General Shareholders' Meeting dated August 5, 2021
The basis and rationality of price setting	The date convening the Board of Directors' Meeting, August 11, 2021, is set as the price determination date. (1) In the simple arithmetic method, its resulted average amid the closing prices of common shares on the 1st, 3rd or 5th business days prior to the price determination date were NT\$13.70, NT\$13.78 and NT\$13.85 respectively. Chosen from one of them, the stock price in the preceding day is subject to the average from the result of deducting free allotment ex-rights and dividends, then adding back to the stock price, NT\$13.70, after capital reduction reversing ex-rights. (2) The stock price, NT\$13.84, is subject to the resulted average in the simple arithmetic method among the closing prices of common shares in 30 business days prior to the price determination date, deducting free allotment ex-rights and dividends, then, adding back to price after capital reduction reversing ex-rights.

	<p>The higher one was selected between above two prices of calculations as the price referenced in this private place, NT\$13.84.</p> <p>Combined as above, NT\$11.8 was proposed to be the price in the actual private placement herein, which accounts for 85.26% of the reference price, not lower than 80% of that determined in the General Shareholders' Meeting.</p>
<p>Selective method of subscribers</p>	<p>The subscribers for private placement shall meet the qualifications for specified persons listed in Article 43-6 of the Securities and Exchange Act and the Explanation (91) Tai Cai Zheng Yi No. 0910003455 in June 13, 2002 by the Financial Supervisory Commission about the regulation of the specified persons. The related background information check is proposed to be reviewed by the Board of Directors.</p> <p>Subscribers / Relationship</p> <p>Wang, Mu-Fan / Independent Director</p> <p>Yan, Ming-Hung / Director</p> <p>Guo, Ming-Zhen / Spouse of the manager</p> <p>Lee, Jun-Xian / Manager</p> <p>Wang, Chen-Kang / Manager</p> <p>Chien, Lin-Chin / Manager</p> <p>Wu, Sing-Suei / Manager</p> <p>Chia Chun Investment Co., Ltd. / Majority shareholder</p> <p>Hong Yi Investment Ltd. / Related party</p> <p>Da Shuo Investment Co., Ltd. / Related party</p> <p>Hou, Bo-Yao / None</p> <p>Shih, Gang-Hong / None</p> <p>Lee, Mei-Chan / None</p> <p>Hou, Su-Fen / None</p> <p>Liu, Sin-Hai / None</p> <p>Wang, Pei-Yu / None</p> <p>Tsong Bo Consulting Co., Ltd. / None</p> <p>Fong, Sin-Yi / None</p> <p>Siao, Yu-Jie / None</p> <p>Hiyes International Co., Ltd. / None</p> <p>Neng Hong Investment Holdings Co., Ltd. / None</p> <p>Yang, Jhih-Cheng / None</p>

	Chen, Chia-Ling/None Wu, Lou-Ho/None Chou, Tsung-Yueh/None Lin, Hsing-Yu/None Huang Yueh Enterprise Co., Ltd. /None Song, Pei-Ching/None Chen, Chien-Fu/None Honey LI Limited Corporation/None Chen, Ying/None Chen, Zheng-Lin/None Yuan Hsiang International Development Co., Ltd./None		
Reasons for necessity of private placement	The Company evaluates the fund market condition and considers factors including but not limited to time efficiency, convenience, issuing costs and equity steadiness in the fundraising process, so common shares were issued via private placement.		
Payoff Date of Price	2021/08/25		
Subscriber profile	Subscribers listed below are all qualified pursuant to Article 43-6 of the Securities and Exchange Act.		
	Name	Number of shares subscribed	Relationship
	Wang, Mu-Fan	100,000	Independent Director
	Yan, Ming-Hung	400,000	Director
	Guo, Ming-Zhen	3,000,000	Spouse of the manager
	Lee, Jun-Xian	200,000	Manager
	Wang, Chen-Kang	320,000	Manager
	Chien, Lin-Chin	150,000	Manager
	Wu, Sing-Suei	100,000	Manager
	Chia Chun Investment Co., Ltd.	14,750,000	Majority shareholder
	Hong Yi Investment Ltd.	4,220,000	Related party
	Da Shuo Investment Co., Ltd.	8,000,000	Related party

	Hou, Bo-Yao	600,000	N/A
	Shih, Gang-Hong	100,000	N/A
	Lee, Mei-Chan	100,000	N/A
	Hou, Su-Feng	300,000	N/A
	Liu, Sin-Hai	800,000	N/A
	Wang, Pei-Yu	1,000,000	N/A
	Tsong Bo Consulting Co., Ltd.	1,000,000	N/A
	Fong, Sin-Yi	400,000	N/A
	Siao, Yu-Jie	1,200,000	N/A
	Hiyes International Co., Ltd.	12,700,000	N/A
	Neng Hong Investment Holdings Co., Ltd.	16,940,000	N/A
	Yang, Jih-Cheng	4,230,000	N/A
	Wu, Liou-Ho	1,000,000	N/A
	Zhou, Tsung-Yueh	1,010,000	N/A
	Huang Yueh Enterprise Co., Ltd.	1,000,000	N/A
	Song, Pei-Ching	420,000	N/A
	Chen, Chien-Fu	3,050,000	N/A
	Honey LI Limited Corporation	500,000	N/A
	Chen, Ying	1,690,000	N/A
	Chen, Zheng-Lin	2,030,000	N/A
	Yuan Hsiang International Development Co., Ltd.	1,690,000	N/A
Actual price subscribed	NT\$11.80		
Difference between actual subscription price and reference price	The actual price subscribed accounts for 85.26% of the reference price, NT\$13.84		

The effect of private placement on the equity		Enhance the Company's financial structure, reduce cost funding here to expand the operational scale in future, and upgrade long-term competitiveness for shareholder rights and interests as a whole.			
Progress in the use of fund from private placement (Currency: NTD1,000)					
Purpose of fund by private placement (until Q1, 2022)	Expected amount for use	Actual amount used	Aggregated actual amount used and its proportion (%)	Amount of balance reserved and its purpose	Reason for ahead of or beyond schedule and improvement plan
Replenish business capital	-	80,000	100.00%	-	Not applicable
Repaying for bank loans	-	149,400	100.00%	-	Not applicable
Miscellaneous	-	717,997	95.73%	A total of NT\$32,003 has not yet been used, which was deposited in the bank account.	Not applicable
Efficiency of private placement		Enhance business performance and overall competitive			

Third Session of the First Private Placement in 2021

Item	Issuing date: 2021/10/27 Number of shares: 117,000,000 shares
Security Category for Private Placement	Common shares
Date and Amount approved in the General Shareholders' Meeting	The line of issuance was approved no more than 200,000,000 shares in the General Shareholders' Meeting dated August 5, 2021
The basis and rationality of price setting	<p>The date convening the Board of Directors' Meeting, September, 3, 2021, is set as the price determination date.</p> <p>(1) In the simple arithmetic method, its resulted average amid the closing prices of common shares on the 1st, 3rd or 5th business days prior to the price determination date were NT\$14.00, NT\$13.88 and NT\$13.84 respectively. Chosen from one of them, the stock price among 5 preceding day is subject to its average from the result of deducting free allotment ex-rights and dividends, then adding back to the stock price, NT\$13.84, after capital reduction reversing ex-rights.</p> <p>(2) The stock price, NT\$13.83, is subject to the resulted average in the simple arithmetic method among the closing prices of common shares in 30 business days prior to the price determination date, deducting free allotment ex-rights and dividends, then, adding back to price after capital reduction reversing ex-rights.</p> <p>The higher price selected between above two prices of calculations as the price referenced in this private place, NT\$13.84. Combined as above, NT\$11.80 was proposed to be the price in actual private placement, accounting for 85.26% of the reference price, not lower than 80% of that determined in the General Shareholders' Meeting.</p>
Selective method of subscribers	<p>The subscribers for private placement shall meet the qualifications for special persons listed in Article 43-6 of the Securities and Exchange Act and the Explanation (91) Tai Cai Zheng Yi No. 0910003455 in June 13, 2002 by the Financial Supervisory Commission about the regulation of the specified persons. The related background information check is proposed to be reviewed by the Board of Directors.</p> <p>Subscribers/Relationship Chia Chun Investment Co., Ltd./Majority shareholder Chen, Chia-Ling/None Lin, Hsing-Yu/None Lin, Zheng-Yung/None Chung Hou Co., Ltd. /None</p>
Reasons for necessity of private placement	The Company evaluates the fund market condition and considers factors including but not limited to time efficiency, convenience, issuing costs and equity steadiness in the fundraising process, so common shares were issued via private placement.

Payoff Date of Price	2021/09/17				
Subscriber profile	Subscribers listed below are all qualified pursuant to Article 43-6 of the Security Trade Act.				
	Name		Number of shares subscribed	Relationship with the Company	
	Chia Chun Investment Co., Ltd		111,267,700	Majority shareholder	
	Chen, Chia-Ling		500,000	None	
	Lin, Hsing-Yu		1,690,000	None	
	Lin, Zheng-Yung		1,000,000	None	
	Chung Hou Co., Ltd.		2,542,300	None	
Actual price subscribed	NT\$ 11.80				
Difference between the actual price subscribed and reference price	The actual price subscribed accounts for 85.26% of the reference price, NT\$13.84				
The effect of private placement on the equity	Enhance the Company's financial structure, reduce cost funding here to expand the operational scale in future, and upgrade long-term competitiveness for shareholder rights and interests as a whole.				
Progress in the use of fund from private placement (Currency: NTD1,000)					
Purpose of fund by private placement (until Q1, 2022)	Expected amount for use	Actual amount used	Aggregated actual amount used and its proportion (%)	Amount of balance reserved and its purpose	Reason for ahead of or beyond schedule and improvement plan
Replenish business capital	-	-	-	Not applicable	Not applicable
Repaying for bank loans	-	-	-	Not applicable	Not applicable
Miscellaneous	-	1,260,168	91.28%	A total of NT\$120,432 has not yet been used, which was deposited in the bank	Not applicable

			account.	
Efficiency of private placement	Enhance business performance and overall competitive			

3. Holding or disposal of company shares by the Company's subsidiaries in the most recent year and the Annual Report publication date:

None.

4. Other matters that require additional description: None.

5. Matters Stated in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, Specifying Their Substantial Impact on Owner's Equity: None.

Delpha Construction Co., Ltd



Chairman: 鄭斯聰



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Plowing Space, Care for Land

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