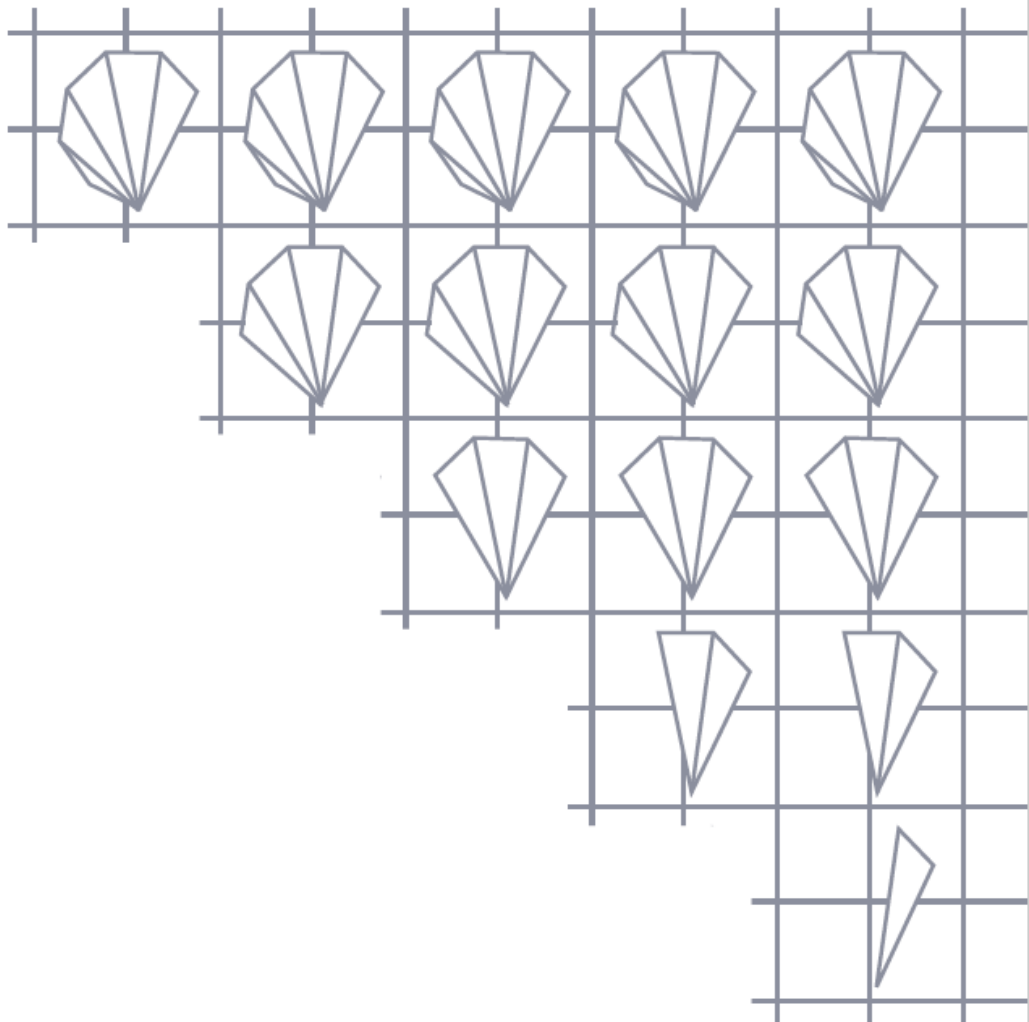


Stock Code: 2530



# Delphi Construction



## 2022 Annual Report

Printed on: April 30, 2023

Taiwan Stock Exchange Market Observation Post System:

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

Annual Report is available at: <https://www.delphi.com.tw/en/shareholders>

**1. Spokesperson and Deputy Spokesperson of the Company:**

Spokesperson/Jeffery Lee

Title/VP

Tel/(02)2632-8877

Email/jeffery@delpha.com.tw

Deputy Spokesperson/Linchin Chien

Title/ Assistant manager of Finance Dept.

Tel/(02)2632-8877

Email/charlin@delpha.com.tw

**2. Contact information of the headquarter:**

Add/16F, No. 460, Sec. 5, Chenggong Rd., Neihu Dist., Taipei City

Tel/(02)2632-8877

**3. Stock Transfer Agency:**

Name/The Transfer Agency Department of CTBC Bank

Add/5F, No. 83, Sec. 1, Chongqing S. Rd., Taipei City

Tel/(02)6636-5566(PBX)

Website/ <http://www.chinatrust.com.tw>

**4. CPA for the Latest Financial Report:**

Name/ Chen,Kuang-Hui, Yau,Yu Lin

Firm/ ShineWing Taiwan

Add/11F, No. 1, Sec. 4, Nanjing E. Rd., Taipei City

Tel/(02)7706-4888

Website/<http://www.swtw.com.tw>

**5. Name and inquiry means of overseas trade places for listed negotiable securities: None**

**6. Website: <http://www.delpha.com.tw>**

# Table of Contents

## **I. Letter to Shareholders**

1. Preface . . . . .	1
2. 2022 Operating Performance . . . . .	2
3. 2023 Business Plan . . . . .	4
4. Company's Future Development Strategies, and the Impact of the External Competitive Circumstances, Regulatory Circumstances, and Overall Operation Circumstances: . . . . .	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 . . . . .	9

## **III. Corporate Governance Report**

1. Organizational System . . . . .	13
2. Information on the Directors, General Manager, Deputy General Manager, Department Heads and Branch Officers . . . . .	17
3. Implementation of Corporate Governance . . . . .	28
4. Information on CPA Fees . . . . .	72
5. Information on Replacement of CPA . . . . .	72
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 . . . . .	73
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 . . . . .	73
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 . . . . .	75
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 . . . . .	78
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 . . . . .	92

3. Status of Implementation of Capital Allocation Plans . . . . .	92
---	----

**V. Operational Highlights**

1. Businesses . . . . .	102
2. Market and Sales Overview . . . . .	107
3. Information on Employees in the Past Two Years . . . . .	112
4. Environmental Expenditure Information . . . . .	112
5. Labor Relations . . . . .	113
6. Important Contracts . . . . .	118

**VI. Financial Information**

1. Condensed Balance Sheet and Statement of Comprehensive Income in the Past Five Years . . . . .	122
2. Financial Analysis for the Past Five Years . . . . .	127
3. Audit Committee' Inspection Report in the Most Recent Year . . . . .	133
4. Financial Statement and CPA's Audit Report in the Most Recent Year . . . . .	134
5. Individual Financial Statement in the Most Recent Year Audited by the CPAs . . . . .	235
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 . . . . .	339
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 . . . . .	360
4. Other Matters that Require Additional Description . . . . .	360

**Matters Stated in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, Specifying Their Substantial Impact on Owner's Equity . . . . .**

	360
--	-----

# 【Letter to Shareholders】

## 1. Preface:

Dear Shareholders,

Looking back on 2022, although the problems of the epidemic, labor shortage, and rising costs have subsided, the domestic market is faced with interest hikes resulting from inflation, and anti-real estate speculation policies that are proposed to stabilize real estate prices. Despite the adversities, Delpha's effort to stay in line with rigid demand for residential and investment needs paid off, and our business operation is growing at a steady pace. In terms of operation strategy, Delpha has not only continuously developed suitable land in the Greater Taipei, but also focuses on the development in vicinities of industrial parks, THSR, MRT, and train stations all over Taiwan. As of 2022, there are 9 projects of land inventory, which are "Huaisheng Section Urban Renewal project" and "Taiyuan Road Urban Renewal project" in Taipei, "Xinbi Section B", "Qingxi Section B", "Sanzuowu Section", "Lejie Section B" and "Shanjie Section" in Taoyuan, "Fortune" in Taichung, "Qing'an Section" in Tainan; the four projects, "Metro Building", "Delpha Jing", "The Rising City" in Taoyuan and "Centre for the Future" in Taichung have started sales.

Looking forward to 2023, in terms of the domestic economic environment, domestic consumption is recovering with prosperous prospects indebted to the returning of Taiwanese businessmen from overseas. In terms of government policies, as real estate stabilizing measures take effect, speculative purchases have lessened. With its aim of achieving year-on-year progress through the new development projects and completion of projects, Delpha achieves a stable amount of projects promoted in 2023 and Delpha's management will work harder in return for our shareholders' continued support.

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 faces the challenges brought upon by global climate changes. Delpha incorporates sustainable operation into its long-term policies of corporate development, and through the promotion of ESG, we integrate information security risks and climate change issues into its risk management. Further, we put forward a carbon emission examination mechanism in compliance with laws and regulations, so as to implement sustainable development jointly with its peers in the supply chain. For more than sixty years, Delpha has never forgotten its original intention, we focus on every detail and continue to provide the houses of unforgettable memories for Taiwanese family. 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. 2022 Operating Performance of Delpha Construction

### (1) Implementation status of the operation plan in 2022:

1 . Implementation status of the operation plan in 2022

#### Parent company

Unit: NT\$1,000

Item	2022	2021	Difference compared to the previous year	Remarks
Operating revenue	1,986,158	968	1,985,190	Growth Rate 205,081.61%
Profit(Loss) before tax	404,537	(114,623)	519,160	

#### Consolidated

Unit: NT\$1,000

Item	2022	2021	Difference compared to the previous year	Remarks
Operating revenue	1,994,281	8,718	1,985,563	Growth Rate 22,775.44%
Profit(Loss) before tax	404,243	(118,831)	523,074	

### (2) 2022 Annual Operating Revenue

#### Parent company

Unit: NT\$1,000

Individual Case	Amount	Remarks
Terminal Case	8,867	Housing Income
Yun He Jie A ( The Urban Green )	1,544,379	Housing Income
Ronxing Section Case ( Central One )	430,416	Housing Income
Reading the European Case	314	Rental income
Shulin Case	34	Rental income
Huaisheng Section Case	102	Rental income
Shitan Section case A (Tianqin)	92	Rental income
Sanzuowu Section	1,954	Rental income
Total	1,986,158	

#### Consolidated

Unit: NTD \$ 1,000

Individual Case	Amount	Remarks
Terminal Case	8,867	Housing Income
Yun He Jie A ( The Urban Green )	1,544,379	Housing Income
Ronxing Section Case ( Central One )	430,416	Housing Income
Shulin Case	34	Rental income
Huaisheng Section Case	102	Rental income
Shitan Section case A (Tianqin)	92	Rental income
Sanzuowu Section	1,954	Rental income

Taiyuan Road Urban Renewal Project	8,437	Rental income
------------------------------------	-------	---------------

**(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 2022 financial forecast.

**(4) Financial revenue & expenditure, and profitability analysis**

**Parent company**

Item		2022	2021
Financial structure %	Debt to assets ratio (%)	46.46	49.02
	Long-term funds to property, plant and equipment ratio (%)	18,941.21	19,971.87
Solvency %	Current ratio	221.67	320.62
	Quick ratio	31.36	60.47
	Times interest earned ratio (times)	2.65	(1.03)
Profitability %	Return on Assets	2.54	(0.78)
	Return on equity	4.84	(1.58)
	Ratio of pre-tax net profit to paid-in capital(%)	4.82	(1.59)
	Net profit (loss) rate	22.74	(11,841.22)
	Earnings per share (NT\$)	0.56	(0.20)

**Consolidated**

Item		2022	2021
Financial structure %	Debt to assets ratio (%)	48.23	50.84
	Long-term funds to property, plant and equipment ratio (%)	10,031.02	10,574.22
Solvency %	Current ratio	237.81	345.09
	Quick ratio	34.70	65.95
	Times interest earned ratio (times)	2.50	(0.82)
Profitability %	Return on Assets	2.42	(0.69)
	Return on equity	4.65	(1.60)
	Ratio of pre-tax net profit to paid-in capital(%)	4.81	(1.65)
	Net profit (loss) rate	22.34	(1,382.81)
	Earnings per share (NT\$)	0.56	(0.20)

**(5) Research and development situation:** Please refer to Page 106 of this Annual Report.

### **3. 2023 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**

To develop and design the purchased lots, apply for construction permits, commence construction, and launch sales.

#### **(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. As COVID-19 prevention bans are lifted in 2023, Taiwan released its mask restrictions on February 20. Three years of epidemic is finally coming to an end, and “epidemic prevention residence” will be the future trend in the residential market.
2. On February 6, earthquakes with magnitudes from 5.6 to 6.7 shook Turkey and Syria, causing thousands of casualties and unmeasurable economic loss. As Taiwan is also situated on an earthquake belt, the promotion of urban renewal projects will be the main goal in the government and private sectors.
3. In order to curb speculation, the Ministry of Interior has promulgated the amendment to the “Equalization of Land Rights Act” at the end of November 2021. On April 7, 2022, the amendment draft was passed by Executive Yuan, and preliminary review was completed on December 21 of the same year, and full passage was on January 10, 2023. The Act is expected to be enacted in 2023, and we are expecting fluctuations in the housing market as investors pull out of the market.
4. The 2023 domestic housing market is relatively stable in the first half of the year and is within the range of the normal market cycle despite multiple adverse factors, including Russo-Ukrainian War, inflation, increase in energy prices, and cross-strait relations global-wise, and in terms of domestic factors, the Central Bank of Taiwan announce 4 consecutive interest hikes in 2022 with discount rate hitting 1.75%, a historic high since December 2015, increasing the people's burden with respect to price raises in commodities and mortgages. However, as the presidential election nears, coupled with geopolitical threats and uncertainties in housing policies, 2023 Q4 will be the juncture where the housing market may take a turn.

## 【Company Profile】

**1. Date of Incorporation:** December, 1960

**2. Company History:**

**(1) Delpha Construction Co., Ltd:**

- 1960** Founded by Mr. Lin Deng, "Taiwan Shoelace Factory Corp." was established in Shezi St., Shilin Dist., Taipei City
- 1964** Moved to Beitou and changed its name to "Delpha Canvas Co., Ltd."
- 1978** Reorganized and renamed as "Delpha Industrial Co., Ltd.", officially engaged in real estate investment and construction business
- 1985** Capital increase and reorganization, changed its name to "Delpha Construction Co., Ltd."

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

<b>Year</b>	<b>Milestone</b>
<b>1979</b>	▪ “Rongxing Jiayuan” located in Wuchang St., Taipei City, with 50 residential units at 5 floors.
<b>1980</b>	▪ “Jinhua Building” located in section 5 of Nanjing E. Rd., with 47 residential and commercial units at 12 floors.
<b>1981</b>	▪ “Delpha Liyuan” located in Fuxing N. Rd, Taipei City, with 81 residential- and commercial units at 7 floors. ▪ “Chunhua Building” located in Fuxing N. Rd., Taipei City, with 69 residential and commercial units at 12 floors.
<b>1982</b>	▪ “Luofu Palace” located in Songjiang Rd., Taipei City, with 101 residential- and commercial units at 12 floors. ▪ “Kanalín Garden Building” located in Anhe Rd., Taipei City, with 62 residential units at 12 floors.
<b>1984</b>	▪ “Zhongxiao Yayuan” aside CTS in Guangfu S. Rd., Taipei City, with 31 residential and commercial units at 6 floors.
<b>1985</b>	▪ “Luxury House of Art” in Longjiang Rd., Taipei City, with 30 residential units at 5 floors. ▪ “Delpha Mingsha” in the entrance of Wenchang Street and Guangku S. Rd., Taipei City, with 60 residential and commercial units at 12 floors.
<b>1986</b>	▪ “Delpha Shanlinyuan” located in Huangxi Street, Shilin Dist., with 120 residential units at 5 floors.
<b>1987</b>	▪ “Yangming Quanyuan Villa” located in Quanyuan Rd., Beitou Dist., with 90 units including 19 villas and 11-storey residential building.

Year	Milestone
1988	<ul style="list-style-type: none"> <li>▪ “Cuiti Shuangxing” located in Chenggong S. Rd., Zhonghe Dist., New Taipei City, with two 16-storey residential-commercial buildings, holding a total of 104 units.</li> <li>▪ “Delpha Yuanzhongyuan” located aside Xianfu Rd, Taoyuan City, with 15 townhouse villas, 30 residential and commercial units of 5 blocks, and 189 units of five 14-store blocks.</li> </ul>
1989	<ul style="list-style-type: none"> <li>▪ “Athens Era” located in Kangning Street, Xizhi Dist., holding a total of 322 residential units at 16~23 floors.</li> </ul>
1990	<ul style="list-style-type: none"> <li>▪ “Delpha Shanshui” located in Kangle Street, Neihu District, with 11 residential houses at 6 floors.</li> <li>▪ “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.</li> </ul>
1991	<ul style="list-style-type: none"> <li>▪ “Mengdi Kaluo” located in Daoxiao Rd., Beitou Dist., with 4 villas and an 8-storey building holding 17 residential units, which was completed and delivered in 1995</li> <li>▪ “Delpha Dream House A, B and C” located in Dalong St., Taipei City, with 7-8-storey buildings holding 149 commercial and residential units, which was completed and delivered in 1994.</li> </ul>
1992	<ul style="list-style-type: none"> <li>▪ “Delpha Dream House D” located in Dalong St., Taipei City, with 3-storey underground/14-storey aboveground, 1-storey underground/6-storey aboveground residential building, holding 109 units, which was completed and delivered in 1995.</li> <li>▪ “Delpha Zunjue” located in Zhengyi S. Rd., Sanchong Dist., with 3-storey underground/14-storey aboveground commercial and residential building holding 83 units, which was completed and delivered in 1995.</li> <li>▪ “Delpha Living’s Home” located in Xingguang Rd., Wenshan Dist., 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.</li> </ul>
1993	<ul style="list-style-type: none"> <li>▪ “Taiwan Shijia” located in Shuangshi Rd., Banqiao, with 5-storey underground/26-storey aboveground commercial-residential building holding 285 units, which was completed and delivered in 1997.</li> <li>▪ “Fubishi Plaza” located in Songren Rd., Taipei City, with 3-storey underground/16-storey aboveground commercial-residential building holding 70 units, which was completed and delivered in 1996.</li> </ul>
1994	<ul style="list-style-type: none"> <li>▪ “Meili Dahu A” located in Dahu Shanzhuang Street, Taipei City, with 2-storey underground/4-storey aboveground residential building holding 65 units, which was completed and delivered in 1996.</li> </ul>
1995	<ul style="list-style-type: none"> <li>▪ “Meili Dahu B” located in Neihu Dist., with 1-storey underground/5-storey aboveground residential building holding 34 units, which was completed and delivered in 1997.</li> <li>▪ “Delpha Villa A” located in Neihu Dist., with 1-storey underground/4-storey aboveground villas holding 49 units, which was completed and delivered in 1997.</li> <li>▪ “Delpha Villa B” located in Neihu Dist., with 1-storey underground/4-storey aboveground villas holding 37 units, which was completed and delivered in 1996.</li> </ul>

Year	Milestone
1997	<ul style="list-style-type: none"> <li>▪ “Gongyuanlu” located in Section 5, Chenggong Rd., Neihu Dist., with 2-storey underground/14-storey aboveground residential building holding 195 units, which was completed and delivered in 1999.</li> <li>▪ “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.</li> <li>▪ “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.</li> </ul>
1998	<ul style="list-style-type: none"> <li>▪ “Delpha Junzhi” located in Section 2, Neihu Rd., Neihu Dist., with 1-storey underground/11-storey aboveground residential building holding 17 units, which was completed and delivered in 2000.</li> <li>▪ “Reading Europe” located in Section 5, Chenggong Rd., Neihu Dist., with 2-storey underground/14-storey aboveground commercial and residential building holding 237 units, which was completed and delivered in 2001.</li> </ul>
1999	<ul style="list-style-type: none"> <li>▪ “Shijie Zhiding” (The Top of the World) located in Dehui St., with 6-storey underground/10-storey aboveground office building holding 69 units, which was completed and delivered in 2003.</li> </ul>
2000	<ul style="list-style-type: none"> <li>▪ “Hangxia” located in the entrance of Dunhua N. Rd. and Minquan E. Rd., with 6-storey underground/15-storey aboveground office building, which was completed and delivered in 2002.</li> </ul>
2001	<ul style="list-style-type: none"> <li>▪ “Shiji Luofu” in the entrance of Boai Rd. and Hengyang Rd., with 6-storey underground/14-storey aboveground office building, which was completed and delivered in 2003.</li> </ul>
2003	<ul style="list-style-type: none"> <li>▪ “Meiyanjia”, joint construction project located in Section 2, Zhongshan N. Rd., which was completed and delivered in 2005.</li> </ul>
2005	<ul style="list-style-type: none"> <li>▪ “Xinyi Xiangxie” joint construction project located in the entrance of Songde Rd. and Xinyi Rd., with residential building, which was completed and delivered in 2006.</li> </ul>
2008	<ul style="list-style-type: none"> <li>▪ “Jiuyang” located in Zhulun Street, Zhongshan Strict, Taipei City, with 4-storey underground/14-storey aboveground office building, which was completed and delivered in 2011.</li> <li>▪ “Xinyi Jiuwu” located in Fude Street, Xinyi District, Taipei City, with 3-storey underground/14-storey aboveground commercial-residential building, which was completed and delivered in 2012.</li> </ul>
2010	<ul style="list-style-type: none"> <li>▪ “Jiuge” located in Section 1, Xingguang Rd., Wenshan Dist., Taipei City, with 2-storey underground/10-storey aboveground residential building, which was completed and delivered in 2012.</li> </ul>
2012	<ul style="list-style-type: none"> <li>▪ “Delpha Reading Green Life” located in Section 2, Chenggong Rd., Taipei City, with 4-storey underground/14-storey aboveground commercial-residential building, which was completed and delivered in 2015.</li> </ul>
2019	<ul style="list-style-type: none"> <li>▪ “The urban green” located in Yunhe Street, Da’an Dist., Taipei City, with 3-storey underground/12-storey aboveground residential building, which was completed and delivered in 2022.</li> </ul>
2020	<ul style="list-style-type: none"> <li>▪ “Central One”, joint construction project located in Wuchang St., Zhongshan Dist., Taipei City, with 2-storey underground/7-storey aboveground residential building, which was completed and delivered in 2022.</li> </ul>

Year	Milestone
2021	<ul style="list-style-type: none"> <li>▪ “Metro Building”, joint construction project located in Luzhu District, Taoyuan City, with 3-storey underground/11-storey aboveground commercial-residential building.</li> <li>▪ “Rising City”, joint construction project located in Guishan District, Taoyuan City, with 4-storey underground/15-storey aboveground commercial-residential building.</li> <li>▪ “Delpha Jing” located in Zhongli District, Taoyuan City, with 3-storey underground/14-storey aboveground commercial-residential building.</li> <li>▪ “One and Only” located in Zhongli District, Taoyuan City, with 3-storey underground/15-storey aboveground commercial-residential building.</li> </ul>
2022	<ul style="list-style-type: none"> <li>▪ “Centre for the Future” located in Wuri Dist., Taichung City, with 4-storey underground/24-storey aboveground residential building</li> <li>▪ “Delpha Fortune” located in Shalu Dist., Taichung City, with 3-storey underground/15-storey aboveground residential building.</li> <li>▪ Joint construction of commercial and residential building project located in Shanjie Section, Guishan Dist., Taoyuan City, with 5-storey underground/15-storey aboveground.</li> </ul>

**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

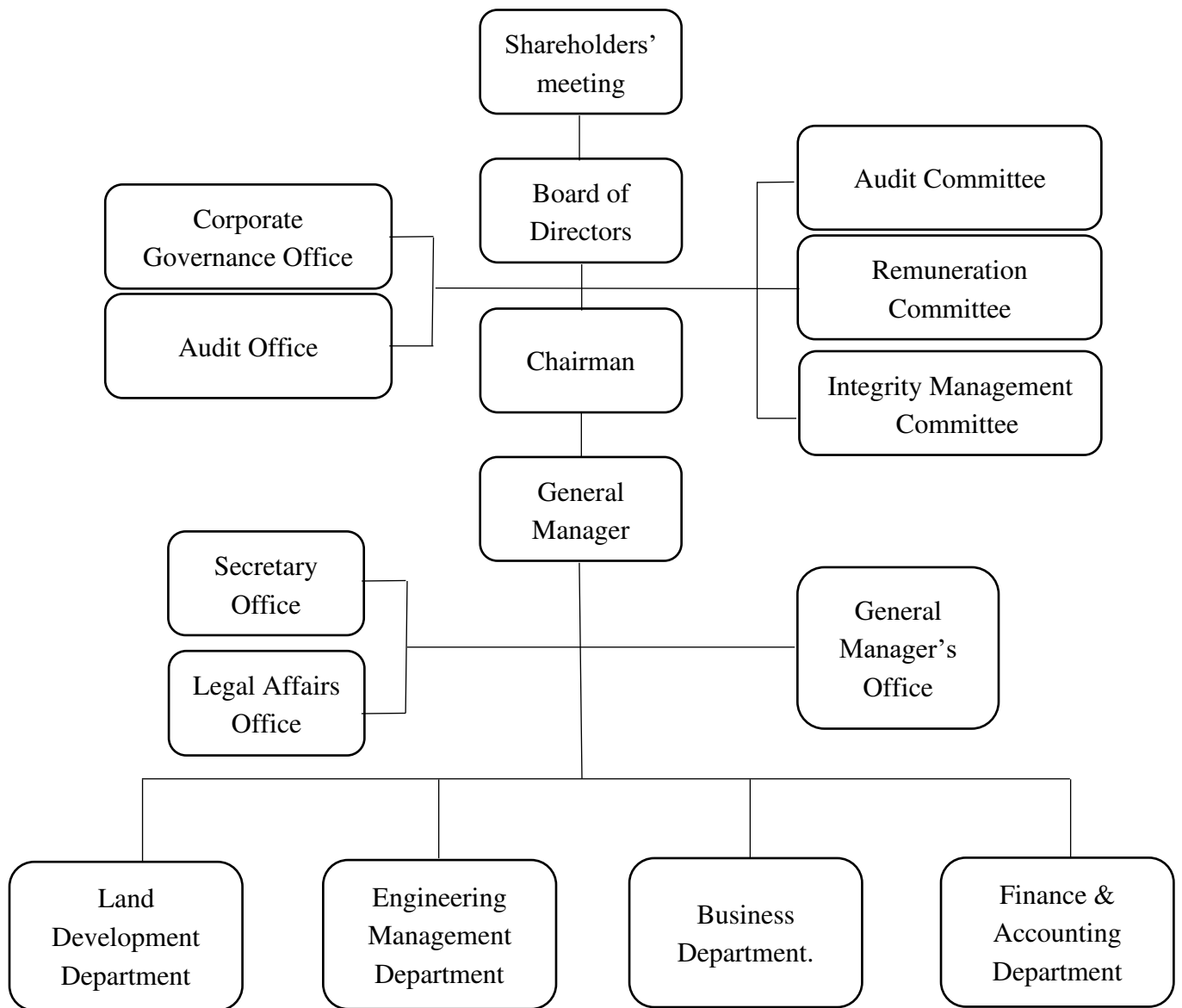
**(2) Large amount of equity transfer for the director or shareholder with the shareholding more than 10% in the current year and as of the annual report publication date:**

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 Chairperson and General Manager.</p>
Legal Affairs Office	<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

April 30<sup>th</sup>, 2022 Unit: Share

Title (Note 1)	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term	Initial Elected Date	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		Remarks (Note5)	
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name		Relatio
Chairpers on	R.O.C.	Cheng, Ssu- Tsung	Male 41-50 age	2020. 06.23	3 years	2020. 06.23	--	--	--	--	--	--	12,000,000	1.43%	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 Chairperson, Huajian Construction Co., Ltd. Representative, Hung Yi Investment Co., Ltd. Chairperson, Yuan Tung Investment Co., Ltd. Chairperson, Jui Cheng Hao Investment Co., Ltd.	--	--	--	--
Director	R.O.C.	Lee, Chin- Yi	Male Over 71age	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 41-50 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	Chairperson, Everbrite Technology Co., Ltd.	--	--	--	--
Represent ative of Director	R.O.C.	Dajie Investment Co., Ltd.	Male 61-70 age	2020. 06.23	3 years	2017. 05.31	16,898,773	6.24%	16,888,773	2.01%	--	--	--	--	Education: Master from Management Institute of National Taiwan University of Science and	-	--	--	--	--

		Representative: Tseng, Ping-Joung					--	--	80,000	0.01%	--	--	--	--	Technology Experience: General Manager, Radium Kagaya International Hotel					
Independent director	R.O.C.	Wang, Mu-Fan	Male 41-50 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 51-60 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 51-60 age	2020.06.23	3 years	2021.08.05 (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	--	--	--	--

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 Chairperson 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 2021.08.05 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, Hui-Chuan	16.52%
Lin, Hsing-Hsiung	14.56%
Lin, Chao-Hsiang	10.71%
Su, Pei-Ti	7.32%
Lin, Wen-Liang	7.15%
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	Chairperson of the Board, Cheng, Ssu-Tsung, 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 Chairperson 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 Yan, Ming-Hung has more than five years of experience in business, law, finance, accounting or corporate business, and is currently the Chairperson of the Board of Directors of Everbrite Technology 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 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 Chairperson, president, or equivalent of the Chairperson 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. Article 20 of the Company's Corporate Governance Code of Conduct stipulates that diversity shall be considered in the composition of Board members. Directors who are also managers in the Company may not take up more than one-third of all seats. In addition, appropriate diversity policies that reflect the Company's operations, operational pattern, and developmental needs shall be stipulated. In addition to the overall abilities of the current Board members (including Independent Directors), such as professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, industry experience, operational judgment, accounting and financial analysis abilities, management ability, crisis handling capabilities, industry knowledge, international market perspective, leadership skills, and decision-making skills, at least one-third of its seats should be occupied by female Directors, and at least one seat should be occupied by a Director with a specific professional background (law, accounting, or construction).

The Company's Board of Directors is composed of seven Directors, including three Independent Directors. Four members have professional backgrounds

in construction, law, and accounting, while the remaining members have extensive experience and knowledge in finance and management. Moreover, the Company is dedicated to fostering a culture of diversity and inclusivity. Our future plans involve increasing the percentage of female Directors, streamlining our business decision-making process, and aligning with global trends to enhance the Company's profitability, competitiveness in the global market, and brand image. Refer to the following table for the details of our progress.

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

## 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 17-18), 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 2<sup>th</sup>, 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.	Huang, Jyh Jen  (Newly appointed on 2022.12.27)	Male	2022.12.27	--	--	--	--	--	--	Education: Master's degree, Department of Water Resources and Environmental Engineering Tamkang University Experience: Director, Hong-Cheng Construction Co., Ltd.	Director, Hong-Cheng Construction Co., Ltd Huachien Construction Co., Ltd..	-	-	-	-
General Manager	R.O.C.	Wu, Yu-Guo  (Resigned on Dec 27 <sup>th</sup> , 2022)	Male	2021.06.29	--	--	6,627,700	0.78%			Education: Department of Civil and Construction Engineering, National Taiwan University of Science and Technology Experience: Chairperson, Hong-Zhu Construction Co., Ltd.	Chairperson, Hong- Zhu Construction Co., Ltd. General Manager,	-	-	-	-
Vice president	R.O.C	Lee, Jun-Xian	Male	2016.08.09	203,136	0.02 %	--	--	--	--	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	505,862	0.06 %	--	--	--	--	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 Chairperson 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				Relevant Remuneration Received by Directors Who Are Also Employees				Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income				Compensation Paid to Directors by Nonconsolidated Affiliates		
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Allowance (D)		The company		Consolidated		Salary, Bonuses and Allowance (E)	Severance Pay (F)		Employee Compensation (G)		The company		Consolidated			
		The company	Consolidated	The company	Consolidated	The company	Consolidated	The company	Consolidated	Total Remuneration (A+B+C+D)	Ratio of (A+B+C+D)	Total Remuneration (A+B+C+D)	Ratio of (A+B+C+D)		The company	Consolidated	The company	Consolidated	Total Remuneration (A~G)	The company	Consolidated		Total Remuneration (A~G)	Consolidated
Chairperson	Cheng, Ssu-Tsung	960	960	-	-	286	286	45	65	1,291	0.29%	1,311	0.29%	-	-	-	-	-	-	1,291	0.29%	1,311	0.29%	None
Director	Lee, Chin-Yi	1,560	1,560	-	-	286	286	45	45	1,891	0.42%	1,891	0.42%	-	-	-	-	-	-	1,891	0.42%	1,891	0.42%	None
Director	Yan, Ming-Hung	-	-	-	-	286	286	45	45	331	0.07%	331	0.07%	-	-	-	-	-	-	331	0.07%	331	0.07%	None
Director	Dajie Investment Co., Ltd.	-	-	-	-	286	286	40	40	326	0.07%	326	0.07%	-	-	-	-	-	-	326	0.07%	326	0.07%	None
	Representative: Tseng, Ping-Joung																							
Independent director	Wang, Mu-Fan	300	300	-	-	286	286	115	115	701	0.16%	701	0.16%	-	-	-	-	-	-	701	0.16%	701	0.16%	None
	Yeh, Chien-Wei	300	300	-	-	286	286	115	115	701	0.16%	701	0.16%	-	-	-	-	-	-	701	0.16%	701	0.16%	None
	Chen, Rei-Li	300	0	-	-	286	286	115	115	701	0.16%	701	0.16%	-	-	-	-	-	-	701	0.16%	701	0.16%	None

- 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 Independent Directors' remuneration is composed of attendance fees, fixed monthly salary and Director remuneration, and the amounts are as resolved at the Remuneration Committee meetings. The aforementioned remuneration are based on the remuneration level in the industry while taking into consideration the Company's business operation, directors' contribution to the Company, future risks, and results of board performance evaluation.
- 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 16<sup>th</sup>, 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 1 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 months 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 months 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 Compa ny	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 (Resigned on 2022.12.27)	2,516	2,516	-	-	9,741	9,756	-	-	-	-	12,257	2.71%	12,272	2.72%	None
General Manager	Huang, Chih-Chen (Newly appointed on 2022.12.27)	-	-	-	-	-	5	-	-	-	-	-	-	5	-	
Vice President (VP)	Lee, Jun- Xian	1,970	1,970	-	-	643	663	113	-	113	-	2,726	0.60%	2,746	0.61%	

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)

### (4) Name of Managerial officers Distributed with Employee Dividend and Distribution Situation:

Unit: NT\$1,000; March 30<sup>th</sup>, 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	Huang, Jyh Jen				
	Vice General Manger of Business Dept. & Engineering Management Dept.	Lee, Jun-Xian				
	Deputy Manager, Finance and Accounting Department (Finance Manager)	Chien, Lin-Chin	-	304	304	0.07%
	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 27<sup>th</sup>, 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	2022				2021			
	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)	5,939	1.31%	5,959	1.32%	3,907	(3.41%)	3,922	(3.42%)
General Manager and Vice General Manager	14,983	3.32%	15,023	3.33%	5,321	(4.64%)	5,336	(4.66%)

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 compensation , business execution fees, and fixed monthly remuneration, which are analyzed as follows:

A. As specified in Article 28 of the Company's Articles of Incorporation: in the event of profit for the year, no higher than 2% shall be allocated as compensation to directors.

Based on the evaluation results according to the Board Performance Evaluation Procedures and market level, it is resolved at the Remuneration Committee and Board of Directors meeting on March 15, 2023, that the Company will allocate 0.59% of its profit, or NT\$1,998,500 as the Director compensation for 2022.

B. In addition to compensation to Directors, the Company's Directors also receive professional service fees, and Independent Directors receive fixed monthly salary.

(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 compensation 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 Chairperson to determine the payment.

#### 4. Implementation of Corporate Governance

##### (1) The operations of the Board of Directors:

The Board of Directors held 9 (A) meetings in the most recent year (2022). 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 9 board meetings (A) in the current year (2022).

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	9	0	100%	-
Director	Lee, Chin-Yi	9	0	100%	-
Director	Dajie Investment Co., Ltd. Representative: Tseng, Ping-Joung	8	1	89%	-
Director	Yan, Ming-Hung	9	0	100%	-
Independent Director	Yeh, Chien-Wei	9	0	100%	-
Independent Director	Wang, Mu-Fan	9	0	100%	-
Independent Director	Chen, Rei-Li	9	0	100%	-

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
2022.1.19 1 <sup>st</sup> meeting in 2022	<ol style="list-style-type: none"> <li>1. Payment of the substitutive fee of Transfer of Development Rights (TDR) for land serial No. 31, Shingaojie Section, Wuri District, Taichung City.</li> <li>2. The signing of a contract between the Company and its subsidiary Huajian Construction Co., Ltd. for the new congregate housing construction (Structural Engineering Part) located in Qingxi Section B.</li> <li>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.</li> <li>4. The year-end bonus for managers and auditors of the Company for 2021.</li> </ol>
2022.2.10 2 <sup>nd</sup> meeting in 2022	<ol style="list-style-type: none"> <li>1. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction of a (Structural Engineering Part) located in New Station Shingaojie Section, Wuri District, Taichung City.</li> <li>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.</li> <li>3. The case of the Company's general manager incentive payment.</li> </ol>
2022.3.30 3 <sup>rd</sup> meeting in 2022	<ol style="list-style-type: none"> <li>1. The Company's Business report and financial statements for fiscal year 2021.</li> <li>2. The Company's Loss make-up proposal for the year 2021.</li> <li>3. The signing of a contract between the Company and Shine Wing Taiwan for the annual fee of 2022.</li> <li>4. Amendment of the Company's "Articles of Incorporation".</li> <li>5. Amendment of the Company's "Procedures for the Acquisition or Disposal of Assets".</li> <li>6. Amendment of the Company's "Rules of Procedures for Shareholders' Meeting".</li> <li>7. Annual assessment of the effectiveness of the internal control system in fiscal year 2021.</li> <li>8. The signing of a contract between the Company and its subsidiary Huajian Construction Co., Ltd. for the new congregate housing construction of a (Geotechnical Engineering Part) located in Shingaojie Section, Wuri District, Taichung City.</li> <li>9. The date of and the reason for the Company's 2022 Annual General Meeting of Shareholders.</li> </ol>



2022.4.25 4 <sup>th</sup> meeting in 2022	To set up the subscription price of the Company's second private placement of common share in 2022 and the determination date of the capital increase.
2022/05/12 5 <sup>th</sup> meeting in 2022	<ol style="list-style-type: none"> <li>1. The Company's 2022 Q1 consolidated financial reports.</li> <li>2. Additions to the Company's Integrity Management Operating Procedure and Guideline.</li> <li>3. Additions to the Company's Integrity Management Committee Procedures.</li> <li>4. Appointment of Integrity Management Committee members.</li> <li>5. Amendments to the Company's Corporate Governance Code of Conduct.</li> <li>6. Amendments to the Company's Corporate Social Responsibility Code of Conduct (changed to: Sustainable Development Principles).</li> <li>7. Amendments to the Company's Operation Procedures for Prevention of Insider Trading.</li> <li>8. Proposal for GHG inventory and the disclosure of verification information.</li> <li>9. Deliberation of the 2022 Dragon Boat Festival bonuses for the Company's managers and Chief Auditor.</li> </ol>
2022/06/10 6 <sup>th</sup> meeting in 2022	<ol style="list-style-type: none"> <li>1. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Falsework part) located in the Shanjie Section of Guishan District, Taoyuan City.</li> </ol>
2022/08/11 7 <sup>th</sup> meeting in 2022	<ol style="list-style-type: none"> <li>1. The Company's 2022 Q2 consolidated financial report.</li> <li>2. Proposal for not distributing dividends for the first half of 2022.</li> <li>3. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Geotechnical engineering part) located in the Shanjie Section.</li> <li>4. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Decoration part) located in Zone B of the Qingxi Section of Zhongli District.</li> <li>5. Delegation of authority to the Chairperson to decide on quota-related matters due to the timeliness of land development.</li> <li>6. Amendments to the Company's organizational chart.</li> <li>7. Amendments to the Company's Measures for Regulations, Systems, and Controls.</li> <li>8. Amendments to the Company's Measures for Managing Financing.</li> <li>9. Amendments to the Company's Land Development Regulations.</li> <li>10. Amendments to the Company's Operations and Collection Regulations.</li> <li>11. The payment of attendance fees to members of the Integrity Management Committee.</li> <li>12. Manager and Chief Auditor remuneration adjustments.</li> <li>13. Deliberation of the 2022 Mid-Autumn Festival bonuses for the Company's managers and Chief Auditor.</li> </ol>
2022/11/11 8 <sup>th</sup> meeting in 2022	<ol style="list-style-type: none"> <li>1. The Company's 2022 Q3 consolidated financial report.</li> <li>2. The discontinuation of the round of private placement approved by a special shareholders' meeting in 2021.</li> <li>3. Amendments to the Company's Board Performance Evaluation Procedures.</li> <li>4. Amendments to the Company's Measures for Managing Overtime.</li> <li>5. Establishment of the Company's 2023 inspection plan for internal audit operations.</li> <li>6. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (the structural engineering part) located in the Shanjie Section.</li> <li>7. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Decoration part) located in the Xinzhan Section of Shalu District, Taichung City.</li> <li>8. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Structural engineering part) located in the Shingaoite Section of Wuri District, Taichung City.</li> <li>9. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Falsework part) located in Zone B of the Lejie Section of Guishan District.</li> </ol>
2022/12/27 9 <sup>th</sup> meeting in 2022	<ol style="list-style-type: none"> <li>1. Proposal for the Company to continue to make endorsements for its subsidiary, Huajian Construction Co., Ltd.</li> <li>2. Amendments to the Company's Operation Procedures for the Processing of Material Information.</li> <li>3. Amendments to the Company's Accounting Operations Regulations.</li> <li>4. Amendments to the Company's Regulations on the Supervision and Management of Subsidiaries.</li> <li>5. Donation to The Garden of Hope Foundation's Empower Girls, Empower the World fundraising campaign.</li> <li>6. Appointment of the Company's General Manager.</li> <li>7. Proposal to lift the non-compete clause for the new General Manager.</li> <li>8. Amendments to the Company's Guidelines for Applying for Transportation and Business Trip Subsidies and Regulations for Vehicle Purchase Subsidies.</li> <li>9. Amendments to the Company's Regulations for Employee Discounts on Buying Homes.</li> </ol>

	10. Deliberation of the 2022 year-end bonuses for the Company's managers and Chief Auditor.
2023/01/12 1st meeting in 2023	<ol style="list-style-type: none"> <li>1. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Falsework part) located in the Qing'an Section of Shanhua District, Tainan City.</li> <li>2. The 2022 performance bonuses for the Company's managers and Chief Auditor.</li> <li>3. Proposal to lift the non-compete clause for the new General Manager.</li> <li>4. Proposal for the monthly salary of the new General Manager.</li> </ol>
2023/03/15 2nd meeting in 2023	<ol style="list-style-type: none"> <li>1. The Company's 2022 business report and financial statements.</li> <li>2. The 2022 dividend distribution proposal.</li> <li>3. Deliberation of the amount allocated to Director and employee compensation in 2022.</li> <li>4. The distribution method of remuneration for Directors, managers, the Chief Auditor, and employees in 2022.</li> <li>5. Amendments to the Company's Articles of Incorporation.</li> <li>6. Re-election of the Company's Directors.</li> <li>7. The acceptance period for the nomination of Director (including Independent Director) candidates, the number of Directors to be elected, and the place of acceptance.</li> <li>8. The date of and reasons for convening the Company's annual shareholders' meeting in 2023.</li> <li>9. Define the ex-dividend date for the distribution of the 2022 cash dividends.</li> <li>10. Review of the effectiveness of the 2022 internal control system.</li> <li>11. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Geotechnical engineering part) located in the Qing'an Section of Shanhua District, Tainan City.</li> </ol>
2023/4/11 3rd meeting in 2023	<ol style="list-style-type: none"> <li>1. The hiring and remuneration of the Company's certified public accountants.</li> <li>2. Review the shareholders' proposals and nominations.</li> <li>3. Define the qualification criteria of recipients of employee remuneration of employees at affiliated companies.</li> </ol>
2023/4/14 4th meeting in 2023	<ol style="list-style-type: none"> <li>1. Nomination of Director (including Independent Director) candidates.</li> <li>2. Resolution of the roster of Director (and Independent Director) candidates.</li> </ol>
<b>Opinions of all independent directors and the Company's handling of opinions :</b> Approved by all independent directors.	

(2) Unless otherwise stated, other independent directors who expressed dissenting or qualified opinions that were recorded or declared in writing: None

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:

Date of Board of Directors' meeting	Name of Directors	Agenda	Reason for recusal	Participation in voting
2022.1.19 1st 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 Chairperson Cheng, Ssu-Tsung	The Chairperson of the meeting was appointed by Chairperson 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.
2022/08/11 7th meeting in 2022	Yeh, Chien-Wei Wang, Mu-Fan Chen, Ruei-Li	The payment of attendance fees to members of the Integrity Management Committee.	Three Independent Directors had a conflict of interest.	After the three Independent Directors recused themselves, the Chair approved the proposal as proposed without objection from any Directors in attendance.
2022/12/27 9th meeting in 2022	Cheng, Ssu-Tsung	Amendments to the Company's Guidelines for Applying for Transportation and Business Trip Subsidies and Regulations for Vehicle Purchase	Chairperson Cheng, Ssu-Tsung had a conflict of interest.	Chairperson Cheng, Ssu-Tsung designated Independent Director Wang, Mu-Fan to serve as the chair. After Chairperson Cheng, Ssu-Tsung recused himself, the deputy chair discussed the proposal with all Directors in attendance and approved the proposal as proposed

Date of Board of Directors' meeting	Name of Directors	Agenda	Reason for recusal	Participation in voting
		Subsidiaries.		without objection.
2023/4/14 4th meeting in 2023	Cheng, Ssu-Tsung; Yan, Ming-Hung; Lee, Chin-Yi; Tseng, Ping-Joung; Yeh, Chien-Wei	Nomination of Director (including Independent Director) candidates	A conflict of interest.	During the review of Director candidates' information, the five nominated directors did not participate in voting. After they recused themselves, the remaining Directors in attendance approved the proposal as proposed without objection.

**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 12<sup>th</sup>. The results of the evaluation for fiscal 2022 were reported to the Board of Directors on March 15, 2023 and reported on the Market Observation Post System.

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

<b>Evaluation cycle</b>	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)
<b>Evaluation period</b>	January 1 <sup>st</sup> to December 31 <sup>st</sup> , 2022
<b>Evaluation scope and method</b>	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, or other appropriate methods for performance evaluation.
<b>Evaluation procedures</b>	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", "Self-Evaluation Questionnaire on the Performance of the Remuneration Committee", and "Self-Evaluation Questionnaire on the Performance of the Integrity Management 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.

**●2022 evaluation indicators and options**

Board performance evaluation	Self-evaluation of the performance of Directors	Performance evaluation of functional committees			
		Functional Committee	Audit	Remuneration	Integrity Management
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 education of Directors Internal control	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 relations and communication Directors' professional and continuing education and training Internal control	Level of participation in the Company's operations	V	V	V
		Understanding of duties of the functional Committee	V	V	V
		Improvement of the quality of the functional Committee' decision making	V	V	V
		Composition of the functional Committee and selection of committee members	V	V	V
		Internal control	V	V	V
25 evaluation indicators	20 evaluation indicators	20 evaluation indicators			

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

●2022 evaluation results

Board performance evaluation	Self-evaluation of the performance of Directors	Performance evaluation of functional committees		
		Audit Committee	Remuneration Committee	Integrity Management Committee
Evaluation results: <b>Excellent</b>	Evaluation results: <b>Excellent</b>	Evaluation results: <b>Excellent</b>	Evaluation results: <b>Excellent</b>	Evaluation results: <b>Excellent</b>

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 2022 directors' liability insurance was purchased on December 2<sup>nd</sup>, 2022.
  - (II) The Company established the Audit Committee on May 31<sup>st</sup>, 2017 to replace Supervisors. The Committee convened 8 meetings in 2022 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 approved the additions to the Regulations Governing the Evaluation of the Performance of the Board of Directors and Functional Committees and the related self-evaluation surveys on November 12, 2019. We have already filed the results of the 2022 evaluation and commissioned the Taiwan Corporate Governance Association to conduct an external performance evaluation of the Board of Directors in December 2022 and issue the Board performance evaluation report. Please visit the Company's website for more information regarding the report.
  - (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.
  - (VI) The Company formed the Integrity Management Committee in May 2022. The committee convened one meeting in 2022.
  - (VII) The Company has set up a corporate website in English.

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 8 (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 23<sup>rd</sup>, 2020 to June 22<sup>nd</sup>, 2023) convened 8 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	8	0	100%	
Independent director	Yeh, Chien-Wei	8	0	100%	
Independent director	Chen, Ruei Li	8	0	100%	

### ● 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 31<sup>st</sup>, 2017. It consists of all three Independent Directors. Committee meetings are convened at least once each quarter, and a total of 8 meetings were convened in 2022. 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 23<sup>rd</sup>, 2020 to June 22<sup>nd</sup>, 2023)

Date of board meeting	Proposal content
2022.1.19 1 <sup>st</sup> meeting in 2022	1. substitutive fee of Transfer of Development Rights (TDR) for land serial No. 31, Shingaotie Section, Wuri District, Taichung City. 2. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd. for the new congregate housing construction (Structural Engineering Part) located in Qingxi Section B. 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.
2022.2.10 2 <sup>nd</sup> meeting in 2022	The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction (Structural Engineering Part) located in Xinzhan Section, Shalu District, Taichung City.
2022.3.30	1. The Company's Business Report and Financial Statements for fiscal year 2021.

3 <sup>rd</sup> meeting in 2022	<ol style="list-style-type: none"> <li>2. The Company's Loss-make-up proposal for the year 2021.</li> <li>3. The signing of a contract between the Company and Shine Wing Taiwan for the annual fee of 2022.</li> <li>4. Amendment to the Company's "Articles of Incorporation".</li> <li>5. Amendment of the Company's "Procedures for the Acquisition or Disposal of Assets".</li> <li>6. Amendment of the Company's "Rules of Procedures for Shareholders' Meetings".</li> <li>7. Annual assessment of the effectiveness of the internal control system in fiscal year 2021.</li> <li>8. The signing of a contract between the Company and its subsidiary Huajian Construction Co., Ltd. for the new congregate housing construction (Geotechnical Engineering Part) located in Shingaotie Section, Wuri District, Taichung City.</li> </ol>
2022/05/12 4th meeting in 2022	<ol style="list-style-type: none"> <li>1. The Company's 2022 Q1 consolidated financial reports.</li> <li>2. Additions to the Company's Integrity Management Operating Procedure and Guideline.</li> <li>3. Additions to the Company's Integrity Management Committee Procedures.</li> <li>4. Amendments to the Company's Corporate Governance Code of Conduct.</li> <li>5. Amendments to the Company's Corporate Social Responsibility Code of Conduct (changed to: Sustainable Development Principles).</li> <li>6. Amendments to the Company's Operation Procedures for Prevention of Insider Trading.</li> </ol>
2022/06/10 5th meeting in 2022	<ol style="list-style-type: none"> <li>1. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Falsework part) located in the Shanjie Section of Guishan District, Taoyuan City.</li> </ol>
2022/08/11 6th meeting in 2022	<ol style="list-style-type: none"> <li>1. The Company's 2022 Q2 consolidated financial report.</li> <li>2. Proposal for not distributing dividends for the first half of 2022.</li> <li>3. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Geotechnical engineering part) located in the Shanjie Section.</li> <li>4. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Decoration part) located in Zone B of the Qingxi Section of Zhongli District.</li> <li>5. Delegation of authority to the Chairperson to decide on quota-related matters due to the timeliness of land development.</li> <li>6. Amendments to the Company's organizational chart.</li> <li>7. Amendments to the Company's Measures for Regulations, Systems, and Controls.</li> <li>8. Amendments to the Company's Measures for Managing Financing.</li> <li>9. Amendments to the Company's Land Development Regulations.</li> <li>10. Amendments to the Company's Operations and Collection Regulations.</li> </ol>
2022/11/11 7th meeting in 2022	<ol style="list-style-type: none"> <li>1. The Company's 2022 Q3 consolidated financial report.</li> <li>2. The discontinuation of the round of private placement approved by a special shareholders' meeting in 2021.</li> <li>3. Amendments to the Company's Board Performance Evaluation Procedures.</li> <li>4. Amendments to the Company's Measures for Managing Overtime.</li> <li>5. Establishment of the Company's 2023 inspection plan for internal audit operations.</li> <li>6. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Structural engineering part) located in the Shanjie Section.</li> <li>7. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Decoration part) located in the Xinzhan Section of Shalu District, Taichung City.</li> <li>8. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Structural engineering part) located in the Shingaotie Section of Wuri District, Taichung City.</li> <li>9. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Falsework part) located in Zone B of the Lejie Section of Guishan District.</li> </ol>
2022/12/27 8th meeting in 2022	<ol style="list-style-type: none"> <li>1. Proposal for the Company to continue to make endorsements for its subsidiary, Huajian Construction Co., Ltd.</li> <li>2. Amendments to the Company's Operation Procedures for the Processing of Material Information.</li> <li>3. Amendments to the Company's Accounting Operations Regulations.</li> <li>4. Amendments to the Company's Regulations on the Supervision and Management of Subsidiaries.</li> <li>5. Amendments to the Company's Guidelines for Applying for Transportation and Business Trip Subsidies and Regulations for Vehicle Purchase Subsidies.</li> <li>6. Amendments to the Company's Regulations for Employee Discounts on Buying Homes.</li> </ol>
2023/01/12	<ol style="list-style-type: none"> <li>1. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd.,</li> </ol>

1st meeting in 2023	for the new congregate housing construction project (Falsework part) located in the Qing'an Section of Shanhua District, Tainan City.
2023/03/15 2nd meeting in 2023	1. The Company's 2022 business report and financial statements. 2. The 2022 dividend distribution proposal. 3. Amendments to the Company's Articles of Incorporation. 4. Review of the effectiveness of the 2022 internal control system. 5. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Geotechnical engineering part) located in the Qing'an Section.
2023/04/11 3rd meeting in 2023	The hiring and compensation of the Company's certified public accountants.
<b>Opinions of all independent directors and the Company's handling of opinions :</b> 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:**

Date of Audit Committee meeting	Name of Independent Directors	Agenda	Reason for recusal	Participation in voting
2023/04/11 3rd meeting in 2023	Wang, Mu-Fan	The hiring and compensation of the Company's certified public accountants.	Independent Director Wang, Mu-Fan has a conflict of interest with this proposal because of his past employment with the firm of the CPAs. He should recuse himself to maintain the Company's highest standards of corporate governance.	Independent Director Wang, Mu-Fan designated Independent Director Yeh, Chien-Wei to serve as the chair temporarily. After Wang, Mu-Fan recused himself, the chair consulted with the two remaining Independent Directors and approved the proposal as proposed without objection.

**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:

1. 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.
2. The main communication items with the Chief Auditor in 2022 are summarized in the table below:

Date	Communication content	Opinion of independent directors
2022/03/30 Audit Committee	Report on the information of internal auditors and agents for 2022 and their professional training during 2021.	No opinions
	Report on the outcome of audit operations conducted between November 2021 and January 2022.	No opinions
	Discuss the assessment of the effectiveness of the 2021 internal control system.	Approved
2022/05/12	Report on the outcome of audit operations conducted between February and April 2022.	No opinions

Audit Committee		
2022/08/11 Audit Committee	Report on the outcome of audit operations conducted between May and July 2022.	No opinions
	Discuss the amendments to the Measures for Regulations, Systems, and Controls.	Approved
2022/11/11 Audit Committee	Report on the outcome of audit operations conducted between August and September 2022.	No opinions
(Private meeting)	Discuss the establishment of the Company's 2023 inspection plan for internal audits.	Approved

(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
2022.03.30 Individual conversation	<ol style="list-style-type: none"> <li>The accountants' review of the Company's financial statements for fiscal year 2021 and explanation of matters of critical concern (including key audits).</li> <li>The impact of recent important tax law amendments.</li> <li>The accountant's discussion and communication with the independent directors.</li> </ol>	No opinions
2023.03.15 Individual conversation	<ol style="list-style-type: none"> <li>The CPA explained the audit of the Company's financial statements for 2022 and matters of critical interest (including key audit items).</li> <li>Impact of recent important amendments of tax laws and introduction of the Corporate Governance 3.0 Sustainable Development Roadmap.</li> <li>Discussions and communication between CPAs and Independent Directors.</li> </ol>	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 Company's business operations, operating dynamics, and development must	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	
(2) Apart from the Remuneration Committee and Audit Committee, has the Company voluntarily set up other functional committees?	V		<p>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 page19 for the relevant implementation.</p> <p>(2) The Company has set up the Remuneration Committee and the Audit Committee. The "Integrity Management Committee" was to be established in May 2022.</p>	
(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		<p>(3) The Company's Board of Directors passed the Regulations Governing the Evaluation of the Performance of the Board of Directors on November 12th, 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.31-32 for information on the operations of the Board of Directors)</p>	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies
(4) Does the Company regularly evaluate the CPA's independence?			<p>(4) 1. The Company regularly assesses the independence of the CPAs every year. The Board of Directors resolved to pass the independence evaluation of CPAs Chen, Kuang-Hui and Yau, Yu-Lin of Shine Wing CPAs (Taiwan) on March 30, 2022. (Note 2)</p> <p>2. On March 15, 2023, the Audit Committee and Board of Directors approved to change the accounting firm to Ernst &amp; Young and evaluated the independence and competence of CPAs James Huang and KyKy Lin (Note 2). They also obtained information on the 13 Audit Quality Indicators (AQI) and a declaration of independence from the accounting firm and evaluated the audit quality of the accounting firm and audit team using the guidelines provided by the</p>	

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary	
			competent authority that explains how audit committees should interpret the AQIs.	
IV. As a TWSE/TPEX-listed company, has the Company established adequate and 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)?	V		<p>The Company, following the resolution passed by the Board of Directors' meeting on March 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"> <li>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.</li> <li>2. Handle matters related to the Audit Committee, Remuneration Committee, Integrity Management Committee and the Board of Directors and the Shareholders' Meeting, and assist the Company in regulatory compliance.</li> <li>3. Prepare minutes of the audit committee meetings, Remuneration Committee, Integrity Management and board meetings and shareholders' meetings.</li> <li>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. Handle the change registration in case of the amendment of the Articles of Association or the re-election of the directors.</li> <li>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.</li> <li>6. Promote corporate governance matters such as the preparation of ESG reports, integrity management education and training, and the implementation of corporate governance evaluations.</li> <li>7. The Corporate Governance Officer completed 12 hours of continuing education in 2022. Course content: <ol style="list-style-type: none"> <li>(1) TWSE - International Twin Summit / 2 hours</li> <li>(2) Securities &amp; Futures Institute - Seminar on Insiders / 3 hours</li> <li>(3) Taiwan Institute for Sustainable Energy - Taishin 30 Net Zero Summit / 3 hours</li> <li>(4) Securities &amp; Futures Institute - Seminar on Insider</li> </ol> </li> </ol>	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	
			Trading / 3 hours (5) Taiwan Institute for Sustainable Energy - Global Corporate Sustainability Forum (GCSF) / 1 hour	
V. Has the Company established communication channels with interested parties (including but not limited to 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?	V		The Company has established the spokesperson and acting spokesperson system. Moreover, the investor's and stakeholder's window is set up on the website of the Company to respond to the issues concerned by the stakeholders properly.	In conformation to the regulations of Corporate Governance Best Practice 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?	V		(1) The Company has constructed www.delpha.com.tw to disclose the information related to finance and corporate governance.	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies
(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)?	V		(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.	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies
(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	(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.	It will evaluate the operation time and the board operation for this issue.

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary	
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 supervisors' training records, implementation of risk measures, implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?	V		<p>(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.</p> <p>(2) Investor's relations: 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>	In conformation to the regulations of Corporate Governance Best Practice Principles for Listed Companies
<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"> <li>1.Directors completed the required number of hours of continuing education in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.</li> <li>2.Added an Integrity Management Committee in 2022.</li> <li>3.The Q1 and Q3 financial reports were approved by the Audit Committee and reported to the Board of Directors for resolution.</li> <li>4.Added an English corporate website.</li> <li>5. Conducted an external performance evaluation of the Board of Directors.</li> <li>6. Provided regular reports to the Board of Directors on communication details with stakeholders.</li> <li>7. Obtained third-party verification for the corporate sustainability report.</li> <li>8. Disclosed information about the greenhouse gas emissions, water consumption, and total weight of waste in the last two years.</li> </ol>				

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons
	Yes	No	Summary	
* Priority measures to strengthen unimproved aspects:				

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	Professional Qualifications and Experience (Note 2)	Independence Attributes (Note 3)	Number of members of compensation committees of other public companies
	Name			
Independent director (Convener)	Wang, Mu-Fan	Refer to the Disclosure of Professional Qualifications of Directors and Independence of Independent Directors on page17-18.		None
Independent director	Yeh, Chien-Wei			None
Independent director	Chen, Ruei-Li (Appointed on August 5 <sup>th</sup> , 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 23<sup>rd</sup>, 2020 to June 22<sup>nd</sup>, 2023) convened 5 (A) meetings of the Remuneration Committee in the most recent year (2022).

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	Chen, Ruei-Li	5	0	100%	

### 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

2022/01/19 1st meeting in 2022	1. Amend the Company's Regulations for Vehicle Purchase Subsidies according to the Company's current situation. 2. Deliberation of the 2021 year-end bonuses for the Company's managers and Chief Auditor.
2022/02/10 2nd meeting in 2022	1. Deliberation of the incentive payment proposal for the Company's General Manager.
2022/05/12 3rd meeting in 2022	Deliberation of the 2022 Dragon Boat Festival bonuses for the Company's managers and Chief Auditor.
2022/08/11 4th meeting in 2022	1. Manager and Chief Auditor remuneration adjustments. 2. Deliberation of the 2022 Mid-Autumn Festival bonuses for the Company's managers and Chief Auditor.
2022/12/27 5th meeting in 2022	1. Amendments to the Company's Regulations for Vehicle Purchase Subsidies. 2. Amendments to the Company's Regulations for Employee Discounts on Buying Homes. 3. Deliberation of the 2022 year-end bonuses for the Company's managers and Chief Auditor.
2023/01/12 1st meeting in 2023	1. The 2022 performance bonuses for the Company's managers and Chief Auditor. 2. Proposal for the monthly salary of the new General Manager.
2023/3/15 2nd meeting in 2023	1. Deliberation of the amount allocated to Director and employee compensation in 2022. 2. The distribution method of compensation for Directors and employees in 2022.
<b>Opinion of all members and the Company's handling</b> : 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 inwriting, 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.



**(V) Organization, responsibilities, and operations of the Integrity Management Committee:**

The Integrity Management Committee comprises three members, with a minimum of two members being Independent Directors. All members are appointed by the Board of Directors for the same term as their term for the Board.

1. The current term's Integrity Management Committee (the term runs from May 12, 2022 to June 22, 2023) convened 1 meeting (A) in 2022. The details of attendance are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate (%) (B/A) (Note)	Professional background
Independent Director (Convener)	Yeh, Chien-Wei	1	0	100%	Law
Independent Director	Wang, Mu-Fan	1	0	100%	Accounting
Independent Director	Chen, Ruei-Li	1	0	100%	Architecture

2. Scope of authority of the Integrity Management Committee:

The Company formed the Integrity Management Committee in May 2022. The Integrity Management Committee is responsible for reviewing the ethical corporate management policies, supervising the implementation of the following matters, and reporting the compliance status to the Board regularly:

- Assisting in incorporating integrity and moral values into the Company's business strategy
- Adopting appropriate prevention measures against corruption and unethical behavior to ensure integrity management meets legal standards
- Reviewing the whistle-blowing system and ensuring its operating effectiveness
- Promoting and coordinating awareness and educational activities with respect to the integrity policy
- Other matters pertaining to the formulation of the integrity management policy and overseeing implementation

**The date, term, agenda, and resolutions of the Integrity Management Committee meeting and actions taken by the Company in response to the opinions of the Integrity Management Committee in the past year:**

Date of meeting (Term)	Agenda	Opinions of all members and the Company's handling of opinions
2022/08/11 1st meeting in 2022	<ol style="list-style-type: none"> <li>1. Elect the convener of the Integrity Management Committee.</li> <li>2. Operations and progress of the Company's promotion of integrity management.</li> </ol>	Approved by all Independent Directors, and on November 11, 2022, the operating and implementation status are reported to the board of directors.

**(6) 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. The Company's Corporate Governance Office is dedicated to developing corporate sustainability. The unit works across departments to evaluate, plan, implement, confirm, and report corporate sustainable development policies, systems, and management guidelines on a project basis. They provide regular progress reports to the Board of Directors on the operations and implementation.</p> <p>2. On November 11, 2022, under the supervision and instructions of the Board of Directors, the Company submitted a report to the Board of Directors on cybersecurity, integrity management, and intellectual property management matters related to the operations and plans for corporate sustainability.</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 January 1, 2022, to December 31, 2022, and mainly addresses the Company's offices and construction sites.</p> <p>2. The Sustainable Development Team is responsible for the planning, and in accordance with the GRI standards, 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 11 key risk issues were identified. The Company's strategies for addressing these 11 risk issues are as follows. (For details, please refer to the Company's ESG report)</p> <table border="1" data-bbox="719 976 1832 1410"> <thead> <tr> <th>Major Topics</th> <th>Risk evaluation item</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Environment</td> <td>Climate change</td> <td> <p>1. Facilities for lowering the temperature are provided in the summer, while measures for keeping warm are provided in the winter.</p> <p>2. Building materials with green building marks or meet low-power consumption and low carbon emission standards are chosen.</p> </td> </tr> <tr> <td>Green buildings and materials</td> <td> <p>1. Green building materials and the building life cycle are thoroughly considered during the planning and design</p> </td> </tr> </tbody> </table>	Major Topics	Risk evaluation item	Description	Environment	Climate change	<p>1. Facilities for lowering the temperature are provided in the summer, while measures for keeping warm are provided in the winter.</p> <p>2. Building materials with green building marks or meet low-power consumption and low carbon emission standards are chosen.</p>	Green buildings and materials	<p>1. Green building materials and the building life cycle are thoroughly considered during the planning and design</p>	None
Major Topics	Risk evaluation item	Description										
Environment	Climate change	<p>1. Facilities for lowering the temperature are provided in the summer, while measures for keeping warm are provided in the winter.</p> <p>2. Building materials with green building marks or meet low-power consumption and low carbon emission standards are chosen.</p>										
	Green buildings and materials	<p>1. Green building materials and the building life cycle are thoroughly considered during the planning and design</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>process.</p> <p>2. Establish and implement supplier selection mechanisms.</p>	
			<p>Business performance</p> <p>1. A significant increase in land procurement capacity and increase in sales volume since 2020 to boost revenue.</p>	
			<p>Employee compensation and benefits</p> <p>1. Benefits, promotion mechanisms, compensation structure, and diverse development opportunities that are better than that of the industry are offered.</p> <p>2. The implementation of a level-based performance appraisal system.</p>	
		Social	<p>Integrity management and legal compliance</p> <p>1. Conduct education and training.</p> <p>2. Formulate integrity management policies and prevention plans, and report to the Board of Directors regularly.</p> <p>3. The signing of integrity management declarations by insiders.</p>	
			<p>Cybersecurity and customer privacy</p> <p>1. Amend and review the implementation of operating procedures.</p> <p>2. Conduct education and training.</p>	
			<p>Sustainable customer service</p> <p>1. Create an immediate response mechanism for customer feedback.</p> <p>2. Service the neighborhoods.</p>	
		Economy	<p>Handling of labor rights and work-related</p> <p>1. Establish work rules for occupational safety and health.</p> <p>2. Conduct education and training and fire drills.</p>	

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons								
	Yes	No	Summary (Note 2)									
			<table border="1"> <tr> <td>incidents</td> <td></td> </tr> <tr> <td>Risk and crisis management</td> <td>1. Establish and implement the Risk Management Principles. 2. Create standard operating procedures (SOPs) for handling various risks.</td> </tr> <tr> <td>Building quality and safety</td> <td>1. Improve the construction system and thoroughly examine the workflow.</td> </tr> <tr> <td>Occupational health and safety</td> <td>1. Build occupational health and safety equipment. 2. Provide all employees with regular medical check-ups.</td> </tr> </table>	incidents		Risk and crisis management	1. Establish and implement the Risk Management Principles. 2. Create standard operating procedures (SOPs) for handling various risks.	Building quality and safety	1. Improve the construction system and thoroughly examine the workflow.	Occupational health and safety	1. Build occupational health and safety equipment. 2. Provide all employees with regular medical check-ups.	
incidents												
Risk and crisis management	1. Establish and implement the Risk Management Principles. 2. Create standard operating procedures (SOPs) for handling various risks.											
Building quality and safety	1. Improve the construction system and thoroughly examine the workflow.											
Occupational health and safety	1. Build occupational health and safety equipment. 2. Provide all employees with regular medical check-ups.											
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 current and future potential risks and opportunities brought by the climate change, and take measure to respond to the climate related issues?	V		(3) In addition to referring to relevant climate change information, TCFD disclosure recommendations, and 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	None								

Item	Implementation Status (Note 1)			Discrepancy with Corporate Governance Best Practice Principles for Listed Companies, and the reasons																
	Yes	No	Summary (Note 2)																	
(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>enhance the ability to adapt and mitigate the impacts of climate change. The Company has identified feasible opportunities and developed measures to address them as follows :</p> <p><b>Transition Risks</b></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><b>Physical Risk</b></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 2022 ESG Report (to be uploaded at the end of June 2023).</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	None
			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																			
<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>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Scope 1( kg)</td> <td>926</td> <td>8,324.5</td> </tr> <tr> <td>Scope 2( kg)</td> <td>48,173</td> <td>818,891.06</td> </tr> </tbody> </table> <p>2. Water consumption</p> <table border="1"> <thead> <tr> <th>2021</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>564 m3</td> <td>1,288 m3</td> </tr> </tbody> </table>		2021	2022	Scope 1( kg)	926	8,324.5	Scope 2( kg)	48,173	818,891.06	2021	2020	564 m3	1,288 m3							
	2021	2022																		
Scope 1( kg)	926	8,324.5																		
Scope 2( kg)	48,173	818,891.06																		
2021	2020																			
564 m3	1,288 m3																			

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 Company added energy data statistics and greenhouse gas inventory for its construction sites due to the reporting boundaries changes since 2022. As a result, there has been a significant increase in greenhouse gas emissions and water consumption. The Company continues to review greenhouse gas emissions and water management based on data such as water consumption and sets short-, medium-, and long-term goals to reduce greenhouse gas emissions and water consumption gradually.</p> <p>3. Total weight of construction waste</p> <p>The Company's total construction waste from 2022 to 2023 is 4,050 cubic meters.</p> <p>The Company has hired a professional and legally compliant environmental protection company to manage the waste from all of the Company's construction projects. The Company also stations dedicated personnel to oversee and manage the environmental upkeep of each construction site throughout the construction process. The Company recycles resources, classifies waste, and reuses resources to extend the life cycle of products and minimize resource waste.</p> <p>The Company did not export waste to foreign countries in 2022, nor were there any litigations related to environmental concerns.</p>	
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 adheres to international human rights conventions universal such as the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Global Compact, and the UN International Labor Organization, and appoints the Corporate Governance Office as the responsible unit. The Company values and strictly adheres to important human rights issues.	None
(2) Does the Company formulate and implement reasonable policies of staff welfare (including compensation, vacation and other welfares), and reflect the operating performance or achievement in the	V		<p>(2) Staff welfare:</p> <p>1. Compensation.</p> <p>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 starting salary is equal pay for equal work, without any difference according to gender or age.</p> <p>2. Welfare measures.</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>compensation of the employees properly?</p> <p>(3) Does the Company create a safe and healthy working environment and provide safety and health education for employees regularly?</p>	V		<p>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> <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</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)	
(4) Does the Company provide employees with opportunities for career development and training?	V		<p>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>(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 268 hours. The total number of training hours per capita is 14.77 hours and the total cost of training is \$56,850.</p>	None
(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 polices and appeal procedures for protection of consumer’s rights and interests?	V		<p>(5) The Company encourages continuing education for employees and subsidizes the education according to the Regulations Governing Employee Education and Training. A total of 268 hours of external education and training was conducted in 2022. Each person received an average of 16.75 hours of training. Total expenses: \$59,560. A total of 274 hours of internal education and training was conducted in 2022.</p>	None
(6) Does the Company formulate the supplier management policies and require suppliers to follow relevant norms on environmental	V		<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, Governance, and Economy), 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</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)	
protection, occupational safety and health, or labor's human rights, and disclose the implementation?			<p>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.</p> <p>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 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 supplier 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	V		<p>The Company prepared the Sustainability Report in accordance with GRI (Global Reporting Initiative) standards and uploaded the edition of the Company's Sustainability Report in English and Chinese version on June 30, 2022 on the TWSE and the Company's website.</p> <p>The Company prepares its sustainability report per the core options of the GRI standards issued by the Global</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)	
disclose non-financial information of the Company? Does the Company obtain a third-party verification or assurance for such reports?			Reporting Initiative (GRI) and its reporting principles. The Company uploaded its English and Chinese sustainability reports to the Market Observation Post System and the Company's website on June 30, 2022. Ernst & Young provided third-party assurance.	
<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>Ensuring sustainable operations is a top priority for our Company, and we have fulfilled our social responsibilities in many ways. Since our establishment, we have taken care of our employees' health and fulfilled our social responsibilities as a corporate citizen while growing our construction business. Following our belief in caring for women's rights, we support The Garden of Hope Foundation, which is also vocal about women's rights. In 2022, we donated NTD\$50,000 to The Garden of Hope Foundation's Empower Girls, Empower the World fundraising campaign to support girls who are still attending school to speak up for themselves and empower women to learn and pay attention to issues such as social discrimination, deprivation of rights, and mistreatment of women. Please see the Company's sustainability report for more information.</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.

## (VII) Implementation status of climate related information

Evaluation item	Implementation status
I. Explain how the Board of Directors and management oversee and manage climate-related risks and opportunities.	I. The Board of Directors is the highest oversight body for climate policies and risk management at the Company. They aim to adhere to laws and regulations while promoting and implementing risk management measures across the organization. A risk management team is set up under the Board of Directors. The team is comprised of the highest-level managers from each department and office and is led by the General Manager. The team is responsible for identifying and managing economic,

Evaluation item	Implementation status			
	environmental, and social topics and their risks and opportunities and regularly reports to the Board of directors.			
II. State the impact of the identified climate risks and opportunities on the Company's business, strategy, and finances (short, medium, and long term).	II. (Please refer to the Company's sustainability report for more information)			
	○ Risks	L Opportunities	Financial risks	Countermeasures
	○ Increased cost of greenhouse gas emissions	<ul style="list-style-type: none"> <li>● Participate in renewable energy projects and adopt energy-conservation measures</li> <li>● Obtain incentives from public sectors through carbon offsetting mechanisms</li> <li>● Use low-carbon energy</li> </ul>	<ol style="list-style-type: none"> <li>1. Carbon fee expenditures</li> <li>2. Carbon reduction equipment</li> </ol>	<ol style="list-style-type: none"> <li>1. Become an office paperless and procure smart and energy-efficient equipment.</li> <li>2. Improve energy efficiency and optimize resource management processes.</li> <li>3. Purchase renewable energy certificates to support renewable energy development and increase the usage of renewable energy.</li> <li>4. Actively find incentives that promote low-carbon practices to balance the costs with benefits.</li> </ol>
○ The competent authority has strengthened its oversight on energy efficiency		<ol style="list-style-type: none"> <li>1. Operating costs increased due to using specific raw materials to comply with the latest regulations.</li> <li>2. Government penalties for not meeting the competent authority's requirements.</li> </ol>	<ol style="list-style-type: none"> <li>1. Proactively understand policy trends and global regulations and formulate strategies in advance.</li> <li>2. Obtain environmental certifications for construction project designs; strive to meet legal requirements and exceed standards.</li> </ol>	

Evaluation item	Implementation status																
	○ Rising raw material costs	<ul style="list-style-type: none"> <li>● Reuse construction resources</li> <li>● Use high-performance products</li> </ul>	1. Increase in costs due to rising raw material costs. 2. The scarcity of low-carbon raw materials and technologies delays projects and increases costs.	1. Identify suppliers that prioritize environmental protection and are mindful of climate risks. 2. Improve energy efficiency and reduce production costs.													
III. State the financial implications of extreme weather events and transformation actions.	III. (1) Extreme weather conditions in the areas where materials and products are produced can disrupt the supply chain, which can delay construction and increase safety risks. High temperatures, droughts, and heavy rainfall during construction might damage the existing construction products. Rising average temperatures may lead to higher electricity consumption. These events will lead to higher operating costs and directly affect the Company's finances. (2) Low-carbon technology transformation requires developing new products and technologies or replacing existing products and services with low-carbon products, directly increasing R&D and service costs.																
IV. State how climate risk identification, evaluation and management processes are integrated into the overall risk management system.	IV. The Company's risk management team is responsible for analyzing climate-related risks and opportunities and identifying the possibility of climate-change risks occurring in the short, medium, and long term, their impact, time of occurrence, and financial impact. The team will also report to the Board of Directors regularly.																
V. For the scenario analysis used to assess the climate change risks and resilience, please describe the scenarios, parameters, assumptions, analysis factors and major financial impacts.	V. Based on the Fifth Assessment Report (AR5) published by the Intergovernmental Panel on Climate Change (IPCC), when Delphi Construction conducts risk assessment, it shall select, from the following items, the appropriate climate scenarios on impact analysis on the construction projects which are under development or already commenced operations: <table border="1" data-bbox="651 1066 2101 1380" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="651 1066 1010 1129">Risk Type</th> <th data-bbox="1010 1066 1368 1129">Scenario instruments</th> <th data-bbox="1368 1066 1592 1129">Scenario selection</th> <th data-bbox="1592 1066 2101 1129">Evaluation content</th> </tr> </thead> <tbody> <tr> <td data-bbox="651 1129 1010 1225">Flood risk</td> <td data-bbox="1010 1129 1368 1225">Climate change disaster risk and adaptation platform</td> <td data-bbox="1368 1129 1592 1225">IPCC PCR8.5</td> <td data-bbox="1592 1129 2101 1225">Identify the construction projects at level 5 on the flood disaster risk scale in the future (2036 to 2065).</td> </tr> <tr> <td data-bbox="651 1225 1010 1380" rowspan="2">Risk of changes in temperature and rainfall</td> <td data-bbox="1010 1225 1368 1380" rowspan="2">Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP)</td> <td data-bbox="1368 1225 1592 1310">IPCC PCR2.6</td> <td data-bbox="1592 1225 2101 1380" rowspan="2">If temperature rise could not be effectively controlled amid intense heat waves, evaluate the impact on the construction project caused by extreme climate, annual average temperature and rainfall.</td> </tr> <tr> <td data-bbox="1368 1310 1592 1380">IPCC PCR8.5</td> </tr> </tbody> </table>				Risk Type	Scenario instruments	Scenario selection	Evaluation content	Flood risk	Climate change disaster risk and adaptation platform	IPCC PCR8.5	Identify the construction projects at level 5 on the flood disaster risk scale in the future (2036 to 2065).	Risk of changes in temperature and rainfall	Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP)	IPCC PCR2.6	If temperature rise could not be effectively controlled amid intense heat waves, evaluate the impact on the construction project caused by extreme climate, annual average temperature and rainfall.	IPCC PCR8.5
Risk Type	Scenario instruments	Scenario selection	Evaluation content														
Flood risk	Climate change disaster risk and adaptation platform	IPCC PCR8.5	Identify the construction projects at level 5 on the flood disaster risk scale in the future (2036 to 2065).														
Risk of changes in temperature and rainfall	Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP)	IPCC PCR2.6	If temperature rise could not be effectively controlled amid intense heat waves, evaluate the impact on the construction project caused by extreme climate, annual average temperature and rainfall.														
		IPCC PCR8.5															

Evaluation item	Implementation status																			
	<p>Note: IPCC fifth assessment report (AR5) covers four climate change scenarios: RCP 2.6, RCP 4.5, RCP 6.0 and RCP 8.5, which are labeled after a possible range of radiative forcing values in the year 2100 (2.6, 4.5, 6, and 8.5 watts respectively). RCP 2.6 is a global warming mitigation scenario which require active carbon reduction measures, whereas RCP 8.5 is the Business-as-usual (BAU) climate scenario which may lead to high degree of global warming.</p>																			
<p>VI. Corresponding to the transition plan for climate-related risk management, please describe the plan, and indicators and targets related to the identification and management of physical risks and transition risks.</p>	<p>VI.</p> <table border="1" data-bbox="651 456 2098 1399"> <thead> <tr> <th colspan="4" data-bbox="651 456 2098 488">Climate change risks and opportunities matrix Transition risks/opportunities</th> </tr> <tr> <th data-bbox="651 488 1010 520">○ Risks</th> <th data-bbox="1010 488 1368 520">● Opportunities</th> <th data-bbox="1368 488 1727 520">Potential financial risks</th> <th data-bbox="1727 488 2098 520">Countermeasures</th> </tr> </thead> <tbody> <tr> <td data-bbox="651 520 1010 1086"> <p>○ Increased cost of greenhouse gas emissions</p> </td> <td data-bbox="1010 520 1368 1086"> <ul style="list-style-type: none"> <li>● Participate in renewable energy projects and adopt energy-conservation measures</li> <li>● Obtain incentives from public sectors through carbon offsetting mechanisms</li> <li>● Use low-carbon energy</li> </ul> </td> <td data-bbox="1368 520 1727 1086"> <ol style="list-style-type: none"> <li>1. Carbon fee expenditures</li> <li>2. Carbon reduction equipment</li> </ol> </td> <td data-bbox="1727 520 2098 1086"> <ol style="list-style-type: none"> <li>1. Develop low-carbon operation strategies, such as office paperless and smart and energy-efficient equipment.</li> <li>2. Improve energy efficiency and optimize resource management processes.</li> <li>3. Purchase renewable energy certificates to support renewable energy development and increase the usage of renewable energy.</li> <li>4. Actively find incentives that promote low-carbon practices to balance the costs with benefits.</li> </ol> </td> </tr> <tr> <td data-bbox="651 1086 1010 1399"> <p>○ The competent authority has strengthened its oversight on energy efficiency</p> </td> <td data-bbox="1010 1086 1368 1399"> <ul style="list-style-type: none"> <li>● Use energy-efficient graded raw materials</li> </ul> </td> <td data-bbox="1368 1086 1727 1399"> <ol style="list-style-type: none"> <li>1. Operating costs increased due to using specific raw materials to comply with the latest regulations.</li> <li>2. Government penalties for not meeting the competent authority's requirements.</li> </ol> </td> <td data-bbox="1727 1086 2098 1399"> <ol style="list-style-type: none"> <li>1. Proactively understand policy trends and global regulations and formulate strategies in advance.</li> <li>2. Obtain various environmental certifications for construction project designs; strive to meet legal requirements and</li> </ol> </td> </tr> </tbody> </table>				Climate change risks and opportunities matrix Transition risks/opportunities				○ Risks	● Opportunities	Potential financial risks	Countermeasures	<p>○ Increased cost of greenhouse gas emissions</p>	<ul style="list-style-type: none"> <li>● Participate in renewable energy projects and adopt energy-conservation measures</li> <li>● Obtain incentives from public sectors through carbon offsetting mechanisms</li> <li>● Use low-carbon energy</li> </ul>	<ol style="list-style-type: none"> <li>1. Carbon fee expenditures</li> <li>2. Carbon reduction equipment</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop low-carbon operation strategies, such as office paperless and smart and energy-efficient equipment.</li> <li>2. Improve energy efficiency and optimize resource management processes.</li> <li>3. Purchase renewable energy certificates to support renewable energy development and increase the usage of renewable energy.</li> <li>4. Actively find incentives that promote low-carbon practices to balance the costs with benefits.</li> </ol>	<p>○ The competent authority has strengthened its oversight on energy efficiency</p>	<ul style="list-style-type: none"> <li>● Use energy-efficient graded raw materials</li> </ul>	<ol style="list-style-type: none"> <li>1. Operating costs increased due to using specific raw materials to comply with the latest regulations.</li> <li>2. Government penalties for not meeting the competent authority's requirements.</li> </ol>	<ol style="list-style-type: none"> <li>1. Proactively understand policy trends and global regulations and formulate strategies in advance.</li> <li>2. Obtain various environmental certifications for construction project designs; strive to meet legal requirements and</li> </ol>
Climate change risks and opportunities matrix Transition risks/opportunities																				
○ Risks	● Opportunities	Potential financial risks	Countermeasures																	
<p>○ Increased cost of greenhouse gas emissions</p>	<ul style="list-style-type: none"> <li>● Participate in renewable energy projects and adopt energy-conservation measures</li> <li>● Obtain incentives from public sectors through carbon offsetting mechanisms</li> <li>● Use low-carbon energy</li> </ul>	<ol style="list-style-type: none"> <li>1. Carbon fee expenditures</li> <li>2. Carbon reduction equipment</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop low-carbon operation strategies, such as office paperless and smart and energy-efficient equipment.</li> <li>2. Improve energy efficiency and optimize resource management processes.</li> <li>3. Purchase renewable energy certificates to support renewable energy development and increase the usage of renewable energy.</li> <li>4. Actively find incentives that promote low-carbon practices to balance the costs with benefits.</li> </ol>																	
<p>○ The competent authority has strengthened its oversight on energy efficiency</p>	<ul style="list-style-type: none"> <li>● Use energy-efficient graded raw materials</li> </ul>	<ol style="list-style-type: none"> <li>1. Operating costs increased due to using specific raw materials to comply with the latest regulations.</li> <li>2. Government penalties for not meeting the competent authority's requirements.</li> </ol>	<ol style="list-style-type: none"> <li>1. Proactively understand policy trends and global regulations and formulate strategies in advance.</li> <li>2. Obtain various environmental certifications for construction project designs; strive to meet legal requirements and</li> </ol>																	

Evaluation item	Implementation status			
○ Change of customer preference	<ul style="list-style-type: none"> <li>● Create brand value</li> <li>● Diversification of business activities</li> <li>● Raise customer loyalty</li> </ul>	<ol style="list-style-type: none"> <li>1. Failure to keep track of market trends, which affect sales and lower profits.</li> <li>2. Slow handover, while the schedule for crediting to the account is postponed.</li> </ol>	<p style="text-align: right;">exceed standards</p> <ol style="list-style-type: none"> <li>1. Deepen the brand value of “Sunshine, Air, Water”, introducing more elements of sustainable architecture.</li> <li>2. Gain insight into market trends and investigate in customer needs.</li> </ol>	
<ul style="list-style-type: none"> <li>○ Low-carbon technology transformation costs</li> <li>○ Replacing existing products and services with low-carbon products</li> </ul>	<ul style="list-style-type: none"> <li>● Use of green buildings</li> <li>● Develop new products and technologies</li> </ul>	<ol style="list-style-type: none"> <li>1. Increasing R&amp;D and service costs.</li> <li>2. Increase in costs from the use of low-carbon materials and strategies.</li> </ol>	<ol style="list-style-type: none"> <li>1. The construction project involves the introduction of green building equipment, and certification of the green building label.</li> <li>2. Develop low-carbon service model to increase operating income.</li> </ol>	
○ Rising raw material costs	<ul style="list-style-type: none"> <li>● Reuse construction resources</li> <li>● Use high-performance products</li> </ul>	<ol style="list-style-type: none"> <li>1. Increase in costs due to rising raw material costs.</li> <li>2. The scarcity of low-carbon raw materials and technologies delays projects and increases costs.</li> </ol>	<ol style="list-style-type: none"> <li>1. Identify suppliers that prioritize environmental protection and are mindful of climate risks.</li> <li>2. Improve energy efficiency and reduce production costs.</li> </ol>	
<b>Actual risks/opportunities</b>				
<ul style="list-style-type: none"> <li>○ Increase in extreme weather events</li> <li>○ Rise in sea level</li> </ul>	<ul style="list-style-type: none"> <li>● Improve climate resilience</li> <li>● Diversified energy sources</li> </ul>	<ol style="list-style-type: none"> <li>1. Change in status of material resources and supply chain disruption</li> <li>2. Delay construction and increase safety risks</li> <li>3. Damage the existing construction products</li> </ol>	<ol style="list-style-type: none"> <li>1. Strengthen occupational safety and health training</li> <li>2. Reduce risks decentralizing raw material sources.</li> <li>3. When buying land, evaluate whether the land is located in a high-risk area.</li> </ol>	
○ Rising average temperatures	● Promote green operation and Intelligent Building	1. Operating costs increased due to higher electricity	1. Promote smart buildings, energy saving and carbon	

Evaluation item	Implementation status																				
			consumption. reduction measures to improve energy efficiency.																		
VII. Please state the basis for the internal pricing on carbon that is used for planning.	VII. The Company has not yet set an internal price on carbon.																				
VIII. If climate-related goals are set, please state the activities, scope of greenhouse gas emissions, planning schedule, annual progress and other relevant information. If carbon offsets or renewable energy credits (RECs) are used to achieve relevant goals, please state the source and quantity of carbon offsets or renewable energy credits (RECs).	<p>VIII. The Company has set the following short-, medium-, and long-term goals. The goals cover the Company's offices and construction sites. We expect to disclose the progress of each goal from next year.</p> <table border="1" data-bbox="651 627 2101 1137"> <thead> <tr> <th data-bbox="651 627 1368 667">2023 goals</th> <th data-bbox="1368 627 2101 667">2025 goals</th> </tr> </thead> <tbody> <tr> <td data-bbox="651 667 1368 707">(1) Category 1 GHG emission intensity: less than 0.25 kg/m<sup>2</sup>.</td> <td data-bbox="1368 667 2101 707">(1) Category 1 GHG emission intensity: less than 0.25 kg/m<sup>2</sup>.</td> </tr> <tr> <td data-bbox="651 707 1368 746">(2) Category 2 GHG emission intensity: less than 25 kg/m<sup>2</sup>.</td> <td data-bbox="1368 707 2101 746">(2) Category 2 GHG emission intensity: less than 25 kg/m<sup>2</sup>.</td> </tr> <tr> <td data-bbox="651 746 1368 786">(3) Construction waste intensity: less than 0.30 tons/m<sup>2</sup>.</td> <td data-bbox="1368 746 2101 786">(3) Construction waste intensity: less than 0.30 tons/m<sup>2</sup>.</td> </tr> <tr> <td data-bbox="651 786 1368 826">(4) Energy use intensity: less than 0.18 GJ/m<sup>2</sup>.</td> <td data-bbox="1368 786 2101 826">(4) Energy use intensity: less than 0.18 GJ/m<sup>2</sup>.</td> </tr> <tr> <td data-bbox="651 826 1368 866">(5) Water resource intensity: less than 0.6 m<sup>3</sup>/m<sup>2</sup>.</td> <td data-bbox="1368 826 2101 866">(5) Water resource intensity: less than 0.6 m<sup>3</sup>/m<sup>2</sup>.</td> </tr> <tr> <td data-bbox="651 866 1368 978">(6) Strengthen decision-making mechanisms and integrate climate-related financial information.</td> <td data-bbox="1368 866 2101 978">(6) Strengthen decision-making mechanisms and integrate climate-related financial information.</td> </tr> <tr> <td data-bbox="651 978 1368 1058">(7) Start research by utilizing important global environmental sustainability questionnaires such as CDP and DJSI.</td> <td data-bbox="1368 978 2101 1058">(7) Gradually introduce ISO 14001 and ISO 14064-1 third party certifications.</td> </tr> <tr> <td data-bbox="651 1058 1368 1137"></td> <td data-bbox="1368 1058 2101 1137">(8) Gradually respond to and examine important global environmental sustainability questionnaires such as CDP and DJSI.</td> </tr> </tbody> </table> <p data-bbox="651 1137 2101 1181"><b>2030 goals</b></p>			2023 goals	2025 goals	(1) Category 1 GHG emission intensity: less than 0.25 kg/m <sup>2</sup> .	(1) Category 1 GHG emission intensity: less than 0.25 kg/m <sup>2</sup> .	(2) Category 2 GHG emission intensity: less than 25 kg/m <sup>2</sup> .	(2) Category 2 GHG emission intensity: less than 25 kg/m <sup>2</sup> .	(3) Construction waste intensity: less than 0.30 tons/m <sup>2</sup> .	(3) Construction waste intensity: less than 0.30 tons/m <sup>2</sup> .	(4) Energy use intensity: less than 0.18 GJ/m <sup>2</sup> .	(4) Energy use intensity: less than 0.18 GJ/m <sup>2</sup> .	(5) Water resource intensity: less than 0.6 m <sup>3</sup> /m <sup>2</sup> .	(5) Water resource intensity: less than 0.6 m <sup>3</sup> /m <sup>2</sup> .	(6) Strengthen decision-making mechanisms and integrate climate-related financial information.	(6) Strengthen decision-making mechanisms and integrate climate-related financial information.	(7) Start research by utilizing important global environmental sustainability questionnaires such as CDP and DJSI.	(7) Gradually introduce ISO 14001 and ISO 14064-1 third party certifications.		(8) Gradually respond to and examine important global environmental sustainability questionnaires such as CDP and DJSI.
2023 goals	2025 goals																				
(1) Category 1 GHG emission intensity: less than 0.25 kg/m <sup>2</sup> .	(1) Category 1 GHG emission intensity: less than 0.25 kg/m <sup>2</sup> .																				
(2) Category 2 GHG emission intensity: less than 25 kg/m <sup>2</sup> .	(2) Category 2 GHG emission intensity: less than 25 kg/m <sup>2</sup> .																				
(3) Construction waste intensity: less than 0.30 tons/m <sup>2</sup> .	(3) Construction waste intensity: less than 0.30 tons/m <sup>2</sup> .																				
(4) Energy use intensity: less than 0.18 GJ/m <sup>2</sup> .	(4) Energy use intensity: less than 0.18 GJ/m <sup>2</sup> .																				
(5) Water resource intensity: less than 0.6 m <sup>3</sup> /m <sup>2</sup> .	(5) Water resource intensity: less than 0.6 m <sup>3</sup> /m <sup>2</sup> .																				
(6) Strengthen decision-making mechanisms and integrate climate-related financial information.	(6) Strengthen decision-making mechanisms and integrate climate-related financial information.																				
(7) Start research by utilizing important global environmental sustainability questionnaires such as CDP and DJSI.	(7) Gradually introduce ISO 14001 and ISO 14064-1 third party certifications.																				
	(8) Gradually respond to and examine important global environmental sustainability questionnaires such as CDP and DJSI.																				

Evaluation item	Implementation status
	(1) Category 1 GHG emission intensity: less than 0.25 kg/m <sup>2</sup> . (2) Category 2 GHG emission intensity: less than 25 kg/m <sup>2</sup> . (3) Construction waste intensity: less than 0.30 tons/m <sup>2</sup> . (4) Energy use intensity: less than 0.18 GJ/m <sup>2</sup> . (5) Water resource intensity: less than 0.6 m <sup>3</sup> /m <sup>2</sup> . (6) Strengthen decision-making mechanisms and integrate climate-related financial information. (7) Implement ISO 14001 and ISO 14064-1 third party certifications. (8) Regularly respond to and examine important global environmental sustainability questionnaires such as CDP and DJSI.

IX. Greenhouse gas inventory and assurance status (fill in 1-1).

The Company's basic information

A company with paid-in capital of NT\$10 billion or more, steel industry, cement industry  A company with paid-in capital of NT\$5 billion or more and less than NT\$10 billion company with paid-in capital of less than NT\$5 billion

Scope 1	Total emissions (tons of CO <sub>2</sub> e)	Intensity (tons of CO <sub>2</sub> e/NT\$1 million) (Note 2)	Assurance institution	Description of assurance status (Note 3)
Parent company	4,795	2.41	None	None
Subsidiary	3,671	3.30		
Total	8,466	5.71		
Scope 2	Total emissions (tons of CO <sub>2</sub> e)	Intensity (tons of CO <sub>2</sub> e/NT\$1 million) (Note 2)	Assurance institution	Description of assurance status (Note 3)
Parent company	56,868.64	28.63	None	None
Subsidiary	762,022.42	684.41		
Total	818,891.06	713.04		

1-1 Greenhouse gas inventory and assurance status

Instructions for completing the form:

1. Reporting of Scope 1 and Scope 2 of this form shall be handled according to the schedule stipulated by Article 10, Paragraph 2 of the standard. Companies may disclose information about Scope 3 voluntarily.
2. Companies may conduct greenhouse gas inventories according to the following standards:
  - (1) Greenhouse Gas Protocol (GHG Protocol).
  - (2) ISO 14064-1 published by the International Organization for Standardization (ISO).



Evaluation item	Implementation status
<ol style="list-style-type: none"> <li>3. Assurance institutions shall comply with the requirements set by the Taiwan Stock Exchange Corporation and Taipei Exchange (formerly GreTai Securities Market) for sustainable report assurance.</li> <li>4. Subsidiaries may complete the form individually, collectively (e.g., by country or region), or jointly (Note 1).</li> <li>5. The greenhouse gas emission density can be calculated as greenhouse gas emissions per unit of product/service or turnover, yet the disclosure shall at least cover the greenhouse gas emissions per turnover (NT\$ million) (Note 2).</li> <li>6. For the inventory calculation, operating locations or subsidiaries not included shall not exceed 5% of total emissions. The total emissions disclosed above is calculated based on the instructions for completing the form 1. The scope of mandatory inventory.</li> <li>7. The assurance status shall include a summarized assurance report, with a complete statement of assurance attached to the annual report (Note 3).</li> </ol>	

**VII. 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 Integrity Management Principles, Reporting of Illegal and Unethical Behavior, and Integrity Management Operating Procedure and Guideline to guide the Company’s Board members and management and align their behavior with the integrity management principles. The Company has incorporated integrity management terms into supplier contracts to ensure suppliers abide by the integrity management policy and keep employees from directly or indirectly offering, promising, demanding, or accepting improper benefits during business transactions or committing unethical acts such as illegal acts or breach of fiduciary duty. The Integrity Management Committee that was formed in May 2022 is responsible for reviewing and supervising the ethical corporate management policies and reporting the compliance status to the Board regularly.	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", "Rules for Handling Cases of Reporting Illegal, Unethical or Dishonest Conduct" and the “Reporting of Illegal and Unethical Behavior “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	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	
			Company, its directors, officers, employees, appointees and persons under the Company's substantive control. The Company will review and amend the 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) For important contracts, the Company requires vendors to issue a Declaration of Conflict of Interest. The Company has also incorporated integrity management terms into supplier contracts to ensure suppliers abide by the integrity management policy and keep employees from directly or indirectly offering, promising, demanding, or accepting improper benefits during business transactions or committing unethical acts such as illegal acts or breach of fiduciary duty.	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
(4) To implement relevant policies on ethical conduct, does the Company establish effective accounting and	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	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	
<p>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?</p> <p>(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?</p>	V		<p>accounting system and internal control system, and the internal auditors implement audits in accordance with the annual audit plan.</p> <p>(5) The Company invited a lawyer on November 10, 2022, to give a lecture on Corporate Ethics Seminar - Legal Responsibilities for Employee Misconduct - Liabilities for Commercial Breach of Trust and Bribery, to the managers and employees of the parent company and subsidiaries.</p>	None
<p>III. Complaint Procedures</p> <p>(1) Has the Company established specific grievance and reward management procedures, as well as accessible grievance channels, and designated responsible individuals to handle complaints?</p>	V		<p>(1) <b>Internal complaints</b></p> <p>The Company has established the Employee Opinion Box Implementation Policy and Principles. Employees who discover illegal or inappropriate behavior can report the incident in detail and file a complaint in their names. The General Manager will handle reports personally.</p> <p><b>External whistleblower cases</b></p> <p>The Company has set up an independent whistleblowing mailbox (service@delpha.com.tw) and announced it on the Company's website. The Company's Audit Office is responsible for accepting complaints and submitting a report on the whistleblowing cases, actions taken, and subsequent reviews and corrective measures to the Board of Directors, depending on the circumstances.</p>	None
<p>(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?</p>	V		<p>(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.</p>	None
<p>(3) Does the Company adopt proper measures to protect a complainant from retaliation?</p>	V		<p>(3) The Company provides channels for reporting and whistleblowing complaints and is committed to protecting whistleblowers from inappropriate disciplinary actions, such as dismissal and salary reductions, due to their whistleblowing. The Company will also adopt emergency protection measures when it is likely that whistleblowers are in danger due to their whistleblowing. There were no reports of illegal acts in 2022.</p>	None
IV. Strengthening Information Disclosur			The Company has established the Ethical Corporate Management	

Item	Implementation Status (Note 1)			Discrepancy with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons
	Yes	No	Summary	
(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		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 effectiveness of its promotion on MOPS.	None
<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"> <li>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.</li> <li>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”.</li> <li>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.</li> </ol>				

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

**(8) 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. Sustainable Development Principles
16. Ethical Corporate Management Best Practice Principles
17. Integrity Management Operating Procedure and Guideline
18. Integrity Management Committee Procedures
19. Reporting of Illegal and Unethical Behavior

Inquiry method:

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

**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.

On November 11, 2022, the Company invited Andrew Hsu, a LexPro Attorneys-at-Law lawyer, to give a lecture on the Prevention of Insider Trading to the Company's Directors and managers and employees of the parent company and subsidiaries.

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 15<sup>th</sup>, 2023

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 2022:

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, 2022, 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 15, 2023, with none of the 7 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Delpha Construction Co., Ltd.

Chairperson: Cheng, Ssu-Tsung

General Manager: Huang, Chih-Chen



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 2021 Business Reports and Financial Statements.	Announced major information on June 30 <sup>th</sup> , 2022 as required after the resolution of the shareholders' meeting.
2. Approved the Company's 2021 loss make-up proposal.	
3. Amendments to the Company's "Articles of Incorporation".	Implemented in accordance with the amended procedures after the resolution of the shareholders' meeting.
4. Amendments to the "Procedures for the Acquisition or Disposal of Assets of the Company".	
5. Amendments to the "Procedures for Shareholders' Meeting".	

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

Date	Meeting type	Resolutions	Remarks
2022/01/19	Board meeting	<ol style="list-style-type: none"> <li>1. Approved the payment of substitutive fee of Transfer of Development Rights (TDR) for land serial No. 31 of Shingaotie Section, Wuri District, Taichung City.</li> <li>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 Zone B.</li> <li>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.</li> <li>4. The year-end bonus for managers and auditors of the Company for 2021.</li> </ol>	
2022/02/10	Board meeting	<ol style="list-style-type: none"> <li>1. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction (Structural Engineering Part) located in Xinzhan Section, Shalu District, Taichung City.</li> <li>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.</li> <li>3. The case of the Company's general manager incentive payment. °</li> </ol>	
2022/03/30	Board meeting	<ol style="list-style-type: none"> <li>1. The Company's Business report and financial statements for fiscal year 2021.</li> <li>2. The Company's Loss make-up proposal for the year 2021.</li> <li>3. The signing of a contract between the Company and Shine Wing Taiwan for the annual fee of 2022.</li> <li>4. Discussion of the amendment of the Company's "Articles of Incorporation".</li> <li>5. Discussion of the amendment of the Company's "Procedures for the Acquisition or Disposal of Assets".</li> <li>6. Discussion on the amendment of the Company's "Rules of Procedures for Shareholders'</li> </ol>	



		Meeting". 7. To evaluate the effectiveness of the internal control system in fiscal year 2021. 8. The signing of a contract between the Company and its subsidiary Huajian Construction Co., Ltd. for the new congregate housing construction (Geotechnical Engineering Part) located in Shingaojie 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 meeting	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.	
2022/05/12	Board meeting	1. The Company's 2022 Q1 consolidated financial reports. 2. Additions to the Company's Integrity Management Operating Procedure and Guideline. 3. Additions to the Company's Integrity Management Committee Procedures. 4. Appointment of Integrity Management Committee members. 5. Amendments to the Company's Corporate Governance Code of Conduct. 6. Amendments to the Company's Corporate Social Responsibility Code of Conduct (changed to: Sustainable Development Principles). 7. Amendments to the Company's Operation Procedures for Prevention of Insider Trading. 8. Proposal for GHG inventory and the disclosure of verification information. 9. Deliberation of the 2022 Dragon Boat Festival bonuses for the Company's managers and Chief Auditor.	
2022/06/10	Board meeting	The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Falsework part) located in Shanjie Section, Guishan District, Taoyuan City.	
2022/06/30	Shareholders' Meeting	1. Acknowledged the Company's 2021 business report and financial statements. 2. Acknowledged the Company's 2021 loss make-up proposal. 3. Amendments to the Company's Articles of Incorporation. 4. Amendments to the Procedures for Acquisition or Disposal of Assets. 5. Amendments to the Procedures for Shareholders' Meeting.	
2022/08/11	Board meeting	1. The Company's 2022 Q2 consolidated financial report. 2. Proposal for not distributing dividends for the first half of 2022. 3. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Geotechnical Engineering part) located in the Shanjie Section. 4. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Decoration part) located in Zone B of the Qingxi Section of Zhongli District. 5. Delegation of authority to the Chairperson to decide on quota-related matters due to the timeliness of land development. 6. Amendments to the Company's organizational chart. 7. Amendments to the Company's Measures for Regulations, Systems, and Controls. 8. Amendments to the Company's Measures for Managing Financing. 9. Amendments to the Company's Land Development Regulations. 10. Amendments to the Company's Operations and Collection Regulations. 11. The payment of attendance fees to members of the Integrity Management Committee. 12. Manager and Chief Auditor remuneration adjustments. 13. Deliberation of the 2022 Mid-Autumn Festival bonuses for the Company's managers and Chief Auditor.	
2022/11/11	Board meeting	1. The Company's 2022 Q3 consolidated financial report. 2. The discontinuation of the round of private placement approved by a special shareholders' meeting in 2021. 3. Amendments to the Company's Board Performance Evaluation Procedures. 4. Amendments to the Company's Measures for Managing Overtime. 5. Establishment of the Company's 2023 inspection plan for internal audit operations. 6. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Structural Engineering part) located in the Shanjie Section. 7. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Decoration part) located in the Xinzhan Section of Shalu District, Taichung City. 8. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Structural Engineering part) located	

		in the Shingaojie Section of Wuri District, Taichung City. 9. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Falsework part) located in Zone B of the Lejie Section of Guishan District.	
2022/12/27	Board meeting	1. Proposal for the Company to continue to make endorsements for its subsidiary, Huajian Construction Co., Ltd. 2. Amendments to the Company's Operation Procedures for the Processing of Material Information. 3. Amendments to the Company's Accounting Operations Regulations. 4. Amendments to the Company's Regulations on the Supervision and Management of Subsidiaries. 5. Donation to The Garden of Hope Foundation's Empower Girls, Empower the World fundraising campaign. 6. Appointment of the Company's General Manager. 7. Proposal to lift the non-compete clause for the new General Manager. 8. Amendments to the Company's Guidelines for Applying for Transportation and Business Trip Subsidies and Regulations for Vehicle Purchase Subsidies. 9. Amendments to the Company's Regulations for Employee Discounts on Buying Homes. 10. Deliberation of the 2022 year-end bonuses for the Company's managers and Chief Auditor.	
2023/01/12	Board meeting	1. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Falsework part) located in the Qing'an Section of Shanhua District, Tainan City. 2. The 2022 performance bonuses for the Company's managers and Chief Auditor. 3. Proposal to lift the non-compete clause for the new General Manager. 4. Proposal for the monthly salary of the new General Manager.	
2023/03/15	Board meeting	1. The Company's 2022 business report and financial statements. 2. The 2022 dividend distribution proposal. 3. Deliberation of the amount allocated to Director and employee remuneration in 2022. 4. The distribution method of remuneration for Directors, managers, the Chief Auditor, and employees in 2022. 5. Amendments to the Company's Articles of Incorporation. 6. Re-election of the Company's Directors. 7. The acceptance period for the nomination of Director (including Independent Director) candidates, the number of Directors to be elected, and the place of acceptance. 8. The date of and reasons for convening the Company's annual shareholders' meeting in 2023. 9. Determine the ex-dividend date for the distribution of the 2022 cash dividends. 10. Review of the effectiveness of the 2022 internal control system. 11. The signing of a contract between the Company and its subsidiary, Huajian Construction Co., Ltd., for the new congregate housing construction project (Geotechnical Engineering part) located in the Qing'an Section of Shanhua District, Tainan City.	
2023/04/11	Board meeting	1. The hiring and remuneration of the Company's certified public accountants. 2. Review the shareholders' proposals and nominations. 3. Define the qualification criteria of recipients of employee remuneration of employees at affiliated companies.	
2023/04/14	Board meeting	1. Nomination of Director (including Independent Director) candidates. 2. Resolution of the roster of Director (and Independent Director) candidates.	

**(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**

<b>Title</b>	<b>Name</b>	<b>Date elected (employed)</b>	<b>Dismissal date</b>	<b>resignations and dismissals reasons</b>
General Manager	Wu, Yu-Guo	2020/6/29	2022/12/27	Resigned

## 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	2022/01/01~ 2022/12/31	1,500	175	1,675	Note1
	Yau, Yu Lin					

Note 1: Non-audit public service content :

(1) Business registration fee NT\$155,000.

(2) Salary auditing fee of NT\$20,000.

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:

### (1) About the Former CPA:

Replacement Date	2023.04. 11		
Replacement reasons and explanations	To meet long-term strategic development of the company's policy		
Describe whether the Company terminated or the CPA did not accept the appointment	Client	CPA	Consignor
	Status		
	Appointment terminated automatically	--	--
Appointment rejected (discontinued)	--	V	
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the Company	Yes	--	Accounting principles or practices
		--	Disclosure of financial statement

		--	Audit scope or steps
		--	Others
	No	V	
	Remarks: N/A		
Other Disclosed Matters	None		

**(2) About Successor CPAs:**

Name of accounting firm	Ernst & Young Global Limited, Taiwan
Name of CPA	James Huang and KyKy Lin
Date of appointment	2023/04/11
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

**(3) The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: 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: N/A.**

**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	2022		The current year until April 30	
		Shareholding increase/decrease	Pledged shares increase/decrease	Shareholding increase/decrease	Pledged shares increase/decrease
Chairperson	Cheng, Ssu-Tsung	-	-	-	-
Director	Lee, Chin-Yi	100,000 0	-	-	-
Director	Dajie Investment Co., Ltd. Representative: Tseng, Ping-Joung	-	-	-	-
Director	Yan, Ming-Hung	-	-	-	-

Independent director	Wang, Mu-Fan	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	-	-	-	-
Chief Financial Officer	Chien, Lin Chin	35,000 0	-	-	-
Accounting Manager	Wu, Sing-Suei	255,534 0	230,000 0	-	-
Corporate Governance Officer	Wang, Chen-Kang	-	-	-	-
Shareholder with the shareholding more than 10%	Chia Chun Investment Co., Ltd.	34,160,000 0	126,017,700 0	-	-
General Manage	Wu, Yu-Guo (Inauguration date : 2021/3/30) (Resignation date : 2022/12/27)	-	-	-	-

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.	264,732,599	31.52%	-	-	-	-	-	-	
Representative of Chia Chun Investment Co., Ltd.: Lin, Jia-Hong	-	-	-	-	-	-	Chia Chun Investment Co., Ltd.	The Chairperson of this Company	
Da Shuo Investment Co., Ltd.	50,470,046	6.01%	-	-	-	-	Da Jie Investment Co., Ltd.	The Chairperson of the Company is also the Chairperson of this Company.	
Representative of Da Shuo Investment Co., Ltd.: Lin, Jian-Yu	221,874	0.03%	-	-	-	-	Da Shuo Investment Co., Ltd. Da Jie Investment Co., Ltd.	The Chairperson of this Company The Chairperson of this Company	
Neng Hong Investment Holdings Co., Ltd.	41,578,000	4.95%	-	-	-	-	-	-	
Representative of Neng Hong Investment Holdings Co., Ltd. : Wu, Yu-Te	-	-	-	-	-	-	Neng Hong Investment Holdings Co., LTD. De Hong Investment Co., Ltd.	The Chairperson of this Company The first degree of kinship of the Chairperson of the Company	
De Hong Investment Co., Ltd.	38,600,000	4.60%	-	-	-	-	-	-	
Representative of De Hong Investment Co., Ltd. Lee, Li-Chen	-	-	-	-	-	-	De Hong Investment Co., Ltd. Neng Hong Investment Holdings Co., LTD	The Chairperson of this Company The first degree of kinship of the Chairperson of the Company	
Chang Yun Investment Co., Ltd.	27,500,000	3.27%	-	-	-	-	-	-	
Representative of	2,031,000	0.24%	-	-	-	-	Chang Yun	The Chairperson of	

Chang Yun Investment Co., Ltd.: Wu, Yu-Ti								Investment Co., Ltd.	this Company	
Hiyes International Co., Ltd.	21,030,000	2.50%	-	-	-	-	-	-	-	
Representative of Hiyes International Co., Ltd. : Huang, Hsi-Wen	-	-	-	-	-	-	-	Hiyes International Co., Ltd.	The Chairperson of this Company	
Da Jie Investment Co., Ltd.	16,888,773	2.01%						Da Shuo Investment Co., Ltd.	The Chairperson of this Company	-
Representative of Da Jie Investment Co., Ltd.: Lin, Jian-Yu	221,874	0.03%						Da Shuo Investment Co., Ltd. Da Jie Investment Co., Ltd.	The Chairperson of this Company The Chairperson of this Company	
Wan Tai Fu Construction Co., Ltd.	15,724,388	1.87%	-	-	-	-	-	-	-	
Representative of Wan Tai Fu Construction Co., Ltd.: Pan, Kuo-Shun	-	-	-	-	-	-	-	Wan Tai Fu Construction Co., Ltd.	The Chairperson of this Company	
Hao Investment Co., Ltd	12,000,000	1.43%	-	-	-	-	-	-	-	
Representative of Hao Investment Co., Ltd Cheng, Ssu-Tsung	-	-	-	-	12,000,000	1.43%		Hao Investment Co., Ltd	The Chairperson of this Company	
Peng, Shu-Ing	10,808,000	1.29%	16,925	-	-	-	-	-	-	

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:**

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%

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

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 increase d 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 <sup>th</sup> , 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 <sup>th</sup> , 1992.

Year/ Month	Par value	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital increase d by assets other than cash	Others
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 <sup>nd</sup> , 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 <sup>th</sup> , 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 <sup>th</sup> , 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 <sup>nd</sup> ,

Year/ Month	Par value	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital increase d by assets other than cash	Others
								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 <sup>th</sup> , 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 <sup>th</sup> , 1997. With the

Year/ Month	Par value	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital increase d by assets other than cash	Others
								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 <sup>th</sup> , 1998.
1998.05	10	500,000,000	5,000,000,000	326,902,009	3,269,020,090	Capital increase by earnings and capital reserve Conversion from certificate of entitlement to new shares form convertible bond Common shares	--	A capital increase of NT\$692,184,870, 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 <sup>th</sup> , 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 <sup>th</sup> , 1998. With the amount of total capital

Year/ Month	Par value	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital increase d by assets other than cash	Others
								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 <sup>st</sup> , 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 <sup>nd</sup> , 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 <sup>th</sup> , 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

Year/ Month	Par value	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital increase d by assets other than cash	Others
								changed by the Department of Commerce, Ministry of Economic Affairs in the Document No. 09301165340 of Jing Shou Shang on September 3 <sup>rd</sup> , 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 <sup>st</sup> , 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 <sup>th</sup> , 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 <sup>th</sup> , 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

Year/ Month	Par value	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital increase d by assets other than cash	Others
								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 <sup>th</sup> , 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 <sup>th</sup> , 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 <sup>st</sup> , 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 <sup>th</sup> , 2021



Year/ Month	Par value	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital increase d by assets other than cash	Others
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 <sup>th</sup> , 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 <sup>th</sup> , 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 <sup>th</sup> , 2022
2022.05	10	1,200,000,000	12,000,000,000	839,988,000	8,399,880,000	Capital increase by cash of private placement	-	A capital increase of NT\$656,645,340, composed of 65,664,534 shares with NT\$10 per share, which was approved by the Department of Commerce, Ministry of Economic Affairs in the Document No. 11101085890 of Jing Shou Shang on May

Year/ Month	Par value	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital increase d by assets other than cash	Others
								27 <sup>th</sup> , 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	839,988,000 shares	360,012,000 shares	1,200,000,000 shares	As of the Annual Report publication date, it has issued a total of 839,988,000 shares.

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

## (2) Shareholder structure

April 30<sup>th</sup>, 2023

Shareholders' Structure Amount	Government	Financial Institutions	Juridical Person	Private Investors	Foreign Institutions and Foreigners	Treasury Stock	Total
Number of shareholders	0	1	272	33,517	77	0	33,867
Shareholding	0	184,000	525,451,802	302,641,106	11,711,092	0	839,988,000
Shareholding ratio (%)	0.00%	0.02%	62.56%	36.03%	1.39%	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

April 30<sup>th</sup>, 2023

Shares	Number of shareholders	Shareholding	Shareholding ratio (%)
1-999	26,788	1,544,512	0.18%
1,000-5,000	4,389	8,967,626	1.07%
5,001-10,000	923	7,158,890	0.85%
10,001-15,000	350	4,330,577	0.52%
15,001-20,000	267	4,950,424	0.59%
20,001-30,000	264	6,888,035	0.82%
30,001-40,000	142	5,114,856	0.61%
40,001-50,000	121	5,657,935	0.67%
50,001-100,000	233	17,144,527	2.04%
100,001-200,000	154	22,435,249	2.67%
200,001-400,000	94	26,400,047	3.14%
400,001-600,000	38	18,869,529	2.25%
600,001-800,000	14	9,935,697	1.18%
800,001-1000,000	16	14,977,373	1.78%
Above 1,000,001 shares	74	685,612,723	81.63%
Total	33,867	839,988,000	100.00%

**(4) Major shareholders**

April 30, 2023

<b>Name of major shareholders</b>	<b>Shareholding</b>	<b>Shareholding ratio (%)</b>
Chia Chun Investment Co., Ltd.	264,732,599	31.52%
Da Shuo Investment Co., Ltd.	50,470,046	6.01%
Neng Hong Investment Holdings Co., Ltd.	41,578,000	4.95%
De Hong Investment Co., Ltd.	38,600,000	4.60%
Chang Yun Investment Co., Ltd.	27,500,000	3.27%
Hiyes International Co., LTD.	21,030,000	2.50%
Da Jie Investment Co., Ltd.	16,888,773	2.01%
Wan Dai Fu Construction Co., Ltd.	15,724,388	1.87%
Hong Yi Investment Ltd	12,000,000	1.43%
Peng, Shu-Ing	10,808,000	1.29%

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

Item		Year		2021	2022	2023 and until March
				(Adopting IFRS)	(Adopting IFRS)	31 (Adopting IFRS)
Market price per share (Note 1)	Highest			15.85	20.35	18.65
	Lowest			12.95	14.20	17.05
	Average			14.14	15.68	17.65
Net worth per share (Note 2)	Before distribution			11.65	12.24	--
	After distribution			11.65	11.83	--
Earnings per share	Weighted average shares			584,064,797	809,034,865	--
	Earnings per share (Note 3)	Before adjustment		(0.2)	0.56	--
		After adjustment		--	--	--
Dividend per share	Cash dividend			--	0.41076195	--
	Stock dividend	Before adjustment		--	--	
		After adjustment		--	--	
	Dividend in arrears (Note 4)			--	--	
Analysis of return on investment	P/E ratio (Note 5)			(70.70)	28.00	
	Price-dividend ratio (Note 6)			--	38.17	
	Cash dividend yield (Note 7)			--	0.03	

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. The Company's dividend policy

Company's dividend policy considers factors such as the characteristics of the construction industry and the need for Company funds, the current and future development plans, the investment environment, and domestic competition, and takes into account shareholders' interests. Per the dividend policy in our Articles of Incorporation, we may allocate 0% - 100% of the distributable earnings as dividends to shareholders. However, if the distributable earnings fall below 5% of our paid-in capital, we will not distribute dividends to improve our financial structure. Dividends may be paid in either cash or stock shares; the cash dividend shall be at least 10% of the shareholders' dividends.

Based on the Company's best interests, the Board of Directors will determine the most suitable dividend policy for distributing dividends to shareholders, as outlined in the previous paragraph.

### 2. (1) The implementation status of distributing the 2021 dividends is as follows:

It is resolved at the board meeting on June 30, 2022 that no distribution of dividends will be made.

### (2) The implementation status of distributing the 2022 dividends is as follows:

A. First half of the year: It is resolved by the Board of Directors on August 11, 2022 that no distribution of earnings will be made.

B. Second half of the year: It is resolved by the Board of Directors on March 15, 2023 that the Company will distribute cash dividend of NT\$0.41076195 per share, totaling NT\$345,035,114 on April 26, 2023.

A report on the 2022 distribution of cash dividends will be made at the 2023 shareholder's meeting.

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

## **(8) Compensation paid to employees and directors:**

### 1. Percentage of compensation paid to employees and directors stated in Article 28 of the Articles of Incorporation:

If there is a surplus of the Company in the current year, it should set aside no less than 0.5% as the compensation for the employees, and no more than 2% as the compensation 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.

### 2. The base used to estimate the amount of compensation 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 compensation for employees and directors in the current period:

It is recommended by the Remuneration Committee on March 15, 2023, and resolved at the board meeting to allocate 0.5% of the year's profit as employees' remuneration and 0.59% as Directors' compensation. Any difference between the resolved amounts and the actual distributed amounts is accounted for as changes in accounting estimates and recorded under the gain/loss adjustment of the year.

- (2) Basis for estimating the amount of compensation of employees and Directors, basis for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period: It doesn't distribute the compensation 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 · Compensation 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):

Item	Resolved amount	Actual distributed amount	Difference	Reasons and actions
Director compensation	3,413,779	1,998,500	1,415,279	Recorded under the year's gain/loss adjustment
Employee compensation	1,706,889	1,706,889	-	-

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

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

4. The actual distribution of compensation 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 compensation for employees and directors; the difference in figures, reason and response should be stated.

The Company had a net loss before tax in 2021 and therefore did not distribute compensation 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



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	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

(1) Total capital utilization plan for this project

Unit: NT\$1,000

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: NT\$1,000

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	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	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	0	0
Lejie Section	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		

Construction project payment															
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 14<sup>th</sup>, 2020. The capital implementation progress as of 2021 Q1 was as follows:

(1) Completed: The three funds for land purchase have been fully utilized in the second quarter of 2021.

Unit: NTD 1,000

Year/Q	2020 Q4			2021 Q1			2021 Q2		
Project	Estimated	Actual	Implementation progress	Estimated	Actual	Implementation progress	Estimated	Actual	Implementation progress
Xinbi land purchase payment	787,500	720,640	91.51%	-	-	91.51%	-	66,860	100%
Lejie land purchase payment	465,930	428,760	92.02%	-	-	92.02%	-	37,170	100%
Qingxi land purchase payment	284,400	272,889	95.95%	-	-	95.95%	-	11,511	100%

(2) In process

Unit: NTD 1,000

Year/Q	2020 Q4			2021 Q1			2021 Q2			2021 Q3			2021 Q4		
Project	Estimated	Actual	Implementation progress	Estimated	Actual	Implementation progress	Estimated	Actual	Implementation progress	Estimated	Actual	Implementation progress	Estimated	Actual	Implementation progress
Xinbi construction project payment	-	-	-	-	-	-	67,600	-	-	77,390	58,621	6.64%	136,760	53,939	12.75%
Lejie construction project payment	-	-	-	-	-	-	110	-	-	57,250	28,772	5.74%	42,880	61,772	18.07%
Qingxi construction project payment	-	-	-	-	-	-	16,815	-	-	19,252	23,377	10.67%	34,026	31,589	25.10%

Year/Q	2022 Q1			2022 Q2			2022 Q3			2022 Q4			2023 Q1		
Project	Estimated	Actual	Implementation progress	Estimated	Actual	Implementation progress	Estimated	Actual	Implementation progress	Estimated	Actual	Implementation progress	Estimated	Actual	Implementation progress
Xinbi construction project payment	184,420	113,621	25.63%	123,240	75,593	34.20%	151,320	112,446	46.94%	103,680	112,470	59.69%	37,940	108,242	71.95%
Lejie construction project payment	77,190	61,617	30.37%	98,520	47,245	39.81%	53,000	52,608	50.31%	62,200	65,164	63.32%	47,090	51,483	73.60%
Qingxi construction project payment	45,883	26,479	37.20%	30,660	22,376	47.42%	37,648	27,577	60.01%	25,794	43,870	80.05%	8,852	30,640	94.05%

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

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

### 1. 2021

- (1) Shareholders' meeting and approval date: August 5, 2021
- (2) Expected number of shares to issue through private placement: The Company will issue no more than 200,000 thousand common shares in one to three installments within one year from the date of the resolution of the shareholders' meeting.
- (3) Use of funds: The funds will be used for enriching operation capital, repaying bank loans, or one or several capital allocation plans for long-term development needs in the future.
- (4) Anticipated benefits: This will make fundraising channels more diverse and flexible, strengthen the Company's financial structure, and reduce capital costs to expand the scale of operations in the future and make the Company more competitive in the long term to increase the return on shareholders' equity.
- (5) The first installment of the first private placement in 2021 was revoked upon board resolution. The Company issued a total of 200,000 thousand shares through private placement in August and September 2021 for a total of NT\$2,360,000,000. All the funds have been used.

Details are as follows:

The 2nd issue of the 1st private placement in 2021		The 3rd issue of the 1st private placement in 2021								
Issue Date	October 15, 2021	October 27, 2021								
No. of shares issued	83,000,000 shares	117,000,000 shares								
Date of completion of payment	August 25, 2021	September 17, 2021								
Actual subscription price	NTD 11.80	NTD 11.80								
Total public offering amount	NTD 979,400,000	NTD 1,380,600,000								
Private Fund Utilization and Plan Implementation Progress (Information as of the first quarter of 2023):										
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	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 reasons for

Enrichment of operational capital	-	80,000	100%	-	Not applicable	Enrichment of operational capital	-	-	-	-	Not applicable
Repayment of bank loans	-	149,400	100%	-	Not applicable	Repayment of bank loans	-	-	-	-	Not applicable
Other	-	750,000	100%	-	Not applicable	Other	-	1,380,600	100%	-	Not applicable
Private Placement Benefits	To enhance the company's operational effectiveness and overall competitiveness.										

## 2. 2022

- (1) Shareholders' meeting and approval date: Special shareholders' meeting on November 30, 2021
- (2) Expected number of shares to issue through private placement: The Company will issue no more than 140,000 thousand common shares in one to three installments within one year from the date of the resolution of the special shareholders' meeting.
- (3) Use of funds: The funds will be used for enriching operation capital, repaying bank loans, or one or several capital allocation plans for long-term development needs in the future.
- (4) Anticipated benefits: This will make fundraising channels more diverse and flexible, strengthen the Company's financial structure, and reduce capital costs to expand the scale of operations in the future and make the Company more competitive in the long term to increase the return on shareholders' equity
- (5) The Company issued a total of 119,235,534 thousand shares through private placement in February and May 2022 for a total of NT\$1,430,826,408. All of the funds have been used. This session of private placement will end on November 29, 2022. The Board resolved on November 11, 2022 to discontinue of this round of private placement. Details are as follows:

The 2nd issue of the 1st private placement in 2021		The 3rd issue of the 1st private placement in 2021	
Issue Date	March 31, 2022	June 15, 2022	
No. of shares issued	53,571,000 shares	65,664,534 shares	
Date of completion of	February 24, 2022	May 09, 2022	



payment											
Actual subscription price	NTD 12	NTD 12									
Total public offering amount	NTD 642,852,000	NTD 787,974,408									
Private Fund Utilization and Plan Implementation Progress (Information as of the first quarter of 2023) :		Unit: NTD 1,000									
Purposes of Private Placement Funds	Estimated Expenditures	Accumulated Actual Expenditures	Cumulative Actual Expenditures and Percentage (%)	Description of unexpended funds and the purpose of	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	Improvement plans and reasons for
Enrichment of operational capital	-	-	-	-	Not applicable	Enrichment of operational capital	-	-	-	-	Not applicable
Repayment of bank loans	-	-	-	-	Not applicable	Repayment of bank loans	-	-	-	-	Not applicable
Other	-	642,852	100%	-	Not applicable	Other	-	787,974	100%	-	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 1% in 2022.
- (2) Contracting the sales and lease of all type of residential buildings: with the operation proportion accounting for 99% in 2022.

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. Current situation and development of the industry

According to the Ministry of Interior's statistics, the number of house transfers in Taiwan's six special municipalities totaled 243,633 in 2022, a 24,033 (9%) decrease from the 267,666 transfers in 2021. Taichung increased by 1.4% among the six special municipalities, while a significant decline occurred in the other municipalities. Kaohsiung and Tainan declined the most, by 17.3% and 13.7%, respectively; the real estate market in the two special municipalities in the south has cooled down. In considering the global situation and Taiwan's national conditions in 2022, four main factors impacted the Company, which are analyzed as follows:

(1) Easing of COVID measures and co-existence:

The COVID-19 pandemic that affected the world for over two years led to a shortage of workers and materials in Taiwan's construction industry, resulting in rising construction costs and a drop in the number of new development projects. Fortunately, the government eased pandemic prevention policies in 2022, seeking co-existence instead, and countries gradually opened their borders. The worldwide production supply chain is expected to bounce back in 2023, giving domestic production costs a chance to stabilize.

(2) Rise in global energy prices:

The Russo-Ukrainian war caused global food prices to rise. Wheat and corn exports from the two countries accounted for 29% and 19% of the worldwide market, respectively, nearly half of the world's food exports.

Per S&P Global Platts, Ukraine and Russia are the world's top sunflower oil producers, with Ukraine being the largest producer. These two countries collectively produce 60% of global sunflower oil production. Russia is also the third largest producer and second largest exporter of crude oil, as well as the second largest producer and largest exporter of natural gas, accounting for around 10% and 20% of the world's exports, respectively. Thus, Russia plays a significant role in fluctuating global energy and food prices.

(3) The Federal Reserve raised interest rates seven times:

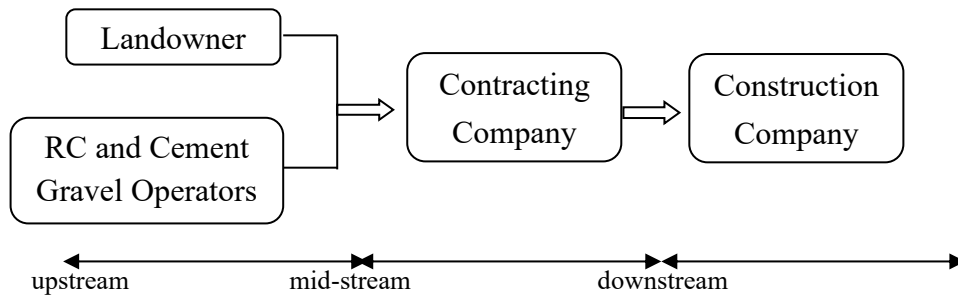
The increasingly severe inflation and turbulent factors in the world order, such as the Russia-Ukraine war, the pandemic, and the clash of major powers, fueled inflation, causing the Federal Reserve to activate a cycle of rate hikes. The Federal Reserve raised interest rates seven times in 2022, while the Central Bank of the Republic of China (Taiwan) raised interest rates for the fifth time in March 2023, lifting the discount rate, the rate on accommodations with collateral, and the rate on temporary accommodations by 0.125% each, adjusting annual interest rates from 1.75%, 2.125%, and 4% to 1.875%, 2.25%, and 4.125%, respectively. Taiwan's Directorate-General of Budget, Accounting and Statistics announced that the Consumer Price Index (CPI) for December 2022 increased by 0.16% over the previous month and rose by 0.33% after adjusting for seasonal factors, marking a 2.71% increase over the same month of the previous year (2021); the annual average increased by 2.95%. To sum up, the general public will perceive a notable increase in prices. The impact of interest rate hikes will also lead to more financial strain for those with mortgages.

(4) Housing market policies:

To curb speculation, the Ministry of Interior has promulgated the amendment to The Equalization of Land Rights Act at the end of November 2021. The amendment was passed on December 9. The Executive Yuan, passed The Equalization of Land Rights Act amendment draft on April 7, 2022, and requested in writing for the Legislative Yuan to review it. The preliminary review was completed on December 21, 2022, and full passage was on January 10, 2023. This amendment restricts the resale of contracts for pre-sale houses and buildings that have obtained the user license but have not completed the first registration of building ownership after they are signed and requires private legal persons to obtain approval before purchasing houses. The amendment also defines speculative behavior and corresponding

penalties. Additionally, it establishes a reward system for reporting violations, enhances inspection efficiency, and more. These measures are aimed at effectively reducing real estate speculation to maintain the order of market transactions and safeguard consumer rights and interests.

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



At the end of 2022, with the popularization of vaccines, the easing of epidemic prevention policies, the gradual reopening of borders, and the gradual recovery of the global production supply chains, Taiwan has also gradually eased restrictions and learned to live with the pandemic, and the labor and materials shortage will be adequately relieved. The overall rise in costs is inevitable due to global inflation. For the upstream steel and cement industry, the construction cost index (CCI) for December 2022 is 107.92, according to the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan, and the CCI for December 2021 is 103.25, an increase of 4.67. However, the latest announcements for January and February 2023 show a CCI of 108.69 and 109.21, respectively, showing a continuous upward trend. As borders are opened, the import of necessary raw materials will become more stable, which will help alleviate the material shortage. From the perspective of midstream and downstream contracting companies and construction companies, certain construction companies have already integrated the businesses of contracting companies; they manage the purchase of raw materials and construction projects on their own, while some construction companies issue large contracts to contracting companies, who are responsible for purchasing the related raw materials. The industry links in the construction industry is most affected by the upstream companies. Therefore, the supply of upstream companies and the price of raw materials significantly impact the costs and profits of contracting companies, which will directly impact the construction costs of the construction companies and the final sale price of properties.

## 3. Product development trend

With the expansion of the hinterland of Taiwan's metropolitan areas, suburban redevelopment zones offer neat streets, complete public facilities, new cityscapes, and high-speed rail economies that are gradually being completed. People are moving to the outskirts as housing prices remain high in the core city areas. For example, ever since the Taoyuan Airport MRT started running, more and more people residing in Taipei and New Taipei City relocated to the redevelopment zones around the Taoyuan Airport MRT Stations as the MRT traverses Taipei City, New Taipei City, and Taoyuan City. This indirectly drove the development of convenient amenities in the areas. Lately, home buyers have been favoring emerging redevelopment zones. Coupled with the changes in household composition and economic structure and judging from the new development projects and sales trends in the current housing market, convenient transportation, small/medium-sized properties, epidemic-prevention and soundproofing materials, and smart residential buildings have become the new market demands and the direction of real estate product development. Statistics from 591 show that development projects of the top ten construction companies in Taiwan also shifted their focus in 2022 to popular redevelopment zones in the six special municipalities or around technology parks. The types of development projects for city areas and redevelopment zones are quite different. The emphasis is on smaller properties in urban areas, while 2–3-bedroom properties under 40 pings are the main offerings in redevelopment zones to cater to the current real estate market. The Company is giving priority to promoting two urban renewal projects in Taipei. According to the statistics from the Construction and Planning Agency, Ministry of the Interior, 77 urban renewal projects in Taiwan were approved in 2022, where 40 are in Taipei City, and 20 are in New Taipei City, accounting for nearly 78% of the total. A cumulative total of 1064 projects were approved and announced for implementation, where 597 are in Taipei City, and 191 are in New Taipei City, accounting for nearly 74%. Based on the rule of thumb and considering the complexity of property rights, the anticipated benefits of urban renewal, the share of land the landowners will receive in return, the competent authority review duration, and the construction time, an urban renewal project takes 5 to 15 years to complete, on average. Fortunately, Article 57 of the Urban Renewal Act includes stipulations related to dismantling by the government and sincere negotiations. Negotiations were successful for three of our urban renewal projects in Taipei in 2021. With regulations that fit current trends, shorter governmental reviews, and an increase in cases where the government handles the dismantling and negotiations, future urban

renewal projects will benefit. We will be able to revitalize our cities and lead their sustainable development.

#### 4. Competition situation

Unfavorable political and economic changes in Taiwan and abroad in 2022 were not conducive to developing the housing market. The former includes rate hikes, financial controls, COVID-19, cross-strait tensions, nine-in-one elections, and the continued promulgation of government policies to cap rising housing prices. The latter includes growing uncertainties, like the ongoing Russo-Ukrainian war, global energy shortages, soaring raw material prices, and worsening inflation. These factors caused homebuyers' confidence to drop. The real estate market is currently in a period of oversupply. The Company will continue to actively promote the Taiyuan Road Urban Renewal Project and the Huaisheng Section Urban Renewal Project and consider market conditions when we continue to promote the projects in Taoyuan, Taichung, and Tainan prudently and pragmatically. Our optimized construction technologies, stable construction quality, sound financial planning, practical product designs, a customer-first approach to after-sales services, and our 60-year commitment to branding comprise Delpha's business philosophy of common prosperity and are our competitive advantages.

### (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 13<sup>th</sup> gold award in the category of villa in Taiwan.
2. 『Gongyuanlu』 won the 14<sup>th</sup> 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 1<sup>st</sup> Formosa golden-lion award in the category of construction -- automated and smart office building was completed.
7. 『The Metro Building』 and 『Delpha Jing』 were awarded the 29th Chinese Architecture Golden Stone Award.
8. 『Centre for the Future』 and 『One and Only』 were awarded the 30th 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, Taoyuan, Taichung and Tainan City.

#### **2. Market share:**

The revenue of the Company in 2022 was NT\$1,994,281,000 which accounted for 0.52% of the listed companies in the construction industries in Taiwan.

#### **3. New development projects and selling cases:**

Construction and sales are planned for the 『Metro Building』, 『Delpha Jing』, 『Rising City』, and 『One and Only』 in Taoyuan City and 『Delpha Fortune』 in Shalu District and 『Centre for the Future』 in Wuri District, Taichung City.

#### **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. An significant amount of unsold properties in the market, quantitative easing (QE) and the reactivation of interest rate hikes in the U.S., COVID-19, the Sino-US trade war, inflation, rising global energy prices, the amendment to The Equalization of Land Rights Act, the Russo-Ukrainian war, and geopolitical risks. These factors caused homebuyers' confidence to drop.

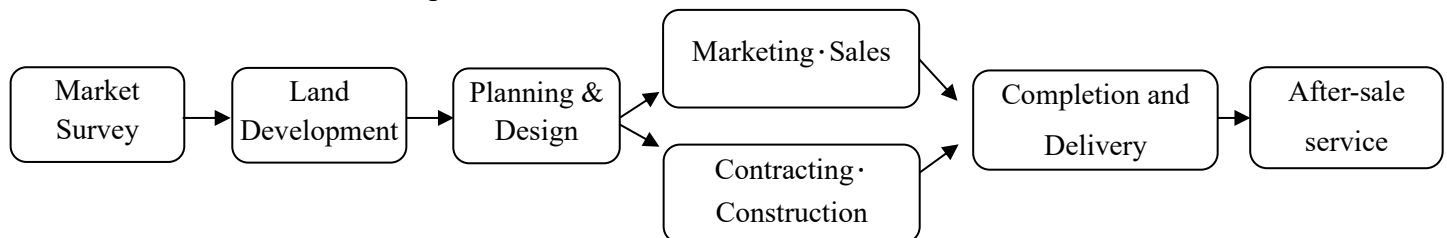
(3) Countermeasures:

- 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	2021				2022				2023 and until March 31 (Note 2)			
	Company name	Amount	Ratio of net purchases in a year (%)	Relation with the issuer	Company name	Amount	Ratio of net purchases in a year (%)	Relation with the issuer	Compan y name	Amount	Ratio of net purchases in a year (%)	Relation with the issuer
1	Taichung City	3,895,679	53.46%	None	Zhong Jin Construction Co., Ltd.	353,362	13.53%	None	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.			
2	B	797,161	10.94%	None	B	277,979	10.64%	None				
	Others	2,594,080	35.60%		Others	1,980,778	75.83%					
	Total	1,812,742	100.00%		Total	2,612,119	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	2022				2021				2023 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	
1	Guang De Li parking lot	3,470	39.81%	None	-	-	-	-	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.
2	Gao Ding dressing store	977	11.21%	None	-	-	-	-	
3	2R International Co., Ltd.	944	10.83%	None	-	-	-	-	
4	Others	3,327	38.15%		Others	1,994,281	100.00%		
	Net sales	8,718	100.00%		Net sales	1,994,281	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	2021			2022		
	Capacity (Ping = 3.3 m <sup>2</sup> )	Output (Units)	Output value	Capacity (Ping = 3.3 m <sup>2</sup> )	Output (Units)	Output value
Yun He Jie A	-	-	-	-	28	1,034,009
Ronxing Section	-	-	-	-	25	329,464
Total	-	-	-	-	53	1,363,473

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	2021		2022	
	Domestic sale		Domestic sale	
Sales	Volume (Ping = 3.3 m <sup>2</sup> )	Value	Volume (Ping = 3.3 m <sup>2</sup> )	Value
Hang Sha	-	-	59.40	8,867
Yun He Jie A (Urban Green)	-	-	1,646.88	1,544,379
Ronxing Section (Central One)	-	-	692.72	430,416
Rental income	-	8,718	-	10,619
Total	-	8,718	2,399.00	1,994,281

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

Year		2021	2022	April 30 <sup>th</sup> , 2023
Number of employees	Number of employees	51	67	72
	Total	51	67	72
Average length of service		7.86	6.12	5.66
Average age		42.60	39.46	39.02
Distribution of education levels %	Doctor	0%	0%	0%
	Master	14%	6%	6%
	College	80%	87%	86%
	High School	4%	6%	7%
	Below than high school	2%	1%	1%

Note1: The length of service is calculated since June 16<sup>th</sup>, 2001.

Note 2: The data includes that of subsidiaries

**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:**

Type	Disposition date	Disposition No.	Provisions(s) violated	Content of provision(s) violated	Content of disposition
Water pollution	2021/10/26	30-110-100031	Article 18 of the Water Pollution Control Act and Article 10, Paragraph 1 of the Water Pollution Control Measures and Test Reporting Management Regulations	Did not follow the approved plan for the reduction of pollutants from runoff wastewater	A penalty of NT\$35,000 and two hours of environmental education
Waste Disposal	2022/02/15	41-111-020179	Article 27, Subparagraph 11 of	Polluted the ground of	A penalty of NT\$3,600

Act			the Waste Disposal Act	designated clearance areas	
-----	--	--	------------------------	----------------------------	--

**(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) Employee continuing education and training:**

**External education and training**

A total of 268 hours of education and training was conducted in 2022. Total expenses: NT\$59,560.

Gender	Male		Female	
	Management	Non-management	Management	Non-management
Number of person(s) who were trained	1	10	3	3
Course enrollments	5	10	7	6
Hours of training	12	188	46	22
Average hours	18.18		11.33	

of training		
-------------	--	--

**Internal education and training**

Course name	Course category	Hours	Number of participants
Auditing Practices	Audits	2	14
Probation and the Termination of Employment Contracts	Labor regulations	2	15
Business Ethics	Integrity management	3	15
Analyzing Market Trends	Sales	3	15
CPR+AED Training	Occupational safety	3	42

**(5) Code of Conduct or Ethical Code of Conduct:**

The Company has established regulations for employee behavior and ethics in Article 2 and Article 10 of the Integrity Management Principles and in the Employee Rewards and Punishments and consistently reinforces the promotion of these regulations:

1. Employees may not take company property and tools out of the workplace and use them for personal purposes.
2. Phone etiquette for employees.

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

The Company prioritizes safety and sustainable corporate development, focusing on achieving zero injuries, accidents, and occupational diseases. We strive to provide an optimal work environment for all employees and are dedicated to ensuring and boosting the safety and health of employees, customers, and suppliers of the Company and its industry in the workplace.

**Labor safety policy and goals**

Compliance	Participation from all employees	Boost safety	Vision of three zeros
Wear helmets when entering and exiting construction sites and strictly abide	We have implemented work rules for safety and health that all employees must	We continue to organize occupational health and safety training and advocacy	To achieve <b>zero disasters, zero accidents, and zero occupational diseases,</b> we

by the Occupational Safety and Health Act and related regulations.	follow.	efforts, including conducting fire drills and emphasizing the importance of routine health and safety measures to eliminate potential hazards to safety and health.	strictly supervise personnel before, during, and after entry to construction sites. We also convene engineering department review meetings, conduct site inspections, and provide regular education and training.
--	---------	---	---

### Personal and work environment protection measures

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>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> <table border="1"> <thead> <tr> <th>Item</th> <th>Purpose</th> <th>Frequency of handling</th> </tr> </thead> <tbody> <tr> <td>Safety and health protocols</td> <td>At least once a month, we meet with contractors to coordinate, communicate and resolve safety and health issues among contractors.</td> <td>Once a month</td> </tr> <tr> <td>Labor Approach Safety and Discipline Pledge</td> <td>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.</td> <td>Pre-approach</td> </tr> <tr> <td>Construction environmental hazards information sheet</td> <td>According to each work item, we will inform the potential hazards and provide prevention measures before the contractor enters the site.</td> <td>Pre-approach</td> </tr> </tbody> </table>	Item	Purpose	Frequency of handling	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	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	Construction environmental hazards information sheet	According to each work item, we will inform the potential hazards and provide prevention measures before the contractor enters the site.	Pre-approach
	Item	Purpose	Frequency of handling										
	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										
	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										
Construction environmental hazards information sheet	According to each work item, we will inform the potential hazards and provide prevention measures before the contractor enters the site.	Pre-approach											
Physiological health	The Company regularly conducts health checkups 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, 2022.

## 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 land serial 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 2 land plots including land serial No. 312 and 314, 1st Subsection, Longquan Section, Da’an District, Taipei City.	None
	Huajian Construction Co., Ltd.	2021/04/26 - completion of the project	New construction project on land serial No. 233, Xinbi Section, Luzhu District, Taoyuan City	None
		2021/06/22~ completion of the project	New construction project on 3 land plots including land serial No. 174, 177, 182, Lejie Section, Guishan District, Taoyuan City	None
		2021/04/06~ completion of the project	New construction project on land serial No. 488, Qingxi Section, Zhongli District, Taoyuan City	None
		2021/07/14~ completion of the project	New construction project (Falsework Part) on land serial No. 226, Qingxi Section, Zhongli District, Taoyuan City	None
		2021/10/13~ completion of the project	New construction project (Geotechnical Engineering Part) on land serial No. 226, Qingxi Section, Zhongli District, Taoyuan City	None
		2022/02/14~ completion of the project	New construction project (Structural Project) on land serial No. 226, Qingxi Section, Zhongli District, Taoyuan City	None
		2021/11/08~ completion of the project	New construction project (Decoration Part) on land serial No. 226, Qingxi Section, Zhongli District, Taoyuan City	None
		2021/12/08~ completion of the project	New construction project (Geotechnical Engineering Part) on 4 land plots including land serial No. 41, 42, 43, 50, Xinzhan Section, Shalu District, Taichung City	None
2021/03/28~ completion of the project	New construction project (Structural projects) on 4 land plots including land serial No.41, 42, 43, 50, Xinzhan Section, Shalu District, Taichung City	None		

		2022/07/18~ completion of the project	New construction project (Geotechnical Engineering Part) on 2 land plots including land serial No. 32 and 33, Shanjie Section, Guishan District, Taoyuan City.	None
		2022/07/18~ completion of the project	New construction project (Structural projects) on 2 land plots including land serial No. 32 and 33, Shanjie Section, Guishan District, Taoyuan City.	None
		2022/10/31~ completion of the project	New construction project (Decoration Part) on land serial No. 41, Xinzhan Section, Shalu District, Taichung City.	None
		2022/04/01~ completion of the project	New construction project (Geotechnical Engineering Part) on land serial No. 31, Shingaotie Section, Wuri District, Taichung City.	None
		2023/02/27~ completion of the project	New construction project (Structural projects) on land serial No. 31, Shingaotie Section, Wuri District, Taichung City. (Structural Engineering Part)	None
Joint construction contract	Jiantan Temple Foundation	2019/01/31 completion of the project	14 land plots including land serial No. 573-1, 2nd Subsection, Rongxing Section, Zhongshan District, Taipei City	None
	Liugong Irrigation Association, Taipei City	2019/02/18 completion of the project		
	Seven related parties including Lin, Hsing-Hsiung	2019/02/22 completion of the project		
	Three non-related parties including Chang, Chun	2020/09/15 completion of the project	Land serial 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 serial No. 174 on Lejie Section, Guishan District, Taoyuan City	None
	Three non-related parties including Chen, Chun	2021/12/09 completion of the project	2 land plots including land serial No.32 and 33, Shanjie Section, Guishan District, Taoyuan City	None
Credit Facilities Agreement	Shanghai Commercial and Savings Bank Ren'ai Branch	2020/11/27~2022/03/30	Medium-term secured loans - land financing Medium-term loans - building financing	None
	Far Eastern International Bank	2020/09/21~2022/10/19	Medium-term comprehensive credit limit Medium-term secured loans - land financing Medium-term loans - building financing Commercial paper guarantee	None
	Far Eastern International Bank	2022/01/21~2027/01/21	Medium-term secured loans - land financing	None

Far Eastern International Bank	2023/04/11~2026/04/11	Medium-term loans	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	2021/03/15~2023/12/31	Medium-term secured loans - land financing	None
Taiwan Cooperative Bank Banqiao Branch	2021/03/15~2023/12/31	Medium-term secured loans - land financing Medium-term loans - building bulk loans	None
Taiwan Cooperative Bank Taichung Branch	2021/06/24~2024/08/31	Medium-term secured loans - land financing Medium-term loans - building bulk loans	None
Taiwan Cooperative Bank Taichung Branch	2022/11/24~2024/08/31	Medium-term loans - building financing	None
Taiwan Cooperative Bank Sanxia Branch	2021/05/05~2025/03/31	Medium-term secured loans - land financing	None
Taiwan Cooperative Bank Sanxia Branch	2022/10/24~2025/03/31	Medium-term loans - building financing	None
Taiwan Cooperative Bank Shilin Branch	2021/05/28~2025/03/31	Medium-term secured loans - land financing	None
Taiwan Cooperative Bank Shilin Branch	2023/02/03~2025/03/31	Medium-term loans - building bulk loans	None
Taiwan Cooperative Bank Shilin Branch	First drawdown date until ~2025/03/31	Medium-term loans - building financing	None
Mega International Commercial Bank Nankan Branch	2021/01/13~2024/01/03	Medium-term secured loans - land financing Medium-term loans - additional building bulk	None
Mega International Commercial Bank Nankan Branch	2021/05/19~2025/05/19	Medium-term secured loans - land financing	None
Mega International Commercial Bank Nankan Branch	2023/02/24~2025/05/19	Medium-term loans - additional building bulk	None
Mega International Commercial Bank Nankan Branch	First drawdown date until ~2025/05/19	Medium-term loans - building financing	None

Mega International Commercial Bank Nankan Branch	2021/09/28~2025/09/28	Medium-term secured loans - land financing	None
Mega International Commercial Bank Nankan Branch	First drawdown date until ~2025/09/28	Medium-term loans - additional building bulk	None
Mega International Commercial Bank Nankan Branch	First drawdown date until ~2025/09/28	Medium-term loans - building financing	None
First bank Banqiao Branch	2022/05/12~2026/05/12	Medium-term secured loans - land financing	None
First bank Banqiao Branch	2022/11/28~2026/05/12	Medium-term loans - additional building bulk	None
CTBC Bank Co., Ltd	2022/12/28~2026/06/28	Medium-term secured loans - land financing	None
Bank of Panhsin Neihu Branch	2021/12/27~2026/12/27	Mid-term loans	None
Bank of Panhsin Neihu Branch	2023/03/29~2026/03/29	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)
		2018	2019	2020	2021	2022	
Current assets		4,990,988	4,985,390	8,433,839	17,389,221	20,093,673	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)		120,413	118,586	117,874	118,562	118,318	
Intangible assets		--	--	--	11,410	11,410	
Other assets (Note 2)		26,991	45,753	79,153	56,923	94,499	
Total assets		5,138,392	5,149,729	8,630,866	17,576,116	20,317,900	
Current liabilities	Before distribution	902,567	1,765,918	2,220,003	5,039,111	8,449,395	
	After distribution	983,792	1,792,993	2,220,003	5,039,111	8,794,430	
Non-current liabilities		742,686	12,328	10,305	3,896,851	1,349,972	
Total liabilities	Before distribution	1,645,253	1,778,246	2,230,308	8,935,962	9,799,367	
	After distribution	1,726,478	1,805,321	2,230,308	8,935,962	10,144,402	
Equity attributable to owner of the parent company		3,244,403	3,113,038	6,148,136	8,393,662	10,278,223	
Capital stock		2,707,525	2,707,525	5,207,525	7,207,525	8,399,880	
Capital reserve		11,381	9,141	658,613	1,018,613	1,257,084	
Retained earnings	Before distribution	558,580	400,161	281,438	166,227	620,619	
	After distribution	477,355	373,086	281,438	166,227	275,584	
Other equity		(5,322)	(3,789)	560	1,297	640	
Treasury stock		(27,761)	--	--	--	--	
Non-controlling interests		248,736	258,445	252,422	246,492	240,310	
Total equity	Before distribution	3,493,139	3,371,483	6,400,558	8,640,154	10,518,533	
	After distribution	3,411,914	3,344,408	6,400,558	8,640,154	10,173,498	

\* 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)					
	2018	2019	2020	2021	2022	Financial data of the current year until M/D/Y (Note 2)
Operating income	1,212,121	10,170	87,377	8,718	1,994,281	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.
Gross profit/loss	198,053	8,265	25,427	8,718	633,420	
Operating profit/loss	68,178	(67,951)	(63,943)	(86,997)	399,737	
Non-operating income and expense	(33,514)	(5,898)	(30,717)	(31,834)	4,506	
Net profit(loss) before tax	34,664	(73,849)	(94,660)	(118,831)	404,243	
Net profit(loss) of continuing operations in the current period	--	--	--	--	--	
Loss of discontinued operations	--	--	--	--	--	
Net profit (loss) of the current period	20,066	(75,294)	(95,668)	(120,553)	445,470	
Other comprehensive gains/losses of the current period (Net amount after tax)	(577)	3,003	1,097	149	2,083	
Total comprehensive income of the current term	19,489	(72,291)	(94,571)	(120,404)	447,553	
Net profit/loss attributable to owner of the parent company	26,874	(68,696)	(89,645)	(114,623)	451,652	
Net profit/loss attributable to non-controlling interest	(6,808)	(6,598)	(6,023)	(5,930)	(6,182)	
Total comprehensive profit/loss attributable to owner of the parent company	26,301	(65,696)	(88,548)	(114,474)	453,735	
Total comprehensive income attributable to non-controlling interest	(6,812)	(6,595)	(6,023)	(5,930)	(6,182)	
EPS	0.10	(0.25)	(0.32)	(0.20)	0.56	

\* 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)
		2018	2019	2020	2021	2022	
Current assets		3,691,488	3,714,824	7,178,320	15,682,437	18,395,514	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)		58,845	57,435	57,139	57,954	57,534	
Intangible assets		--	--	--	--	--	
Other assets (Note2)		409,291	397,362	420,122	725,433	743,254	
Total assets		4,159,624	4,169,621	7,655,581	16,465,824	19,196,302	
Current liabilities	Before distribution	895,534	1,045,131	1,498,176	4,891,329	8,298,664	
	After distribution	976,759	1,072,206	1,498,176	--	8,643,699	
Non-current liabilities		19,687	11,452	9,269	3,180,833	619,415	
Total liabilities	Before distribution	915,221	1,056,583	1,507,445	8,072,162	8,918,079	
	After distribution	996,446	1,083,658	1,507,445	--	9,263,114	
Equity		3,244,403	3,113,038	6,148,136	8,393,662	10,278,223	
Capital stock		2,707,525	2,707,525	5,207,525	7,207,525	8,399,880	
Capital reserve		11,381	9,141	658,613	1,018,613	1,257,084	
Retained earnings	Before distribution	558,580	400,161	281,438	166,227	620,619	
	After distribution	477,355	373,086	281,438	--	275,584	
Other equity		(5,322)	(3,789)	560	1,297	640	
Treasury stock		(27,761)	--	--	--	--	
Non-controlling interests		--	--	--	--	--	
Total equity	Before distribution	3,244,403	3,113,038	6,148,136	8,393,662	10,278,223	
	After distribution	3,163,178	3,085,963	6,148,136	--	9,933,188	

\* 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)					
	2018	2019	2020	2021	2022	Financial data of the current year until M/D/Y (Note 2)
Operating income	1,201,069	3,069	79,624	968	1,986,158	There is no financial data audited by the CPA in the current year and as of the Annual Report publication date.
Gross profit/loss	192,057	1,164	17,674	968	625,297	
Operating profit/loss	69,949	(66,306)	(62,545)	(81,574)	407,257	
Non-operating income and expense	(28,510)	(2,390)	(26,092)	(33,049)	(2,720)	
Net profit(loss) before tax	41,439	(68,696)	(88,637)	(114,623)	404,537	
Net profit(loss) of continuing operations in the current period	--	--	--	--	--	
Loss of discontinued operations	--	--	--	--	--	
Net profit (loss) of the current period	26,874	(68,696)	(89,645)	(114,623)	451,652	
Other comprehensive gains/losses of the current period (Net amount after tax)	(573)	3,000	1,097	149	2,083	
Total comprehensive income of the current term	26,301	(65,696)	(88,548)	(114,474)	453,735	
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	0.10	(0.25)	(0.32)	(0.20)	0.56	

\* 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

2018	0	2021	60,200
2019	6,198	2022	152,333
2020	9,624		

## **(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
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
2022	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)
		2018	2019	2020	2021	2022	
Analysis item (Note 3)							
Financial structure (%)	Debt Ratio	32.02	34.53	25.84	50.84	48.23	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	3,517.75	2,853.47	5,438.74	10,574.22	10,031.02	
Solvency (%)	Current ratio	552.98	282.31	379.90	345.09	237.81	
	Quick ratio	72.75	28.30	94.45	65.95	34.70	
	Times interest earned ratio	2.13	(1.77)	(2.73)	(0.82)	2.50	
Operational capability	Accounts receivable turnover (times)	406.62	4.93	42.37	3.64	313.49	
	Average collection days	0.89	74.03	8.61	100.27	1.16	
	Inventory turnover (times)	0.20	0.00	0.01	0.00	0.09	
	Accounts payable turnover (times)	24.25	0.09	0.75	0.00	6.29	
	Average days in sales	1,825.00	NA	36,500.00	NA	4,055.55	
	Property, plant and equipment turnover (times)	9.95	0.09	0.74	0.07	16.84	
	Total assets turnover (times)	0.22	0.00	0.01	0.00	0.11	
Profitability	Return on total assets (%)	0.82	(1.11)	(1.18)	(0.69)	2.42	
	Return on stockholders' equity (%)	0.58	(2.19)	(1.96)	(1.60)	4.65	
	Pre-tax net profit to paid-in capital (%) (Note 7)	1.28	(2.73)	(1.82)	(1.65)	4.81	
	Profit margin (%)	1.66	(740.35)	(109.49)	(1,382.81)	22.34	
	EPS (NT\$)	0.10	(0.25)	(0.32)	(0.20)	0.56	
Cash flow	Cash flow ratio (%)	66.93	--	--	--	--	
	Cash flow adequacy ratio (%)	297.18	414.30	31.33	8.32	4.88	
	Cash reinvestment ratio (%)	14.19	(2.39)	(0.42)	0.00	0.00	
Leverage	Operating leverage	1.97	0.10	(0.01)	0.24	1.24	
	Financial leverage	1.82	0.75	0.78	0.70	1.04	

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

	2021	2022	Change ratio	Analysis of Change ratio higher than 20%
Debt Ratio	50.84	48.23	-5%	-
Ratio of long-term capital to property, plant and equipment	10,574.22	10,031.02	-5%	-
Current ratio	345.09	237.81	-31%	The decrease in the ratio is mainly due to the increase in current liabilities for this period.
Quick ratio	65.95	34.70	-47%	The decrease in the ratio is mainly due to the increase in current liabilities for this period.
Times interest earned ratio	(0.82)	2.50	405%	Mainly due to the increase in net income before tax and interest expenses.
Accounts receivable turnover (times)	3.64	313.49	8,512%	The increase in turnover is mainly due to the increase in net sales for this period.
Average collection days	100.27	1.16	-99%	1. This period's credit policy is the same as the last period. 2. The decrease in average collection days is mainly due to the increase in receivable turnover for this period.
Inventory turnover (times)	0.00	6.29	NA	-
Accounts payable turnover (times)	0.00	0.09	NA	-
Average days in sales	NA	4,055.55	NA	-
Property, plant and equipment turnover (times)	0.07	16.84	23,957 %	The increase in turnover is mainly due to the increase in net sales for this period.
Total assets turnover (times)	0.00	0.11	NA	NA
Return on total assets	(0.69)	2.42	451%	The increase in the ratio is mainly due to the increase in net income after taxes due to the handover for this period.
Return on stockholders' equity	(1.60)	4.65	391%	The increase in the ratio is mainly due to the increase in net income after taxes due to the handover for this period.
Pre-tax net profit to paid-in capital	(1.65)	4.81	392%	The increase in the ratio is mainly due to the increase in profit before tax due to the handover for this period.
Profit margin	(1,382.81)	22.34	102%	The increase in the ratio is mainly due to the increase in net income after taxes for this period.
EPS (NT\$)	(0.20)	0.56	380%	The increase in the earnings per share is mainly due to the increase in net profit of the term.
Cash flow ratio	-	-	-	This is not analyzed due to the net cash outflow from operating activities for this period.
Cash flow adequacy ratio	31.33	4.88	-41%	The decrease in the ratio is due to the increase in inventory.
Cash reinvestment ratio	0.00	0.00	NA	-
Operating leverage	0.24	1.24	417%	The increase in leverage is due to the increase in variable operating costs for this period compared to the previous period.
Financial leverage	0.70	1.04	49%	The increase in leverage is due to the increase in operating profit for this period compared to the previous period.

**(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)
		2018	2019	2020	2021	2022	
Financial structure	Debt Ratio	22.00	25.34	19.69	49.02	46.46	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	5,546.93	5,440.05	10,776.19	19,971.87	18,941.21	
Solvency (%)	Current ratio	412.21	355.44	479.14	320.62	221.67	
	Quick ratio	66.36	44.62	139.32	60.47	31.36	
	Times interest earned ratio	3.60	(4.26)	(5.63)	(1.03)	2.65	
Operational capability	Accounts receivable turnover (times)	562.69	85.25	1,474.52	1.11	517.50	
	Average collection days	0.64	4.28	0.24	328.82	0.70	
	Inventory turnover (times)	0.27	0.00	0.01	0.00	0.10	
	Accounts payable turnover (times)	24.32	0.09	0.75	0.00	9.07	
	Average days in sales	1,351.85	NA	25,704.22	0.00	3,838.06	
	Property, plant and equipment turnover (times)	20.02	0.05	1.39	0.02	34.40	
	Total assets turnover (times)	0.27	0.00	0.01	0.00	0.11	
Profitability	Return on total assets (%)	0.89	(1.49)	(1.45)	(0.78)	2.54	
	Return on stockholders' equity (%)	0.83	(2.16)	(1.94)	(1.58)	4.84	
	Pre-tax net profit to paid-in capital (%) (Note 7)	1.53	(2.54)	(1.70)	(1.59)	4.82	
	Profit margin (%)	2.24	(2,238.38)	(112.59)	(11,841.22)	22.74	
	EPS (NT\$)	0.10	(0.25)	(0.32)	(0.20)	0.56	
Cash flow	Cash flow ratio (%)	74.61	--	--	--	--	
	Cash flow adequacy ratio (%)	354.54	437.34	33.95	9.06	5.45	
	Cash reinvestment ratio (%)	23.09	(2.91)	(0.46)	0.00	0.00	
Leverage	Operating leverage	1.85	0.20	0.10	0.32	1.21	
	Financial leverage	1.30	0.89	0.92	0.76	1.00	

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

	2021	2022	Change ratio	Analysis of Change ratio higher than 20%
Debt Ratio	49.02	46.46	-5%	-
Ratio of long-term capital to property, plant and equipment	19,971.87	18,941.21	-5%	-
Current ratio	320.62	221.67	-31%	The decrease in the ratio is mainly due to the increase in current liabilities for this period.
Quick ratio	60.47	31.36	-48%	The decrease in the ratio is mainly due to the increase in current liabilities for this period.
Times interest earned ratio	(1.03)	2.65	357%	Mainly due to the increase in net income before tax and interest expenses.
Accounts receivable turnover (times)	1.11	517.50	46,522%	The increase in turnover is mainly due to the increase in net sales for this period.
Average collection days	328.82	0.70	-100%	1. This period's credit policy is the same as the last period. 2. The decrease in average collection days is mainly due to the increase in receivable turnover for this period.
Inventory turnover (times)	0.00	9.07	NA	-
Accounts payable turnover (times)	0.00	0.10	NA	-
Average days in sales	0.00	3,838.06	NA	-
Property, plant and equipment turnover (times)	0.02	34.40	171,900%	The increase in turnover is mainly due to the increase in net sales for this period.
Total assets turnover (times)	0.00	0.11	NA	-
Return on total assets	(0.78)	2.54	426%	The increase in the ratio is mainly due to the increase in net income after taxes due to the handover for this period.
Return on stockholders' equity	(1.58)	4.84	406%	The increase in the ratio is mainly due to the increase in net income after taxes due to the handover for this period.
Pre-tax net profit to paid-in capital	(1.59)	4.82	403%	The increase in the ratio is mainly due to the increase in profit before tax due to the handover for this period.
Profit margin	(11,841.22)	22.74	100%	The increase in the ratio is mainly due to the increase in net income after taxes for this period.
EPS (NT\$)	(0.20)	0.56	380%	The increase in the earnings per share is mainly due to the increase in net profit of the term.
Cash flow ratio	-	-	-	This is not analyzed due to the net cash outflow from operating activities for this period.
Cash flow adequacy ratio	9.06	5.45	-40%	The decrease in the ratio is due to the increase in inventory.
Cash reinvestment ratio	0.00	0.00	NA	-
Operating leverage	0.32	1.21	278%	The increase in leverage is due to the increase in variable operating costs for this period compared to the previous period.
Financial leverage	0.76	1.00	32%	The increase in leverage is due to the increase in operating profit for this period compared to the previous period.

\*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 Board of Directors delivered the Company's 2022 business report, financial statements (including consolidated and parent company statements) and Earnings distribution proposal to our accounting firm. Among the documents, the financial statements have been audited by Shine Wing Taiwan and an audit report has been issued accordingly. The Committee has completed the verification of the above-mentioned 2022 business report, financial statements (including consolidated and parent company statements) and Earnings distribution proposal, and is of the opinion that there were no discrepancies contained therein. A statement is therefore announced as above in accordance with the provisions of Article 14-4 of the Securities Exchange Act and Article 219 of the Company Law for your review and verification.

To 2023 General Shareholders' Meeting of Delpha Construction Co., Ltd.

Audit Committee Convener: Wang, Mu-Fan

March 15<sup>th</sup>, 2023

#### **4. Financial Statement and CPA's Audit Report for the Latest Year:**

##### **Delpha Construction Co., Ltd. and Subsidiaries**

##### **Letter of Representation**

For the year ended December 31, 2022 (from January 1, 2022 to December 31, 2022), 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 15, 2023

## 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, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, 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 Certified 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, 2022. 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:

#### **1. Evaluation of inventories**

Please refer to Note 4(12) 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(5) 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 82% 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 were 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

## **Independent Auditors' Report (Continued)**

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.

### **2. Revenue and cost recognition - sales of lands and buildings**

Please refer to Note 4(22) to the consolidated financial statements for the accounting policies of revenue recognition and cost recognition; refer to Note 6(22) and 6(5) to the consolidated financial statements for the details of revenue and cost, respectively.

The lands and building sales of the Group accounted for the highest proportion of the sales revenue, considering that there may be discrepancies during the period when the collection and transfer of information and transfer and delivery of the property between departments, and it relying on manual control; therefore, we considered the recognition of sales of lands and buildings of the Group and its related costs are one of the key audit matters for the year.

Our audit procedures included, but were not limited to, the testing of the Group's internal control procedures for the recognition of sales of lands and buildings revenue, verifying relevant controls such as the supporting documents of the transfer and delivery of the property and accounting time points, and determining the sales of lands and buildings revenue meets the conditions for revenue recognition, and in conjunction with the recognition of lands and buildings revenue, the cost of sales of lands and buildings is calculated and recognized in accordance with the income approach or the floor space method.

### **Other matters**

We have audited the parent only financial statements of Delpha Construction Co., Ltd. for the years ended December 31, 2022 and 2021 on which we have issued an unqualified opinion.

## **Independent Auditors' Report (Continued)**

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

### **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

## **Independent Auditors' Report (Continued)**

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.
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.

## **Independent Auditors' Report (Continued)**

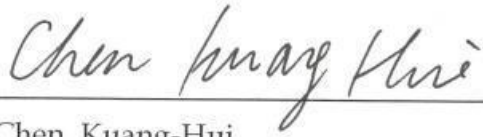
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the footnote disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentations.
6. Obtain sufficient 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.

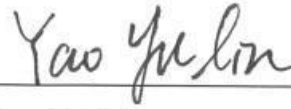
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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, 2022 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 15, 2023

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, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

<b>Assets</b>	<u>Notes</u>	December 31,			
		2022	%	2021	%
<i>Current assets</i>					
Cash and cash equivalents	6.(1)	\$ 2,135,572	11	\$ 3,161,810	18
Notes receivable, net	6.(3)	9,281	-	3,130	-
Accounts receivable, net	6.(3)	306	-	6	-
Other receivables	6.(4)	-	-	53	-
Current tax assets		595	-	225	-
Inventories	6.(5) and 8	16,760,895	82	13,776,208	78
Prepayments		401,248	2	289,800	2
Other current financial assets	6.(6) and 8	784,447	4	157,039	1
Other current assets, others		1,329	-	950	-
		20,093,673	99	17,389,221	99
<i>Non-current assets</i>					
Non-current financial assets at fair value through other comprehensive income	6.(2)	2,530	-	3,187	-
Property, plant and equipment	6.(7) and 8	118,318	1	118,562	1
Right-of-use asset	6.(8)	3,015	-	5,320	-
Intangible assets	6.(10)	11,410	-	11,410	-
Deferred tax assets	6.(28)	47,934	-	21	-
Guarantee deposits paid	7	28,633	-	38,936	-
Net defined benefit assets, non-current	6.(16)	6,835	-	3,907	-
Other non-current assets, others		5,552	-	5,552	-
		224,227	1	186,895	1
<b>Total assets</b>		<b>\$ 20,317,900</b>	<b>100</b>	<b>\$ 17,576,116</b>	<b>100</b>

(Continued on next page)

**Delpha Construction Co., Ltd. and Subsidiaries**

**Consolidated balance sheets**

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

<b>Liabilities and equity</b>	Notes	December 31,			
		2022	%	2021	%
<i>Current liabilities</i>					
Current borrowings	6.(12) and 8	\$ 3,609,000	18	\$ 3,990,721	23
Short-term notes and bills payable	6.(13)	49,960	-	49,998	-
Current contract liabilities	6.(22)	948,965	5	532,459	3
Notes payable	6.(14)	137,825	1	108,861	1
Accounts payable	6.(14)	98,919	-	87,383	1
Other payables		86,058	-	19,935	-
Current tax liabilities		5,011	-	1,743	-
Current provisions	6.(17)	1,242	-	1,107	-
Current lease liabilities		3,079	-	5,384	-
Advance receipts		4,812	-	28,015	-
Current portion of non-current borrowings	6.(15) and 8	3,499,555	17	211,400	1
Other current liabilities, others		4,969	-	2,105	-
		<u>8,449,395</u>	<u>41</u>	<u>5,039,111</u>	<u>29</u>
<i>Non-current liabilities</i>					
Non-current portion of non-current borrowings	6.(15) and 8	1,346,380	7	3,895,684	22
Guarantee deposits received		3,592	-	1,167	-
		<u>1,349,972</u>	<u>7</u>	<u>3,896,851</u>	<u>22</u>
<b>Total liabilities</b>		<u>9,799,367</u>	<u>48</u>	<u>8,935,962</u>	<u>51</u>
<i>Equity attributable to owners of the parent company</i>					
Ordinary share	6.(18)	8,399,880	42	7,207,525	41
Capital surplus	6.(19)	1,257,084	6	1,018,613	6
Retained earnings:	6.(20)				
Legal reserve		237,247	1	237,247	1
Unappropriated retained earnings		383,372	2 (	71,020 )	-
Other equity interest		640	-	1,297	-
		<u>10,278,223</u>	<u>51</u>	<u>8,393,662</u>	<u>48</u>
Non-controlling interests	6.(21)	240,310	1	246,492	1
<b>Total equity</b>		<u>10,518,533</u>	<u>52</u>	<u>8,640,154</u>	<u>49</u>
<b>Total liabilities and equity</b>		<u>\$ 20,317,900</u>	<u>100</u>	<u>\$ 17,576,116</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, 2022 and 2021  
(Expressed in thousands of New Taiwan dollars)

		For the year ended December 31,			
	Notes	2022	%	2021	%
<b>Operating revenue</b>	6.(22) and 7	\$ 1,994,281	100	\$ 8,718	100
<b>Operating cost</b>	6.(5) and 7	( 1,360,861 )	( 68 )	-	-
<b>Gross profit from operations</b>		633,420	32	8,718	100
<b>Operating expenses</b>					
Selling expenses	6.(25)	( 116,868 )	( 6 )	( 1,045 )	( 12 )
Administrative expenses	6.(25) and 7	( 116,815 )	( 6 )	( 94,670 )	( 1,086 )
		( 233,683 )	( 12 )	( 95,715 )	( 1,098 )
<b>Net operating income (loss)</b>		399,737	20	( 86,997 )	( 998 )
<b>Non-operating income and expenses</b>					
Other income	6.(23)	14,031	1	11,376	130
Other gains and losses	6.(24)	5,932	-	( 5,075 )	( 58 )
Finance costs	6.(27)	( 15,457 )	( 1 )	( 38,135 )	( 437 )
		4,506	-	( 31,834 )	( 365 )
<b>Net income (loss) before tax</b>		404,243	20	( 118,831 )	( 1,363 )
<b>Income tax benefit (expenses)</b>	6.(28)	41,227	2	( 1,722 )	( 20 )
<b>Current net income (loss)</b>		445,470	22	( 120,553 )	( 1,383 )
<b>Other comprehensive income</b>					
Component of other comprehensive income that will not be reclassified to profit or loss					
Gains on remeasurement of defined benefit plans		2,740	-	781	9
Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income		( 657 )	-	( 632 )	( 7 )
Income tax expenses related to components that will not be reclassified to profit or loss		-	-	-	-
<b>Total other comprehensive income</b>		2,083	-	149	2
<b>Total comprehensive income (loss) for the year</b>		\$ 447,553	22	( \$ 120,404 )	( 1,381 )
<b>Net income (loss) attributable to</b>					
Owners of the parent company		\$ 451,652	22	( \$ 114,623 )	( 1,315 )
Non-controlling interests		( 6,182 )	-	( 5,930 )	( 68 )
		\$ 445,470	22	( \$ 120,553 )	( 1,383 )
<b>Total comprehensive income (loss) attributable to</b>					
Owners of the parent company		\$ 453,735	22	( \$ 114,474 )	( 1,313 )
Non-controlling interests		( 6,182 )	-	( 5,930 )	( 68 )
		\$ 447,553	22	( \$ 120,404 )	( 1,381 )
<b>Earnings per share (In New Taiwan dollars)</b>	6.(29)				
Basic earnings per share		\$ 0.56		( \$ 0.20 )	
Diluted earnings per share		\$ 0.56			

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, 2022 and 2021

(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, 2021	\$ 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
	7,207,525	1,018,613	237,247	-	42,822	1,929	8,508,136	252,422	8,760,558
Net loss for the year	-	-	-	-	( 114,623 )	-	( 114,623 )	( 5,930 )	( 120,553 )
Other comprehensive income	-	-	-	-	781	( 632 )	149	-	149
Total comprehensive income	-	-	-	-	( 113,842 )	( 632 )	( 114,474 )	( 5,930 )	( 120,404 )
Balance, December 31, 2021	7,207,525	1,018,613	237,247	-	( 71,020 )	1,297	8,393,662	246,492	8,640,154
Issue of shares	1,192,355	238,471	-	-	-	-	1,430,826	-	1,430,826
	8,399,880	1,257,084	237,247	-	( 71,020 )	1,297	9,824,488	246,492	10,070,980
Net income for the year	-	-	-	-	451,652	-	451,652	( 6,182 )	445,470
Other comprehensive income	-	-	-	-	2,740	( 657 )	2,083	-	2,083
Total comprehensive income	-	-	-	-	454,392	( 657 )	453,735	( 6,182 )	447,553
Balance, December 31, 2022	\$ 8,399,880	\$ 1,257,084	\$ 237,247	\$ -	\$ 383,372	\$ 640	\$ 10,278,223	\$ 240,310	\$ 10,518,533

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, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

	For the year ended December 31,	
	2022	2021
<b>Cash flows from operating activities</b>		
Income (loss) before income tax for the year	\$ 404,243	(\$ 118,831)
Adjustments for:		
Income and expenses having no effect on cash flows		
Depreciation expenses	5,803	5,011
Amortization expenses	291	272
Interest income	( 4,695 )	( 1,918 )
Dividend revenue	( 1,747 )	( 1,798 )
Interest expense	15,457	38,135
(Gain) loss on foreign exchange, net	( 5,932 )	2,364
Gain on disposal of investments	-	( 289 )
Changes in operating assets and liabilities		
Increase in notes receivable	( 6,151 )	( 1,483 )
Increase in accounts receivable	( 300 )	-
Increase in other receivables	53	38,397
Increase in inventories	( 2,832,354 )	( 7,594,969 )
Increase in prepayments	( 111,739 )	( 74,159 )
(Increase) decrease in other current financial assets	( 627,408 )	53,982
Increase in other current assets, others	( 379 )	-
Increase in current contract liabilities	416,506	189,973
Increase in notes payable	28,964	107,138
Increase in accounts payable	11,536	39,166
Decrease in accounts payable to related parties	-	( 94,571 )
Increase in other payables	63,902	6,584
Increase in current provisions	135	346
Decrease in advance receipts	( 23,203 )	( 64 )
Increase in other current liabilities, others	2,864	1,918
Increase in net defined benefit assets	( 188 )	( 7 )
<b>Cash outflows used in operations</b>	( 2,664,342 )	( 7,404,803 )
Interest received	4,695	1,931
Interest paid	( 165,494 )	( 95,352 )
Dividend received	1,747	1,798
Income taxes (paid) refund (including land value increment tax)	( 3,788 )	188
<b>Net cash used in operating activities</b>	( 2,827,182 )	( 7,496,238 )

(Continued on next page)

**Delpha Construction Co., Ltd. and Subsidiaries**

**Consolidated statement of cash flows**

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

	For the year ended December 31,	
	2022	2021
<b>Cash flows from investing activities</b>		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	913
Acquisition of property, plant and equipment	( 3,254 )	( 3,452 )
Acquisition of subsidiary	-	( 11,410 )
Decrease in guarantee deposits paid	10,303	22,077
<b>Net cash flows generated from investing activities</b>	<b>7,049</b>	<b>8,128</b>
<b>Cash flows from financing activities</b>		
(Decrease) increase in current borrowings	( 381,721 )	3,075,721
(Decrease) increase in short-term notes and bills payable	( 38 )	49,998
Increase in non-current portion of non-current borrowings	798,851	4,047,084
Repayment of non-current portion of non-current borrowings	( 60,000 )	( 711,900 )
Payment of lease liability	( 2,380 )	( 2,323 )
Increase (decrease) in guarantee deposits received	2,425	( 9,138 )
Proceeds from issuing shares	1,430,826	2,360,000
<b>Net cash flows generated from financing activities</b>	<b>1,787,963</b>	<b>8,809,442</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>5,932</b>	<b>( 2,364 )</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>( 1,026,238 )</b>	<b>1,318,968</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>3,161,810</b>	<b>1,842,842</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 2,135,572</b>	<b>\$ 3,161,810</b>

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 15, 2023.

### 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 and announced by the Financial Supervisory Commission ("FSC").

A. IFRSs, IAS and interpretations endorsed and announced 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	January 1, 2022

(Continued on next page)



(Continued from previous page)

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" 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

January 1, 2022

(Continued on next page)

(Continued from previous page)

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.

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.      January 1, 2022

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.

Annual improvements - 2018-2020 cycle      (1) IFRS 1 "Subsidiary as first-time adopter"      January 1, 2022

This amendment allows the subsidiaries select to adopt IFRS 1 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

(Continued on next page)

(Continued from previous page)

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.

(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 2023 are as follows:

New standards, interpretations and amendments	Main amendments	IASB effective date
Disclosure of Accounting Policies (amendments to IAS 1)	This amendment requires companies to disclose information about their material significant accounting policies information, instead of their significant accounting policies. This amendment clarifies how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material.	January 1, 2023
Definition of accounting estimates (amendments to IAS 8)	The amendment clarifies how an entity should distinguish between changes in accounting policies and changes in accounting estimates. The amendment also clarifies that changes in accounting estimates resulting from new information or new developments are not corrections of errors. 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)	This amendment requires the entity to recognize the relevant deferred income tax assets and liabilities for specific transactions that generate the same amount of taxable and	January 1, 2023

(Continued on next page)

(Continued from previous page)

deductible temporary differences at the time of original recognition.

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
Lease Liability in a Sale and Leaseback (amendment to IFRS 16)	This amendment states how a seller-lessee applied its subsequent measurement for the related right-of-use asset and lease liabilities arising	January 1, 2024

(Continued on next page)

(Continued from previous page)

from a sale and leaseback transaction, where the lease payments are variable lease payments that do not depend on an index or rate; and the seller-lessee should determine the lease payments or revised lease payments such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee. And the new sample is provided for reference.

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 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

January 1, 2023

Continued on next page)

(Continued from previous page)

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 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

January 1, 2023

(Continued on next page)

(Continued from previous page)

	have not changed the basics of the standard in principle.	
Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)	<p>This amendment allows enterprise to choose to apply the classification overlay approach for each comparative period reported in the initial application of IFRS 17.</p> <p>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 overlay approach.</p>	January 1, 2023
Classification of Liabilities as Current or Non-current (amendments to IAS 1)	<p>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</p>	January 1, 2024

(Continued on next page)



(Continued from previous page)

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.

Non-current Liabilities with Covenants (amendments to IAS 1)	This amendment clarifies that the contractual terms to which an entity is bound after the end of the reporting period do not affect the classification of liabilities as current or non-current. In addition, this amendment increases the disclosure of non-current liabilities subject to terms.	January 1, 2024
--	--	-----------------

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 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 in accordance with IFRSs, IAS and interpretations as endorsed by the FSC 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,		
			2022	2021	
The Company	Huachien Development Co.,Ltd. ("Huachien")	Development, selling and leasing	58	58	-
The Company	Huajian Construction Co., Ltd. ("Huajian")	Construction industry	100	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, 2022 and 2021, the Group's non-controlling interest is amounted to \$240,310 thousand and \$246,492 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,			
		2022		2021	
		Amount	Ownership %	Amount	Ownership %
Huachien	Taipei, Taiwan	\$ 240,310	42	\$ 246,492	42

Summarized financial information of the subsidiaries:

Balance sheet

	Huachien	
	December 31,	
	2022	2021
Current assets	\$ 1,267,305	\$ 1,247,833
Non-current assets	62,864	65,220
Current liabilities	( 32,685 )	( 15,261 )
Non-current liabilities	( 730,557 )	( 716,018 )
Total net assets	<u>\$ 566,927</u>	<u>\$ 581,774</u>

Statement of comprehensive income

	Huachien	
	For the year ended December 31,	
	2022	2021
Revenue	\$ 8,437	\$ 8,016
Loss before income tax	( 14,847 )	( 14,243 )
Income tax expense	-	-
Net loss for the year	( 14,847 )	( 14,243 )
Other comprehensive loss for the year	-	-
Total comprehensive loss for the year	<u>( \$ 14,847 )</u>	<u>( \$ 14,243 )</u>
Comprehensive loss attributable to non-controlling interest	<u>( \$ 6,182 )</u>	<u>( \$ 5,930 )</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

## Statements of cash flows

	Huachien	
	For the year ended December 31,	
	2022	2021
Net cash used in operating activities	(\$ 14,980 )	(\$ 12,476 )
Net cash generated from investing activities	-	10
Net cash generated from financing activities	29,500	9,042
Increase (decrease) in cash and cash equivalents	14,520	( 3,424 )
Cash and cash equivalents, beginning of year	4,599	8,023
Cash and cash equivalents, end of year	\$ 19,119	\$ 4,599

### *(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 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.

*(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 Group as effect of discounting is immaterial.

*(9) 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.

*(10) 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.

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

A. Based on the term of a lease contract, a lease is classified as a 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 be recorded as a receivable, at an amount equal to the total investment (including original direct costs) in the lease. The difference between total lease receivables and present value should be recorded 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 and 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 the floor space method and the 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) 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.

*(14) 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.

*(15) Intangible Assets*

Goodwill

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

*(16) 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.

*(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 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.

(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 Group as effect of discounting is immaterial.

(19) *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.

(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 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 with drawable 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 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.

*(22) 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.

(23) 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.

*(24) 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.

*(25) 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.

*(26) 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, 2022, the Group's carrying amount of inventories is \$16,760,895 thousand.

## 6. Details of significant accounts

(1) *Cash and cash equivalents*

	December 31,	
	2022	2021
Cash on hand and working capital	\$ 480	\$ 360
Checking accounts and demand deposits	2,135,092	3,161,450
Total	<u>\$ 2,135,572</u>	<u>\$ 3,160,810</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 Group did not pledge its cash and cash equivalents.

(2) *Financial assets at fair value through other comprehensive income*

	December 31,	
	2022	2021
Investments in equity instrument measured at fair value through other comprehensive income:		
Unlisted equity investments	\$ 2,530	\$ 3,187
Current	\$ -	\$ -
Non-current	2,530	3,187
Total	\$ 2,530	\$ 3,187

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 Group recovered the capital of \$860 thousand.

C. 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 Group recovered the remaining capital of \$43 thousand.

D. 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.

E. The amount recognized in other comprehensive income by the Group in 2022 and 2021 is a loss of \$657 thousand and a loss of \$632 thousand respectively.

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

(3) *Notes receivable and accounts receivable*

	December 31,	
	2022	2021
Notes receivable	\$ 9,281	\$ 3,130
Less: allowance for doubtful accounts	-	-
Subtotal	<u>9,281</u>	<u>3,130</u>
Accounts receivable	306	6
Less: allowance for doubtful accounts	-	-
Subtotal	<u>306</u>	<u>6</u>
Total	<u>\$ 9,587</u>	<u>\$ 3,136</u>

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, 2022 and 2021 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,	
	2022	2021
Not past due	\$ 9,587	\$ 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>\$ 9,587</u>	<u>\$ 3,136</u>

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

December 31, 2022	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts	
			(Lifetime expected credit loss)	Amortized cost
Not past due	-	\$ 9,587	\$ -	\$ 9,587
Past due less than 1 month	-	-	-	-
Past due 1 - 3 months	-	-	-	-
Past due 3 - 6 months	-	-	-	-
Past due over 6 months	-	-	-	-
<b>Total</b>		<b>\$ 9,587</b>	<b>\$ -</b>	<b>\$ 9,587</b>

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	-	-	-	-
<b>Total</b>		<b>\$ 3,136</b>	<b>\$ -</b>	<b>\$ 3,136</b>

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

(4) *Other receivables*

	December 31,	
	2022	2021
Other receivables	\$ 16,245	\$ 16,298
Less: allowance for doubtful accounts	( 16,245 )	( 16,245 )
<b>Total</b>	<b>\$ -</b>	<b>\$ 53</b>



(5) Inventories

	December 31,	
	2022	2021
Lands for sale	\$ 46,636	\$ 52,177
Buildings for sale	26,177	28,986
Lands held for construction	13,005,628	12,461,928
Land held for floor-area-ratio transfer	261	261
Construction in progress	4,030,670	1,608,712
Prepayment for land	29,993	13,540
Less: allowance for decline in market value and obsolescence	( 378,470 )	( 389,396 )
Total	\$ 16,760,895	\$ 13,776,208

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

Case	December 31,			
	2022		2021	
	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
Shi Tan Duan A	43,261	20,266	43,261	20,266
Total	\$ 46,636	\$ 26,177	\$ 52,177	\$ 28,986

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

Case	December 31,			
	2022		2021	
	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	37,488	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
Huai Sheng Duan	1,418,917	49,001	1,418,917	17,114
Yun He Jie A	-	-	621,454	269,040
Yun He Jie B	1,712	-	1,712	-
Wen Lin Bei Lu	443,418	976	285,172	976
Xin Bi Duan A	801,292	656,349	801,292	266,247
Xin Bi Duan B	652,192	189,499	-	-
Le Jie Duan A	476,602	407,518	476,602	186,169
Le Jie Duan B	507,401	105,407	507,401	91,302
Qing Xi Duan A	303,381	228,769	303,381	107,190
Qing Xi Duan B	1,133,407	373,234	1,133,407	131,679
Shalu New Station Duan	175,962	154,818	175,962	27,898
Shanjie Duan	333,179	163,949	333,179	1
Wuri New High-speed Railway	3,895,809	1,364,161	3,895,809	40,829
Qing An Duan	656,423	39,595	616,355	-
San Zuo Wu Duan	388,088	24,344	-	-
Total	<u>\$ 13,005,628</u>	<u>\$ 4,030,670</u>	<u>\$ 12,461,928</u>	<u>\$ 1,608,712</u>

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

Case	December 31,	
	2022	2021
Zheng Ying Duan, Taichung City	<u>\$ 261</u>	<u>\$ 261</u>

D. Detail for prepayment for land:

Case	December 31,	
	2022	2021
Qing An Duan	\$ -	\$ 13,540
Wen Lin Bei Lu	29,993	-
	<u>\$ 29,993</u>	<u>\$ 13,540</u>

E. For the years ended December 31, 2022 and 2021, the interest capitalized as cost of inventory amounted to \$152,333 thousand and \$60,200 thousand respectively. Annual interest rate used for capitalization for the years ended December 31, 2022 and 2021 was 2.0186% and 1.6738%, 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, 2022, the Group's contracted the procurement material and outsourcing projects of Yun He Jie A, Rong Hsing Duan, Shi Tan Duan A, Huai Sheng Duan, Xin Bi Duan A, Le Jie Duan A, Le Jie Duan B, Qing Xi Duan A, Qing Xi Duan B, Shalu New Station Duan, Wuri New High-speed Railway and Shanjie Duan for \$3,263,833 thousand in total, and \$1,830,745 thousand have been paid.

(B) As of December 31, 2022, 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,	
	2022	2021
Cost of sales	\$ 1,371,787	\$ -
Gain from price recovery of inventory (	10,926)	-
Total	<u>\$ 1,360,861</u>	<u>\$ -</u>

(6) Other current financial assets

	December 31,	
	2022	2021
Cash in bank	\$ 784,447	\$ 157,039
Current	\$ 784,447	\$ 157,039
Non-current	-	-
Total	\$ 784,447	\$ 157,039

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

(7) Property, plant and equipment

	Lands	Buildings	Transportation	Office	Leasehold	Other	Total
			equipment	equipment	improvements	equipment	
<u>Cost</u>							
At January 1, 2022	\$ 94,331	\$ 38,958	\$ 639	\$ 8,847	\$ 1,851	\$ 257	\$ 144,883
Additions	-	216	1,618	1,420	-	-	3,254
Disposals	-	-	-	( 93 )	-	-	( 93 )
At December 31, 2022	\$ 94,331	\$ 39,174	\$ 2,257	\$ 10,174	\$ 1,851	\$ 257	\$ 148,044
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	\$ 94,331	\$ 38,958	\$ 639	\$ 8,847	\$ 1,851	\$ 257	\$ 144,883
	Lands	Buildings	Transportation	Office	Leasehold	Other	Total
			equipment	equipment	improvements	equipment	
<u>Accumulated depreciation and impairment</u>							
At January 1, 2022	\$ -	\$ 19,003	\$ 439	\$ 6,290	\$ 360	\$ 229	\$ 26,321
Depreciation	-	1,561	322	999	616	-	3,498
Disposals	-	-	-	( 93 )	-	-	( 93 )
At December 31, 2022	\$ -	\$ 20,564	\$ 761	\$ 7,196	\$ 976	\$ 229	\$ 29,726

	Lands	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
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
<u>Net book value</u>							
At December 31, 2022	\$ 94,331	\$ 18,610	\$ 1,496	\$ 2,978	\$ 875	\$ 28	\$ 118,318
At December 31, 2021	\$ 94,331	\$ 19,955	\$ 200	\$ 2,557	\$ 1,491	\$ 28	\$ 118,562

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

(8) *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, 2022 and 2021, the Group's lease payment for short-term lease commitments were \$325 thousand and \$419 thousand, respectively.
- C. The carrying amounts of the right-of-use asset and the depreciation expense recognized are as follows:

	December 31, 2022	For the year ended December 31, 2022	December 31, 2021	For the year ended December 31, 2021
	<u>Carrying amount</u>	<u>Depreciation</u>	<u>Carrying amount</u>	<u>Depreciation</u>
Buildings	\$ 3,015	\$ 2,305	\$ 5,320	\$ 2,247

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

	<u>Buildings</u>	
January 1, 2022	\$	5,320
Depreciation expenses	(	2,305)
December 31, 2022	<u>\$</u>	<u>3,015</u>
January 1, 2021	\$	6,571
Additions		996
Depreciation expenses	(	2,247)
December 31, 2021	<u>\$</u>	<u>5,320</u>

E. The right-of-use assets of the Group increased by \$0 thousand and \$996 thousand in 2022 and 2021, 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>2022</u>	<u>2021</u>
Interest expense on lease liabilities	( \$ 75 )	( \$ 112 )
Expense on short-term lease	( \$ 1,981 )	( \$ 661 )
Expense on lease of low-value assets	( \$ 657 )	( \$ 311 )

G. The total cash outflow for the leases of the Group in 2022 and 2021 amounted to \$5,018 thousand and \$3,295 thousand, respectively.

*(9) 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.

B. The Group respectively recognized the rental income from operating lease contracts of \$10,619 thousand and \$8,718 thousand in 2022 and 2021, 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,	
	2022	2021
At December 31, 2022	\$ -	\$ 6,335
At December 31, 2023	8,368	2,017
At December 31, 2024	4,941	758
At December 31, 2025	3,359	384
At December 31, 2026	-	-
Total	<u>\$ 16,668</u>	<u>\$ 9,494</u>

(10) *Intangible Assets*

	December 31,	
	2022	2021
Goodwill		
Costs	<u>\$ 11,410</u>	<u>\$ 11,410</u>

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

(11) *Impairment of non-financial assets*

For the years ended December 31, 2022 and 2021, the Group did not recognize an impairment loss or gain on reversal of impairment loss of property, plant and equipment.

(12) *Current borrowings*

	December 31,	
	2022	2021
Secured borrowings	\$ 3,026,000	\$ 2,647,721
Credit borrowings	583,000	1,343,000
Total	<u>\$ 3,609,000</u>	<u>\$ 3,990,721</u>
Interest rate range (%)	<u>2.1005 ~ 2.455</u>	<u>1.50 ~ 2.0345</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.

(13) *Short-term notes and bills payable*

		December 31,	
		2022	2021
	Acceptance agencies		
Short-term notes and bills payable	Notes and bills of Mega Bank	\$ 50,000	\$ 50,000
Less: unamortized discount		( 40 )	( 2 )
Total		<u>\$ 49,960</u>	<u>\$ 49,998</u>

The interest rates of short-term bills payable as of December 31, 2022 and 2021 were 1.84% and 0.65%, respectively, and the issuance of short-term bills is both limited to \$100,000 thousand.

(14) *Notes payable and accounts payable*

		December 31,	
		2022	2021
Notes payable		\$ 137,825	\$ 108,861
Accounts payable		68,321	79,485
Estimated accounts payable		30,598	7,898
Subtotal		98,919	87,383
Total		<u>\$ 236,744</u>	<u>\$ 196,244</u>



(15) *Non-current borrowings*

Details	December 31,	
	2022	2021
Secured non-current borrowings		
- The loan will be expired and repaid by a one-off payment in August 2023 and early repayment was made in March 2022. The floating interest rate as of December 31, 2021 was 1.945%.	\$ -	\$ 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, 2022 and 2021 were 2.181% and 1.68%, respectively.	724,000	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, 2022 and 2021 were 2.426% and 1.8%, respectively.	275,755	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, 2022 and 2021 were 2.425% and 1.8%, respectively.	2,142,400	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, 2022 and 2021 were 2.181% and 1.68%, respectively.	96,400	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, 2022 and 2021 were 2.181% and 1.68%, respectively.	5,000	5,000

(Continued on next page)

(Continued from previous page)

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, 2022 and 2021 were 2.5% and 2.15%, respectively.

200,000 200,000

Secured non-current borrowings

- Starting from January 2022, 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 September 2025, with floating interest rate. The interest rate as of December 31, 2022 was 2.560677%.

181,000 -

- Starting from May 2022, the repayment will be at a minimum of 70% of actual sales price if there is a sale of property. The repayment of the remaining amount will be a one-off payment in May 2026, with floating interest rate. The interest rate as of December 31, 2022 was 2.425%.

257,000 -

- Starting from November 2022, the repayment will be at a minimum of 70% of actual sales price if there is a sale of property. The repayment of the remaining amount will be a one-off payment in May 2026, with floating interest rate. The interest rate as of December 31, 2022 was 2.475%.

93,000 -

- Starting from December 2022, the repayment will be a one-off payment in June 2026, with floating interest rate. The interest rate as of December 31, 2022 was 2.7287%.

142,500 -

- 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, 2022 and 2021 were 2.181% and 1.68%, respectively.

728,880 714,980

Total 4,845,935 4,107,084

Less: non-current borrowings expired within an operating cycle

( 3,499,555 ) ( 211,400 )

Net \$ 1,346,380 \$ 3,895,684

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

Due by	Amount
December 31, 2023	\$ 25,000
December 31, 2024	126,400
December 31, 2025	3,348,155
December 31, 2026	617,500
December 31, 2027	728,880
After December 31, 2027	-
Total	<u>\$ 4,845,935</u>

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 for formally hired employees 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,	
	2022	2021
Present value of funded obligations	(\$ 17,337)	(\$ 19,759)
Fair value of plan assets	24,172	23,666
Net defined benefit assets	<u>\$ 6,835</u>	<u>\$ 3,907</u>

(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, 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>
	Present value of funded obligations	Fair value of plan assets	Net defined benefit assets
<u>For the year ended December 31, 2022</u>			
Balance as of January 1	( \$ 19,759 )	\$ 23,666	\$ 3,907
Interest (expense) income	( 109 )	130	21
	<u>( 19,868 )</u>	<u>23,796</u>	<u>3,928</u>
Remeasurements			
Impact of change in financial assumptions			
	1,210	-	1,210
Examined adjustments	( 288 )	1,818	1,530
	<u>922</u>	<u>1,818</u>	<u>2,740</u>
Employer Contribution	-	167	167
Actual benefit payments	1,609	( 1,609 )	-
	<u>1,609</u>	<u>( 1,442 )</u>	<u>167</u>
Balance as of December 31	<u>( \$ 17,337 )</u>	<u>\$ 24,172</u>	<u>\$ 6,835</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, 2022 and 2021 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,	
	2022	2021
Discount rate	1.29%	0.55%
Future salary increases	3.00%	3.00%
Expected return on plan assets	1.29%	0.55%

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, 2022	0.5%	0.5%	0.5%	0.5%
Impact on present value of defined benefit obligation	(\$ 753 )	\$ 799	\$ 782	(\$ 745 )

	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	(\$ 931 )	\$ 991	\$ 962	(\$ 914 )

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, 2022 amounting to \$0 thousand.
- (G) As of December 31, 2022, the weighted average period for the pension plan is 9 years.

Analysis of the pension payment past due is as follow:

Less than a year	\$	14,486
One to two years		-
Two to five years		889
Over five years		175
	\$	<u>15,550</u>

#### B. Defined contribution plan

Effective from 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, 2022 and 2021 were \$2,678 thousand and \$2,035 thousand, respectively.

(17) Provisions

	Provisions for employee benefits
At January 1, 2021	\$ 761
Addition during the year	1,107
Used during the year	( 761 )
At December 31, 2021	1,107
Addition during the year	1,242
Used during the year	( 1,107 )
At December 31, 2022	\$ 1,242

Analysis of provisions was as follow:

	December 31,	
	2022	2021
Current	\$ 1,242	\$ 1,107
Non-current	\$ -	\$ -

(18) Ordinary share

A. As of December 31, 2022, the Company's authorized capital was \$12,000,000 thousand with par value of \$10 per share. As of December 31, 2022 and 2021, total paid-in capital were \$8,399,880 thousand and \$7,207,525 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
February 24, 2022	53,571	12.00
May 9, 2022	65,664	12.00

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

	Number of outstanding shares (in thousand)	
	For the year ended December 31,	
	2022	2021
At January 1	\$ 720,753	\$ 520,753
Issue of shares – private placement	119,235	200,000
At December 31	<u>\$ 839,988</u>	<u>\$ 720,753</u>

D. 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 this private placement of ordinary shares 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 make up the application of the public offering.

E. On November 30, 2021, the Company has passed the resolution of the extraordinary shareholders' meeting to issue ordinary shares through private placements. The issuance does not exceed 140,000,000 shares, and it is processed once to three times within a year from the resolution date of the extraordinary meeting of shareholders. On February 10 and April 25, 2022, the board of directors passed a resolution to issue ordinary shares of 53,571 thousand shares and 65,664 thousand shares respectively, with a par value of \$10 per share and an issue price of \$12 per share. The reference dates of the increase of capital were on February 24 and May 9, 2022, respectively; and the application for change of registration with the Ministry of Economic of Affairs has been completed. The rights and



obligations of this private placement of ordinary shares are the same as those of other shares, except that there are restrictions on circulation and transfer stipulated by the Securities and Exchange Act; and the application for public listing must be completed after three years from the delivery date and make up the application of the public offering.

(19) *Capital surplus*

	December 31,	
	2022	2021
Ordinary shares premium	\$ 1,247,904	\$ 1,009,433
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>\$ 1,257,084</u>	<u>\$ 1,018,613</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.

(20) *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 Company's distribution of earnings or appropriation of loss shall be made after the end of each half of the fiscal year. If the Company has a proposal of earnings distribution or appropriation of loss in the first half of the fiscal year, it shall be submitted to the board of directors for resolution before the end of the second half of the fiscal year. When distributing earnings, the Company shall first estimate and reserve the taxes to be paid, offset its losses in accordance with the relevant laws and regulations and set aside legal reserves, set aside or reverse special reserves. The legal reserve should be set aside until it reached the paid-in capital. The distribution of earnings in cash shall be resolved by the board of directors, and the issuance of new shares shall be resolved by the shareholders' meeting.

If the Company has earnings in its annual final accounts, it shall first pay taxes and offset the accumulated losses over the years; however, this does not apply when the accumulated legal reserve has reached the total paid-in capital of the Company. Secondly, 10% of the remaining earnings shall be set aside as a legal reserve, or appropriate to or reverse to a special reserve

according to relevant regulations or as requested by the competent authority. For the remaining balance of earnings plus the accumulated undistributed earnings in the first half of the fiscal year, the board of directors can plan an earnings distribution proposal to allocate 0% to 100% of the distributable earnings each year to distribute shareholder dividends, and then to submit at the shareholders' meeting, but if the distributable earnings are less than 5% of the Company's paid-in capital, it may not be distributed.

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. The Company passed the resolution of the board of directors on August 11, 2022 that it will not distribute the earnings due to losses in the first half of 2022. In addition, on June 30, 2022 and August 5, 2021, the Company passed a resolution at the general meeting of shareholders to not distribute earnings due to losses in 2021 and 2020, respectively.

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

(21) *Non-controlling interests*

	For the year ended December 31,	
	2022	2021
At January 1	\$ 246,492	\$ 252,422
Share attributable to non-controlling interests:		
Loss for the year	( 6,182 )	( 5,930 )
At December 31	<u>\$ 240,310</u>	<u>\$ 246,492</u>

(22) *Revenue*

	For the year ended December 31,	
	2022	2021
Revenue from customer contracts		
Sales revenue - lands	\$ 1,502,739	\$ -
Sales revenue - buildings	480,923	-
	<u>1,983,662</u>	<u>-</u>
Rental income	10,619	8,718
Total	<u>\$ 1,994,281</u>	<u>\$ 8,718</u>

A. The Group's revenue from customer contracts recognized at a point in time in 2022 and 2021 were as follows:

	For the year ended December 31,	
	2022	2021
Revenue recognized at a point in time	\$ 1,983,662	\$ -

B. Contracts liabilities

	December 31,	
	2022	2021
Contracts liabilities:		
Sales of properties	\$ 948,965	\$ 532,459

The Group's contract liabilities for the current period increased as compared to December 31, 2021 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 2022 and 2021, the amounts of revenue recognized in 2022 and 2021 were \$474,929 thousand and \$0 thousand, respectively.

(23) *Other income*

	For the year ended December 31,	
	2022	2021
Interest income:		
Interest on bank deposits	\$ 4,692	\$ 1,914
Other interest income	3	4
	4,695	1,918
Dividend income	1,747	1,798
Other income - other	7,589	7,660
Total	\$ 14,031	\$ 11,376

(24) *Other gains and losses*

	For the year ended December 31,	
	2022	2021
Net currency exchange gain (loss)	\$ 5,932	(\$ 2,364)
Gain on disposal of investment	-	289
Other non-operating losses	-	(3,000)
Total	\$ 5,932	(\$ 5,075)

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

	For the year ended December 31,					
	2022			2021		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefit expenses	\$ 23,298	\$ 80,728	\$ 104,026	\$ 8,068	\$ 53,716	\$ 61,784
Depreciation expenses	129	5,674	5,803	9	5,002	5,011
Amortization expenses	64	227	291	55	217	272

(26) *Employee benefit expenses*

	For the year ended December 31,	
	2022	2021
Wages and salaries	\$ 80,755	\$ 49,136
Director's remuneration	7,454	3,977
Labor and health insurance contribution	5,340	3,805
Pension costs	2,919	2,028
Other personnel expenses	7,558	2,838
Total	\$ 104,026	\$ 61,784

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 2022 and 2021, the employees' compensation and directors' remuneration of the Company were \$1,707 thousand, \$3,414 thousand, \$0

thousand and \$0 thousand, respectively.

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.

(27) *Finance costs*

	For the year ended December 31,	
	2022	2021
Interest expense		
Bank loans	\$ 167,790	\$ 98,335
Less: capitalization of qualifying assets	( 152,333 )	( 60,200 )
Total	<u>\$ 15,457</u>	<u>\$ 38,135</u>

(28) *Income tax*

A. Income tax expense

Components of income tax expense:

	For the year ended December 31,	
	2022	2021
Current income tax for the year		
Current income tax expenses	\$ 5,913	\$ 1,743
Land value increment tax included in current income tax for the year	773	-
Current income tax for the year	<u>6,686</u>	<u>1,743</u>
Deferred tax		
Relating to origination and reversal of temporary differences	( 47,913 )	( 21 )
Income tax (income) expense	<u>( \$ 41,227 )</u>	<u>\$ 1,722</u>

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

	For the year ended December 31,	
	2022	2021
Income before income tax	\$ 404,243	(\$ 118,831 )
Income tax expense at statutory rate	80,849	( 23,766 )
Tax effect of adjusting items		
Permanent differences	9,747	10,666
Loss on unrecognized deferred tax assets	251	13,737
Unrecognized temporary differences	( 2,753 )	1,085
Change in assessment of the realizability of deferred tax assets	( 130,094 )	-
Land value increment tax	773	-
Income tax (income) expense	<u>(\$ 41,227 )</u>	<u>\$ 1,722</u>

C. Deferred income tax assets are as follows:

	For the year ended December 31, 2022			
	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	At December 31
Deferred tax assets				
Current				
provisions	\$ 21	\$ 221	\$ -	\$ 242
Net defined benefit liabilities - non-current	-	1,368	-	1,368
Unrealized exchange gains and losses	-	1,102	-	1,102
Loss carry forward	-	45,222	-	45,222
	<u>\$ 21</u>	<u>\$ 47,913</u>	<u>\$ -</u>	<u>\$ 47,934</u>

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

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

	December 31,	
	2022	2021
Loss carry forward		
Expired in 2023	\$ 272	\$ 8,978
Expired in 2024	-	21,519
Expired in 2025	-	34,776
Expired in 2026	-	14,432
Expired in 2027	952	9,366
Expired in 2028	-	19,351
Expired in 2029	-	1,845
Expired in 2030	439	4,288
Expired in 2031	540	13,737
Expired in 2032	251	-
	<u>2,454</u>	<u>128,292</u>
Deductible temporary differences		
Contract liabilities	-	1,133
Inventories	75,694	77,317
Allowance for doubtful accounts	3,249	3,249
Financial assets at fair value through other comprehensive income	21,612	21,612
Prepayments	546	546
Unrealized exchange gains and losses	-	2,946
Net defined benefit liabilities - non-current	-	1,372
Current provisions	6	201
	<u>101,107</u>	<u>108,376</u>
Total	\$ <u>103,561</u>	\$ <u>236,668</u>



E. The Company's income tax returns through 2020 have been assessed by the Tax Authority.

(29) *Earnings per share*

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

	<u>For the year ended December 31, 2022</u>		
	<u>Amount after tax</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>			
Profit attributable to the Company	<u>\$ 451,652</u>	<u>809,035</u>	<u>\$ 0.56</u>
<u>Diluted earnings per share</u>			
Profit attributable to the Company	451,562	809,035	
Effect of potentially dilutive common shares			
Employees' compensation	<u>-</u>	<u>99</u>	
Profit attributable to Company's common shareholder	<u>\$ 451,562</u>	<u>809,134</u>	<u>\$ 0.56</u>

	<u>For the year ended December 31, 2021</u>		
	<u>Amount after tax</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	<u>(\$ 114,623 )</u>	<u>584,065</u>	<u>(\$ 0.20 )</u>

Diluted earnings per share  
None.

(30) *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.

(31) *Changes in liabilities from financing activities*

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

	<u>January 1, 2022</u>	<u>Cash flow</u>	<u>Other non-cash</u>	<u>December 31, 2022</u>
Current borrowings	\$ 3,990,721	( \$ 381,721 )	\$ -	\$ 3,609,000
Short-term notes and bills payable	49,998	( 38 )	-	49,960
Lease liabilities	5,384	( 2,380 )	75	3,079
Non-current borrowings	4,107,084	738,851	-	4,845,935
Guarantee deposits	<u>1,167</u>	<u>2,425</u>	-	<u>3,592</u>
Liabilities from financing activities	<u>\$ 8,154,354</u>	<u>\$ 357,137</u>	<u>\$ 75</u>	<u>\$ 8,511,566</u>

	<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>

## 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
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

	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Sales revenue of lands and buildings		
Other related parties	<u>\$ 29,816</u>	<u>\$ -</u>

#### B. Purchase

	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Cost of lands		
Other related parties	<u>\$ -</u>	<u>\$ 511,888</u>

C. Construction expense

	For the year ended December 31,	
	2022	2021
Miscellaneous expenses		
He Feng Investment Co., Ltd.	\$ -	\$ 21,875
Finance costs		
Paoguo Real Estate Management Co., Ltd.	\$ 3,390	\$ 686

D. General & administrative expenses

	For the year ended December 31,	
	2022	2021
Miscellaneous expenses		
Other related parties	\$ 41	\$ 74

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

	December 31,	
	2022	2021
Refundable deposit		
Other related parties	\$ -	\$ 2,442

(3) Key management compensation

	For the year ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	\$ 22,417	\$ 9,298
Termination benefits	-	-
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Share-based payment	-	-
Total	\$ 22,417	\$ 9,298

## 8. Pledge of assets

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

Pledged assets	Purposes	Book value	
		December 31,	
		2022	2021
Inventories			
Lands held for construction	Current borrowings and non-current borrowings	\$ 11,781,985	10,448,708
Construction in progress	Current borrowings and non-current borrowings	2,013,960	502,409
Property, plant and equipment			
Lands	Current borrowings	94,331	94,331
Buildings	Current borrowings	18,610	19,955
Other equipment	Current borrowings	28	28
Other current financial assets	Trust account	784,447	157,039
Total		<u>\$ 14,693,361</u>	<u>\$ 11,222,470</u>

## 9. Significant contingent liabilities and unrecognized commitments

- A. As of December 31, 2022, the Group received the promissory notes from the contractors and customers amounting to \$111,692 thousand.
- B. As of December 31, 2022, the deposit guarantee notes issued by the Company to the landlord amounted to \$146,215 thousand.
- C. As of December 31, 2022, the Company signed the contracts of pre-sale of properties with customer amounted to \$6,994,200 thousand, and have been received \$922,660 thousand according to the contract amount.
- D. As of December 31, 2022, the Company has signed the sales contract but yet to transfer of title and delivery amounted to \$93,880 thousand, and the amount received according to the contract is \$26,310 thousand.
- E. As of December 31, 2022, the Group contracted the procurement material and project payments amounted to \$3,263,833 thousand, of which \$1,433,088 thousand was unpaid.

F. As of December 31, 2022, the total price of the land acquired by the Company but yet to transfer of title is \$49,988 thousand, and the contract amount of \$19,995 thousand remains unpaid.

#### **10. Significant disaster loss**

None.

#### **11. Significant events after the balance sheet date**

None.

#### **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	
	2022	2021
Total liabilities	\$ 9,799,367	\$ 8,935,962
Less: cash and cash equivalents	( 2,135,572 )	( 3,161,810 )
Net liabilities	7,663,795	5,774,152
Total equity	10,518,533	8,640,154
Capital adjustments	\$ 18,182,328	\$ 14,414,306
Debt-to-equity ratio	42.15%	40.06%

(2) *Financial instruments*

A. Financial instruments by category

	December 31,	
	2022	2021
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designated investments in equity instruments	\$ 2,530	\$ 3,187
Financial assets at amortized cost		
Cash and cash equivalents	\$ 2,135,572	\$ 3,161,810
Notes receivable	9,281	3,130
Accounts receivables	306	6
Other receivable	-	53
Other current financial assets	784,447	157,039
Guarantee deposits paid	28,633	38,936
	\$ 2,958,239	\$ 3,360,974
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Current borrowings	\$ 3,609,000	\$ 3,990,721
Short-term notes and bills payable	49,960	49,998
Notes payable	137,825	108,861
Accounts payable	98,919	87,383
Other payable	86,058	19,935
Non-current borrowings (including current portion)	4,845,935	4,107,084
Guarantee deposits	3,592	1,167
	\$ 8,831,289	\$ 8,365,149
Lease liabilities	\$ 3,079	\$ 5,384

## 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 avoid 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, 2022		
	Foreign currency amount	Exchange rate	Unrealized exchange gains and losses (NT\$)
	(in thousands)		
<u>Financial assets</u>			
US\$ : NT\$	\$ 38	30.710	\$ 2,867
CN¥ : NT\$	-	4.408	33
HK\$ : NT\$	-	3.938	6

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

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, 2022							
	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\$	\$ 38	30.710	\$ 1,166	5%	\$ 58	\$ -	
<u>Non-monetary items</u>							
US\$		55	30.710	1,675	5%	-	84
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

## 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 decreased by \$85,049 thousand and \$81,478 thousand for the years ended December 31, 2022 and 2021, 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 2022 and 2021 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 \$253 thousand and \$319 thousand for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, the total banking facilities that have not yet utilized by the Group were \$5,673,965 thousand and \$1,693,095 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, 2022				Total of undiscounted cash flows
	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Current borrowings	\$ 2,566,491	\$ 1,113,302	\$ -	\$ -	\$ 3,679,793
Short-term notes and bills payable	50,000	-	-	-	50,000
Notes payable	137,825	-	-	-	137,825
Accounts payable	98,919	-	-	-	98,919
Other payables	86,058	-	-	-	86,058
Lease liabilities	2,345	734	-	-	3,079
Non-current borrowings (include current portion)	139,357	3,648,279	1,385,747	-	5,173,383
Guarantee deposits received	2,509	1,083	-	-	3,592
<b>Total</b>	<b>\$ 3,083,504</b>	<b>\$ 4,763,398</b>	<b>\$ 1,385,747</b>	<b>\$ -</b>	<b>\$ 9,232,649</b>

	December 31, 2021				
	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total of undiscounted cash flows
<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>

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, 2022			
	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	\$ -	\$ -	\$ 2,530	\$ 2,530

	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

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 2022 and 2021.

F. Change in level 3

	For the year ended December 31,	
	2022	2021
January 1	\$ 3,187	\$ 2,898
Increase in the current period	-	1,781
Refund of capital after capital reduction in the current period	- (	860 )
Gain (losses) recognized in other comprehensive loss	( 657 )	( 632 )
December 31	<u>\$ 2,530</u>	<u>\$ 3,187</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, 2022	Evaluation techniques	Significant unobservable inputs	Relationship between input value and fair value
Non-derivative equity instruments:				
Venture capital stock	\$ 2,530	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, 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

## I. Sensitivity analysis of changes in significant unobservable inputs

		For the year ended December 31, 2022					
				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%	\$ -	\$ -	\$ 421	\$ 421	
		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	

### 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, 2022:

(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, 2022 (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	\$ 2,055,645	\$ 100,000	\$ 100,000	\$ 50,000	\$ --	0.97%	\$ 5,139,112	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, 2022 (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, 2022				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	\$ 1,675	5	\$ 1,675	-	\$ -
The Company	Stock	Hua Chi Venture Capital Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	8	855	2	855	-	-

Table 3

As of December 31, 2022, 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. 258, Xin Bi Duan, Lu Zhu District, Taoyuan City and relevant lands, etc.	January 24, 2022 (Signing date)	\$ 353,662	Pay according to the contract	Zhong-Jin Construction Co., Ltd.	Non-related party	-	-	-	\$ -	Valuation report	Construction of residential buildings	-

2.

Table 4

As of December 31, 2022, 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	Huajian	Subsidiary	Purchase	\$ 1,041,884	39.38%	Pay in installments according to the contract	\$ -	-	(\$ 124,756)	68.69%	Note 1
Huajian	The Company	Parent company	Sales	( 1,104,964)	100.00%	Receive payment in installment according to the contract	-	-	195,835	100.00%	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, 2022:

(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	\$ 155,856	Note 4	0.76%
1	Huajian	The Company	2	Notes receivable	195,835	Note 4	0.96%
1	Huajian	The Company	2	Revenue	1,104,964	Note 4	55.41%

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, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	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	\$ 330,858	(\$ 14,847)	(\$ 8,665)	-
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	339,000	35,000	100.00	320,937	23,166	12,967)	-

Table 7 Information of major shareholders

## Major shareholders of the Company as of December 31, 2022

(Unit: In thousand shares)

Name of major shareholders	Number shares held	Percentage of shareholding (%)
Chia Chun Investment Co., Ltd.	264,732	31.51
Da Shuo Investment Co., Ltd.	50,412	6.00

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, 2022

	The Company	Huachien	Huajian	Elimination & adjustment	Total
<b>Total segment revenue</b>					
Revenue from external customers	\$ 1,985,844	\$ 8,437	\$ -	\$ -	\$ 1,994,281
Inter-segment revenue	314	-	1,104,964	( 1,105,278 )	-
<b>Total</b>	<b>\$ 1,986,158</b>	<b>\$ 8,437</b>	<b>\$ 1,104,964</b>	<b>( \$ 1,105,278 )</b>	<b>\$ 1,994,281</b>
Interest income	\$ 4,353	\$ 15	\$ 327	\$ -	\$ 4,695
Interest expense	( 703 )	( 14,381 )	( 373 )	-	( 15,457 )
Depreciation	( 3,545 )	( 2,356 )	( 193 )	-	( 6,094 )
Share of loss of investment account for under equity method	( 21,632 )	-	-	21,632	-
Significant profit and loss items:					
Net currency exchange gain	5,932	-	-	-	5,932
<b>Segment net income (loss)</b>	<b>\$ 404,537</b>	<b>( \$ 14,847 )</b>	<b>\$ 29,053</b>	<b>( \$ 14,500 )</b>	<b>\$ 404,243</b>
<b>Assets</b>					
Long-term equity investment account for under equity method	\$ 651,795	\$ -	\$ -	( \$ 651,795 )	\$ -
Capital expenditure - non- current assets	2,565	-	689	-	3,254
<b>Segment assets</b>	<b>\$ 19,196,302</b>	<b>\$ 1,330,169</b>	<b>\$ 601,032</b>	<b>( \$ 809,603 )</b>	<b>\$ 20,317,900</b>
<b>Segment liabilities</b>	<b>\$ 8,918,079</b>	<b>\$ 763,242</b>	<b>\$ 243,442</b>	<b>( \$ 125,396 )</b>	<b>\$ 9,799,367</b>

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

For the year ended December 31, 2021

	Elimination &				
	The Company	Huachien	Huajian	adjustment	Total
<b>Total segment revenue</b>					
Revenue from external customers	\$ 702	\$ 8,016	\$ -	\$ -	\$ 8,718
Inter-segment revenue	266	-	344,313	( 344,579 )	-
<b>Total</b>	<b>\$ 968</b>	<b>\$ 8,016</b>	<b>\$ 344,313</b>	<b>( \$ 344,579 )</b>	<b>\$ 8,718</b>
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 )
<b>Segment net income (loss)</b>	<b>( \$ 114,623 )</b>	<b>( \$ 14,243 )</b>	<b>\$ 8,370</b>	<b>\$ 1,665</b>	<b>( \$ 118,831 )</b>
<b>Assets</b>					
Long-term equity investment account for under equity method					
	\$ 673,427	\$ -	\$ -	( \$ 673,427 )	\$ -
Capital expenditure - non- current assets					
	3,159	-	293	-	3,452
<b>Segment assets</b>	<b>\$ 16,465,824</b>	<b>\$ 1,313,053</b>	<b>\$ 494,773</b>	<b>( \$ 697,534 )</b>	<b>\$ 17,576,116</b>
<b>Segment liabilities</b>	<b>\$ 8,072,162</b>	<b>\$ 731,279</b>	<b>\$ 160,349</b>	<b>( \$ 27,828 )</b>	<b>\$ 8,935,962</b>

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,	
	2022	2021
Total segment revenue	\$ 3,099,559	\$ 353,297
Inter-segment elimination	( 1,105,278 )	( 344,579 )
Total revenue	<u>\$ 1,994,281</u>	<u>\$ 8,718</u>

B. Segment net income (loss)

	For the year ended December 31,	
	2022	2021
Segment net income (loss)	\$ 418,743	( \$ 120,496 )
Inter-segment elimination	( 14,500 )	1,665
Segment net income (loss) before income tax	<u>\$ 404,243</u>	<u>( \$ 118,831 )</u>

C. Segment assets

	December 31,	
	2022	2021
Total segment assets	\$ 21,127,503	\$ 18,273,650
Inter-segment elimination	( 809,603 )	( 697,534 )
Segment assets	<u>\$ 20,317,900</u>	<u>\$ 17,576,116</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,			
	2022	%	2021	%
Revenue - buildings	\$ 480,923	24	\$ -	-
Revenue - lands	1,502,739	75	-	-
Rental income	10,619	1	8,718	100
Total	<u>\$ 1,994,281</u>	<u>100</u>	<u>\$ 8,718</u>	<u>100</u>

(5) Geographical information

Location	For the year ended December 31,			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	<u>\$ 1,994,281</u>	<u>\$ 152,503</u>	<u>\$ 8,718</u>	<u>\$ 163,050</u>

(6) Major customer information

For the years ended December 31, 2022 and 2021, 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,			
	2022	%	2021	%
Customer A	\$ -	-	\$ 3,470	40
Customer B	-	-	977	11
Customer C	-	-	944	11

101

## **5. Parent Company Financial Statement for the Latest Year Audited by the CPAs:**

### **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, 2022 and 2021, 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, 2022 and 2021, 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 Certified 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, 2022. 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:

#### 1. Evaluation of inventories

Please refer to Note 4(11) 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(5) 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 81% 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 were 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



## **Independent Auditors' Report (Continued)**

construction in progress; 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.

### **2. Revenue and cost recognition – sales of lands and buildings**

Please refer to Note 4(21) to the parent only financial statements for the accounting policies of revenue recognition and cost recognition; refer to Note 6(20) and 6(5) to the parent only financial statements for the details of revenue and cost, respectively.

The lands and building sales of the Company accounted for the highest proportion of the sales revenue, considering that there may be discrepancies during the period when the collection and transfer of information and transfer of title and delivery of the property between departments, and it relying on manual control; therefore, we considered the recognition of sales of lands and buildings of the Company and its related costs are one of the key audit matters for the year.

Our audit procedures included, but were not limited to, the testing of the Company's internal control procedures for the recognition of sales of lands and buildings revenue, verifying relevant controls such as the supporting documents of the transfer and delivery of the property and accounting time points, and determining the sales of lands and buildings revenue meets the conditions for revenue recognition, and in conjunction with the recognition of lands and buildings revenue, the cost of sales of lands and buildings is calculated and recognized in accordance with the income approach or the floor space method.

## **Independent Auditors' Report (Continued)**

### **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 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.

## **Independent Auditors' Report (Continued)**

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.
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.

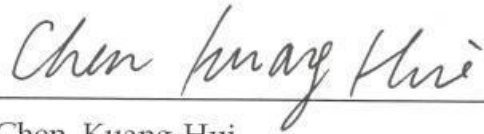
## **Independent Auditors' Report (Continued)**

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.

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, 2022 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 15, 2023

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, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

<b>Assets</b>	Notes	December 31,			
		2022	%	2021	%
<i>Current assets</i>					
Cash and cash equivalents	6.(1)	\$ 1,810,562	9	\$ 2,798,111	17
Notes receivable, net	6.(3) and 7	5,725	-	1,651	-
Accounts receivable, net	6.(3)	300	-	-	-
Current tax assets		595	-	225	-
Inventories	6.(5) and 8	15,404,870	81	12,449,967	76
Prepayments		388,065	2	274,494	2
Other current financial assets	6.(6) and 8	784,447	4	157,039	1
Other current assets, others		950	-	950	-
		<u>18,395,514</u>	<u>96</u>	<u>15,682,437</u>	<u>96</u>
<i>Non-current assets</i>					
Non-current financial assets at fair value					
through other comprehensive income	6.(2)	2,530	-	3,187	-
Investments accounted for under equity					
method	6.(7) and 8	651,795	4	673,427	4
Property, plant and equipment	6.(8) and 8	57,534	-	57,954	-
Right-of-use asset	6.(9)	387	-	720	-
Deferred tax assets	6.(26)	47,888	-	-	-
Guarantee deposits paid	7	28,267	-	38,640	-
Net defined benefit assets, non-current	6.(15)	6,835	-	3,907	-
Other non-current assets, others		5,552	-	5,552	-
		<u>800,788</u>	<u>4</u>	<u>783,387</u>	<u>4</u>
<b>Total assets</b>		<u>\$ 19,196,302</u>	<u>100</u>	<u>\$ 16,465,824</u>	<u>100</u>

(Continued on next page)

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

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

<b>Liabilities and equity</b>	Notes	December 31,			
		2022	%	2021	%
<i>Current liabilities</i>					
Current borrowings	6.(12) and 8	\$ 3,584,000	19	\$ 3,982,721	24
Current contract liabilities	6.(20)	948,965	5	532,459	4
Notes payable	6.(13)	19,160	-	26,397	-
Notes payable to related parties	6.(13)	124,756	1	27,712	-
Accounts payable	6.(13) and 7	37,713	-	64,453	-
Other payables		77,113	-	15,895	-
Current provisions	6.(16)	980	-	990	-
Current lease liabilities		393	-	724	-
Advance receipts	7	1,157		26,495	-
Current portion of non-current borrowings	6.(14) and 8	3,499,555	18	211,400	2
Other current liabilities, others		4,872	-	2,083	-
		<u>8,298,664</u>	<u>43</u>	<u>4,891,329</u>	<u>30</u>
<i>Non-current liabilities</i>					
Non-current portion of non-current borrowings	6.(14) and 8	617,500	3	3,180,704	19
Guarantee deposits received		1,915	-	129	-
		<u>619,415</u>	<u>3</u>	<u>3,180,833</u>	<u>19</u>
<b>Total liabilities</b>		<u>8,918,079</u>	<u>46</u>	<u>8,072,162</u>	<u>49</u>
<i>Equity</i>					
Ordinary share	6.(17)	8,399,880	44	7,207,525	44
Capital surplus	6.(18)	1,257,084	7	1,018,613	6
Retained earnings:	6.(19)				
Legal reserve		237,247	1	237,247	1
Unappropriated retained earnings		383,372	2	( 71,020 )	-
Other equity interest		640	-	1,297	-
<b>Total equity</b>		<u>10,278,223</u>	<u>54</u>	<u>8,393,662</u>	<u>51</u>
<b>Total liabilities and equity</b>		<u>\$ 19,196,302</u>	<u>100</u>	<u>\$ 16,465,824</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, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

	Notes	For the year ended December 31,			
		2022	%	2021	%
<b>Operating Revenue</b>	6.(20) and 7	\$ 1,986,158	100	\$ 968	100
<b>Operating cost</b>	6.(5) and 7	( 1,360,861 )	( 69 )	-	-
<b>Gross profit from operations</b>		<u>625,297</u>	<u>31</u>	<u>968</u>	<u>100</u>
<b>Operating expenses</b>					
Selling expenses	6.(23)	( 116,868 )	( 6 )	( 1,045 )	( 108 )
Administrative expenses	6.(23) and 7	( 101,172 )	( 5 )	( 81,497 )	( 8,419 )
		( 218,040 )	( 11 )	( 82,542 )	( 8,527 )
<b>Net operations income (loss)</b>		<u>407,257</u>	<u>20</u>	<u>( 81,574 )</u>	<u>( 8,427 )</u>
<b>Non-operating income and expenses</b>					
Other income	6.(21)	13,683	1	11,363	1,174
Other gains and losses	6.(22)	5,932	-	( 5,075 )	( 524 )
Finance costs	6.(25)	( 703 )	-	( 25,928 )	( 2,679 )
Share of loss of subsidiaries, affiliates and joint ventures accounted for under equity method		( 21,632 )	( 1 )	( 13,409 )	( 1,385 )
		( 2,720 )	-	( 33,049 )	( 3,414 )
<b>Net income (loss) before tax</b>		404,537	20	( 114,623 )	( 11,841 )
<b>Income tax benefit</b>	6.(26)	47,115	2	-	-
<b>Current net income (loss)</b>		<u>451,652</u>	<u>22</u>	<u>( 114,623 )</u>	<u>( 11,841 )</u>
<b>Other comprehensive income</b>					
Components of other comprehensive income that will not be reclassified to profit or loss					
Gains on remeasurement of defined benefit plans		2,740	-	781	80
Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income		( 657 )	-	( 632 )	( 65 )
Income tax expenses related to components that will not be reclassified to profit or loss		-	-	-	-
<b>Total other comprehensive income</b>		<u>2,083</u>	<u>-</u>	<u>149</u>	<u>15</u>
<b>Total comprehensive income (loss)</b>		<u>\$ 453,735</u>	<u>22</u>	<u>( \$ 114,474 )</u>	<u>( 11,826 )</u>
<b>Earnings per share (In New Taiwan dollars)</b>					
	6.(27)				
Basic earnings per share		\$ 0.56		( \$ 0.20 )	
Diluted earnings per share		<u>\$ 0.56</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, 2022 and 2021

(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, 2021	\$ 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 comprehensive income	-	-	-	-	( 113,842 )	( 632 )	( 114,474 )
Balance, December 31, 2021	7,207,525	1,018,613	237,247	-	( 71,020 )	1,297	8,393,662
Issue of share	1,192,355	238,471	-	-	-	-	1,430,826
	<u>8,399,880</u>	<u>1,257,084</u>	<u>237,247</u>	<u>-</u>	<u>( 71,020 )</u>	<u>1,297</u>	<u>9,824,488</u>
Net income for the year	-	-	-	-	451,652	-	451,652
Other comprehensive income	-	-	-	-	2,740	( 657 )	2,083
Total comprehensive income	-	-	-	-	454,392	( 657 )	453,735
Balance, December 31, 2022	<u>\$ 8,399,880</u>	<u>\$ 1,257,084</u>	<u>\$ 237,247</u>	<u>\$ -</u>	<u>\$ 383,372</u>	<u>\$ 640</u>	<u>\$ 10,278,223</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, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

	For the year ended December 31,	
	2022	2021
<b>Cash flows from operating activities</b>		
Income (loss) before income tax for the year	\$ 404,537	(\$ 114,623 )
Adjustments for:		
Income and expenses having no effect on cash flows		
Depreciation expenses	3,318	2,620
Amortization expenses	227	217
Interest income	( 4,353 )	( 1,905 )
Dividend income	( 1,747 )	( 1,798 )
Interest expense	703	25,928
Share of loss of subsidiaries, affiliates and joint ventures accounted for under equity method	21,632	13,409
(Gain) loss on foreign exchange, net	( 5,932 )	2,364
Gain on disposal of investments	-	( 289 )
Changes in operating assets and liabilities		
Increase in notes receivable	( 4,074 )	( 1,561 )
Increase in accounts receivable	( 300 )	-
Decrease in other receivables	-	38,450
Increase in inventories	( 2,802,570 )	( 7,514,647 )
Increase in prepayments	( 113,798 )	( 58,802 )
(Increase) decrease in other current financial assets	( 627,408 )	53,982
Increase in contract liabilities	416,506	189,973
(Decrease) increase in notes payable	( 7,237 )	52,386
Increase in notes payable to related parties	97,044	-
(Decrease) increase in accounts payable	( 26,740 )	16,236
Decrease in accounts payable to related parties	-	( 94,571 )
Increase in other payables	59,105	3,510
(Decrease) increase in current provisions	( 10 )	229
(Decrease) increase in advance receipts	( 25,338 )	49
Increase in other current liabilities, others	2,789	1,913
Increase in net defined benefit assets	( 188 )	( 7 )
<b>Cash outflow used in operations</b>	( 2,613,834 )	( 7,386,937 )
Interest received	4,353	1,918
Interest paid	( 150,914 )	( 82,534 )
Dividend received	1,747	1,798
Income taxes (paid) refund (including land value increment tax)	( 1,143 )	188
<b>Net cash used in operating activities</b>	( 2,759,791 )	( 7,465,567 )

(Continued on next page)

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

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

	For the year ended December 31,	
	2022	2021
<b>Cash flows from investing activities</b>		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	903
Acquisition of property, plant and equipment	( 2,565 )	( 3,159 )
Acquisition of subsidiary	-	( 11,500 )
Decrease in guarantee deposits paid	10,373	22,077
<b>Net cash flows generated from investing activities</b>	7,808	8,321
<b>Cash flows from financing activities</b>		
(Decrease) increase in current borrowings	( 398,721 )	3,067,721
Increase in non-current portion of non-current borrowings	784,951	3,332,104
Repayment of non-current portion of non-current borrowings	( 60,000 )	-
Payments of lease liability	( 340 )	( 283 )
Increase (decrease) in guarantee deposits received	1,786	( 9,140 )
Proceeds from issuing shares	1,430,826	2,360,000
Acquired equity of a subsidiary	-	( 327,500 )
<b>Net cash flows generated from financing activities</b>	1,758,502	8,422,902
<b>Effect of exchange rate changes on cash and cash equivalents</b>	5,932	( 2,364 )
<b>Net (decrease) increase in cash and cash equivalents</b>	( 987,549 )	963,292
<b>Cash and cash equivalents at beginning of year</b>	2,798,111	1,834,819
<b>Cash and cash equivalents at end of year</b>	\$ 1,810,562	\$ 2,798,111

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 15, 2023.

### 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 and announced by the Financial Supervisory Commission ("FSC").

A. IFRSs, IAS and interpretations endorsed and announced 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	January 1, 2022

(Continued on next page)

(Continued from previous page)

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" 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,

January 1, 2022

(Continued on next page)

(Continued from previous page)

	<p>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.</p>	
Onerous Contracts - Cost of Fulfilling a Contract (amendments to IAS 37)	<p>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.</p>	January 1, 2022
Annual improvements - 2018-2020 cycle	<p>(1) IFRS 1 "Subsidiary as first-time adopter"</p> <p>This amendment allows the subsidiaries select to adopt IFRS 1 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</p>	January 1, 2022

(Continued on next page)

(Continued from previous page)

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.

(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 2023 are as follows:

New standards, interpretations and amendments	Main amendments	IASB effective date
Disclosure of Accounting Policies (amendments to IAS 1)	This amendment requires companies to disclose information about their material significant accounting policies information, instead of their significant accounting policies. This amendment clarifies how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material.	January 1, 2023
Definition of accounting estimates (amendments to IAS 8)	The amendment clarifies how an entity should distinguish between changes in accounting policies and changes in accounting estimates. The amendment also clarifies that changes in accounting estimates resulting from new information or new developments are not corrections of errors. 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)	This amendment requires the entity to recognize the relevant deferred income tax assets and liabilities for specific transactions that generate the same amount of taxable and	January 1, 2023

(Continued on next page)



(Continued from previous page)

deductible temporary differences at the time of original recognition.

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
Lease Liability in a Sale and Leaseback (amendment to IFRS 16)	This amendment states how a seller-lessee applied its subsequent measurement for the related right-of-use asset and lease liabilities arising	January 1, 2024

(Continued on next page)

(Continued from previous page)

from a sale and leaseback transaction, where the lease payments are variable lease payments that do not depend on an index or rate; and the seller-lessee should determine the lease payments or revised lease payments such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee. And the new sample is provided for reference.

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 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

January 1, 2023

(Continued on next page)

(Continued from previous page)

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 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

January 1, 2023

(Continued on next page)

(Continued from previous page)

	have not changed the basics of the standard in principle.	
Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)	<p>This amendment allows enterprise to choose to apply the classification overlay approach for each comparative period reported in the initial application of IFRS 17.</p> <p>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 overlay approach.</p>	January 1, 2023
Classification of Liabilities as Current or Non-current (amendments to IAS 1)	<p>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</p>	January 1, 2024

(Continued on next page)

(Continued from previous page)

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.

Non-current Liabilities with Covenants (amendments to IAS 1)	This amendment clarifies that the contractual terms to which an entity is bound after the end of the reporting period do not affect the classification of liabilities as current or non-current. In addition, this amendment increases the disclosure of non-current liabilities subject to terms.	January 1, 2024
--	--	-----------------

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 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 in accordance with IFRSs, IAS and interpretations as endorsed by the FSC 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 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.

*(7) 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.

*(8) 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.

*(9) 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.

*(10) 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 total 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.

*(11) 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.

*(12) 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.

*(13) 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.

*(14) 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.

*(15) 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.

*(16) Borrowings*

- A. Borrowings refer to the non-current and current loans borrowed from the bank and other long-term and short-term loans. The Company initially recognizes the borrowings at fair value less transaction cost, any subsequent difference between the price and the redemption value after deducting the transaction cost, during the circulation period, the interest expense is recognized in profit or loss by using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is an evidence that it is probable that some or all of the facility will not be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

*(17) 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.

*(18) 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.

(19) *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.

#### (20) *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.

*(21) 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.

*(22) 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.

*(23) 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.

*(24) 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, 2022, the Company's carrying amount of inventories is \$15,404,870 thousand.

**6. Details of significant accounts**

(1) *Cash and cash equivalents*

	December 31,	
	2022	2021
Cash on hand and working capital	\$ 160	\$ 160
Checking accounts and demand deposits	1,810,402	2,797,951
Total	<u>\$ 1,810,562</u>	<u>\$ 2,798,111</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 other comprehensive income*

	December 31,	
	2022	2021
Investments in equity instrument measured at fair value through other comprehensive income:		
Unlisted equity investments	\$ 2,530	\$ 3,187
Current	\$ -	\$ -
Non-current	2,530	3,187
Total	\$ 2,530	\$ 3,187

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. 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.

D. The amount recognized in other comprehensive income by the Company in 2022 and 2021 is a loss of \$657 thousand and a loss of \$632 thousand respectively.

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

(3) Notes receivable and accounts receivable

	December 31,	
	2022	2021
Notes receivable	\$ 5,667	\$ 1,593
Notes receivable from related parties	58	58
Less: allowance for doubtful accounts	-	-
Subtotal	5,725	1,651
Accounts receivable	300	-
Less: allowance for doubtful accounts	-	-
Subtotal	300	-
Total	\$ 6,025	\$ 1,651

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, 2022 and 2021 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,	
	2022	2021
Not past due	\$ 6,025	\$ 1,651
Past due less than 1 month	-	-
Past due 1 - 3 months	-	-
Past due 3 - 6 months	-	-
Past due over 6 months	-	-
Total	\$ 6,025	\$ 1,651

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

December 31, 2022	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts	
			(Lifetime expected credit loss)	Amortized cost
Not past due	-	\$ 6,025	\$ -	\$ 6,025
Past due less than 1 month	-	-	-	-
Past due 1 - 3 months	-	-	-	-
Past due 3 - 6 months	-	-	-	-
Past due over 6 months	-	-	-	-
Total		<u>\$ 6,025</u>	<u>\$ -</u>	<u>\$ 6,025</u>

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>

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

(4) *Other receivables*

	December 31,	
	2022	2021
Other receivables	\$ 16,245	\$ 16,245
Less: allowance for doubtful accounts	( 16,245 )	( 16,245 )
Total	<u>\$ -</u>	<u>\$ -</u>

(5) Inventories

	December 31,	
	2022	2021
Lands for sale	\$ 46,636	\$ 52,177
Buildings for sale	26,177	28,986
Lands held for construction	11,794,361	11,250,661
Land held for floor-area-ratio transfer	261	261
Construction in progress	3,885,912	1,493,738
Prepayment for land	29,993	13,540
Less: allowance for decline in market value and obsolescence	( 378,470 )	( 389,396 )
Total	\$ 15,404,870	\$ 12,449,967

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

Case	December 31,			
	2022		2021	
	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
Shi Tan Duan A	43,261	20,266	43,261	20,266
Total	\$ 46,636	\$ 26,177	\$ 52,177	\$ 28,986



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

Case	December 31,			
	2022		2021	
	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
Huai Sheng Duan	1,418,917	49,001	1,418,917	17,114
Yun He Jie A	-	-	621,454	269,040
Yun He Jie B	1,712	-	1,712	-
Wen Lin Bei Lu	443,418	976	285,172	976
Xin Bi Duan A	801,292	633,479	801,292	220,103
Xin Bi Duan B	652,192	189,499	-	-
Le Jie Duan A	476,602	395,056	476,602	163,045
Le Jie Duan B	507,401	105,407	507,401	91,302
Qing Xi Duan A	303,381	221,980	303,381	100,996
Qing Xi Duan B	1,133,407	358,488	1,133,407	127,232
Shalu New Station Duan	175,962	151,271	175,962	27,485
Shanjie Duan	333,179	118,612	333,179	1
Wuri New High-speed Railway Station	3,895,809	1,362,642	3,895,809	40,829
Qing An Duan	656,423	39,595	616,355	-
San Zuo Wu Duan	388,088	24,344	-	-
Total	\$ 11,794,361	\$ 3,885,912	\$ 11,250,661	\$ 1,493,738

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

Case	December 31,	
	2022	2021
Zheng Ying Duan, Taichung City	\$ 261	\$ 261

D. Details of prepayment for land:

Case	December 31,	
	2022	2021
Qing An Duan	\$ -	\$ 13,540
Wen Lin Bei Lu	29,993	-
	<u>\$ 29,993</u>	<u>\$ 13,540</u>

E. For the years ended December 31, 2022 and 2021, the interest capitalized as cost of inventory amounted to \$152,333 thousand and \$60,200 thousand, respectively. Annual interest rate used for capitalization for the years ended December 31, 2022 and 2021 was 2.0186% and 1.6738%, 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, 2022, the Company's contracted the procurement material and outsourcing projects of Yun He Jie A, Rong Hsing Duan, Shi Tan Duan A, Huai Sheng Duan, Xin Bi Duan A, Le Jie Duan A, Le Jie Duan B, Qing Xi Duan A, Qing Xi Duan B, Shalu New Station Duan, Shanjie Duan and Wuri New High-speed Railway Station for \$6,322,533 thousand in total, and \$1,946,688 thousand have been paid.

(B) As of December 31, 2022, 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,	
	2022	2021
Cost of sales	\$ 1,371,787	\$ -
Gain from price recovery of inventory	( 10,926 )	-
Total	<u>\$ 1,360,861</u>	<u>\$ -</u>

(6) *Other current financial assets*

	December 31,	
	2022	2021
Cash in bank	<u>\$ 784,447</u>	<u>\$ 157,039</u>

	December 31,	
	2022	2021
Current	\$ 784,447	\$ 157,039
Non-current	-	-
Total	<u>\$ 784,447</u>	<u>\$ 157,039</u>

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

(7) Investments accounted for under equity method

Investee companies	December 31,			
	2022	Ownership %	2021	Ownership %
Non-listed company				
Huachien Development Co., Ltd. (Huachien)	\$ 330,858	58	\$ 339,523	58
Huajian Construction Co., Ltd. (Huajian)	320,937	100	333,904	100
Total	<u>\$ 651,795</u>		<u>\$ 673,427</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

	Huachien	
	December 31,	
	2022	2021
Current assets	\$ 1,267,305	\$ 1,247,833
Non-current assets	62,864	65,220
Current liabilities	( 32,685 )	( 15,261 )
Non-current liabilities	( 730,557 )	( 716,018 )
Total net assets	<u>\$ 566,927</u>	<u>\$ 581,774</u>
Share of net assets of the associate	\$ 330,858	\$ 339,523
Goodwill	-	-
Carrying amount of the associate	<u>\$ 330,858</u>	<u>\$ 339,523</u>

	Huajian	
	December 31,	
	2022	2021
Current assets	\$ 600,071	\$ 494,468
Non-current assets	961	305
Current liabilities	( 243,442 )	( 160,349 )
Non-current liabilities	-	-
Total net assets	<u>\$ 357,590</u>	<u>\$ 334,424</u>
Share of net assets of the associate	\$ 309,527	\$ 322,494
Goodwill	11,410	11,410
Carrying amount of the associate	<u>\$ 320,937</u>	<u>\$ 333,904</u>

Statement of comprehensive income

	Huachien	
	For the year ended December 31,	
	2022	2021
Revenue	\$ 8,437	\$ 8,016
Net loss for the year	( 14,847 )	( 14,243 )
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	<u>( \$ 14,847 )</u>	<u>( \$ 14,243 )</u>
Dividends received from the associate	<u>\$ -</u>	<u>\$ -</u>

	Huajian	
	For the year ended December 31,	
	2022	2021
Revenue	\$ 1,104,964	\$ 344,313
Net income for the year	23,166	6,648
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	\$ 23,166	\$ 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.

*(8) Property, plant and equipment*

	Transportation						Total
	Lands	Buildings	equipment	equipment	improvements	Other equipment	
<u>Cost</u>							
At January 1, 2022	\$ 36,006	\$ 35,656	\$ 639	\$ 8,134	\$ 1,851	\$ 257	\$ 82,543
Additions	-	216	1,618	731	-	-	2,565
Disposals	-	-	-	( 93 )	-	-	( 93 )
At December 31, 2022	<u>\$ 36,006</u>	<u>\$ 35,872</u>	<u>\$ 2,257</u>	<u>\$ 8,772</u>	<u>\$ 1,851</u>	<u>\$ 257</u>	<u>\$ 85,015</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>
<u>Accumulated depreciation and impairment</u>							
At January 1, 2022	\$ -	\$ 17,605	\$ 439	\$ 5,956	\$ 360	\$ 229	\$ 24,589
Depreciation	-	1,222	322	825	616	-	2,985
Disposals	-	-	-	( 93 )	-	-	( 93 )
At December 31, 2022	<u>\$ -</u>	<u>\$ 18,827</u>	<u>\$ 761</u>	<u>\$ 6,688</u>	<u>\$ 976</u>	<u>\$ 229</u>	<u>\$ 27,481</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>

	<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>
Net book value							
At December 31, 2022	\$ 36,006	\$ 17,045	\$ 1,496	\$ 2,084	\$ 875	\$ 28	\$ 57,534
At December 31, 2021	\$ 36,006	\$ 18,051	\$ 200	\$ 2,178	\$ 1,491	\$ 28	\$ 57,954

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 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, 2022 and 2021, the Company's lease payments for short-term lease commitments were \$325 thousand and \$419 thousand, respectively.

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

	<u>December 31, 2022</u>	<u>For the year ended December 31, 2022</u>	<u>December 31, 2021</u>	<u>For the year ended December 31, 2021</u>
	<u>Carrying amount</u>	<u>Depreciation</u>	<u>Carrying amount</u>	<u>Depreciation</u>
Buildings	\$ 387	\$ 333	\$ 720	\$ 276

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

	<u>Buildings</u>
January 1, 2022	\$ 720
Depreciation	( 333 )
December 31, 2022	\$ 387

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

E. The increase of the Company's right-of-use assets in 2022 and 2021 was \$0 and \$996 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>2022</u>	<u>2021</u>
Interest expense on lease liabilities	( \$ 9 )	( \$ 11 )
Expense on short-term lease contracts	( \$ 555 )	( \$ 661 )
Expense on lease of low-value assets	( \$ 192 )	( \$ 114 )

G. The total cash outflow for the leases of the Company in 2022 and 2021 amounted to \$1,087 thousand and \$1,058 thousand, respectively.

(10) *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 \$2,496 thousand and \$968 thousand in 2022 and 2021 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,	
	2022	2021
At December 31, 2022	\$ -	\$ 756
At December 31, 2023	1,535	149
At December 31, 2024	-	-
Total	<u>\$ 1,535</u>	<u>\$ 905</u>

(11) *Impairment of non-financial assets*

For the years ended December 31, 2022 and 2021, the Company did not recognize an impairment loss or gain on reversal of impairment loss of property, plant and equipment.

(12) *Current borrowings*

	December 31,	
	2022	2021
Secured borrowings	\$ 3,001,000	\$ 2,639,721
Credit loan	583,000	1,343,000
Total	<u>\$ 3,584,000</u>	<u>\$ 3,982,721</u>
Interest rate range (%)	<u>2.1005 ~ 2.455</u>	<u>1.50 ~ 2.0345</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.

(13) *Notes payable and accounts payable*

	December 31,	
	2022	2021
Notes payable	\$ 19,160	\$ 26,397
Notes payable - related parties	124,756	27,712
Subtotal	<u>143,916</u>	<u>54,109</u>
Accounts payable	7,115	56,555
Estimated accounts payable	30,598	7,898
Subtotal	<u>37,713</u>	<u>64,453</u>
Total	<u>\$ 181,629</u>	<u>\$ 118,562</u>



(14) *Non-current borrowings*

Details	December 31,	
	2022	2021
Secured non-current borrowings		
- The loan will be expired and repaid by a one-off payment in August 2023 and early repayment was made in March 2022. The floating interest rate as of December 31, 2022 and 2021 was 1.945%.	\$ -	\$ 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, 2022 and 2021 were 2.181% and 1.68%, respectively.	724,000	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, 2022 and 2021 were 2.426% and 1.8%, respectively.	275,755	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, 2022 and 2021 were 2.425% and 1.8%, respectively.	2,142,400	2,142,400

(Continued on next page)

(Continued from previous page)

- 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, 2022 and 2021 were 2.181% and 1.68%, respectively.	96,400	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, 2022 and 2021 were 2.181 and 1.68%, respectively.	5,000	5,000
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, 2022 and 2021 were 2.5% and 2.15%, respectively.	200,000	200,000
Secured non-current borrowings		
- Starting from January 2022, 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 September 2025, with floating interest rate. The interest rate as of December 31, 2022 was 2.560677%.	181,000	-

(Continued on next page)

(Continued from previous page)

- Starting from May 2022, the repayment will be at a minimum of 70% of actual sales price if there is a sale of property. The repayment of the remaining amount will be a one-off payment in May 2026, with floating interest rate. The interest rate as of December 31, 2022 was 2.425%.	257,000	-
- Starting from November 2022, the repayment will be at a minimum of 70% of actual sales price if there is a sale of property. The repayment of the remaining amount will be a one-off payment in May 2026, with floating interest rate. The interest rate as of December 31, 2022 was 2.475%.	93,000	-
- Starting from December 2022, the repayment will be a one-off payment in June 2026, with floating interest rate. The interest rate as of December 31, 2022 was 2.7287%.	<u>142,500</u>	<u>-</u>
Total	4,117,055	3,392,104
Less: non-current borrowings expired within an operating cycle	( <u>3,499,555</u> )	( <u>211,400</u> )
Net	<u>\$ 617,500</u>	<u>\$ 3,180,704</u>

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

Due by	Amount
December 31, 2023	\$ 25,000
December 31, 2024	126,400
December 31, 2025	3,348,155
December 31, 2026	617,500
December 31, 2027	-
Total	<u>\$ 4,117,055</u>

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

(15) 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,	
	2022	2021
Present value of funded obligations	(\$ 17,337)	(\$ 19,759)
Fair value of plan assets	24,172	23,666
Net defined benefit assets	\$ 6,835	\$ 3,907

(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)
For the year ended December 31, 2021			
Balance as of January 1	(\$ 20,106 )	\$ 23,225	\$ 3,119
Interest (expense) income	( 51 )	58	7
	( 20,157 )	23,283	3,126
Remeasurements:			
Impact of change in financial assumptions	587	-	587
Examined adjustments	( 189 )	383	194
	398	383	781
Balance as of December 31	(\$ 19,759 )	\$ 23,666	\$ 3,907

	Present value of funded obligations	Fair value of plan assets	Net defined benefit assets
<u>For the year ended December 31, 2022</u>			
Balance as of January 1	(\$ 19,759 )	\$ 23,666	\$ 3,907
Interest (expense) income	( 109 )	130	21
	<u>( 19,868 )</u>	<u>23,796</u>	<u>3,928</u>
Remeasurements:			
Impact of change in financial assumptions	1,210	-	1,210
Examined adjustments	( 288 )	1,818	1,530
	<u>922</u>	<u>1,818</u>	<u>2,740</u>
Employer contribution	-	167	167
Actual benefit payments	1,609	( 1,609 )	-
	<u>1,609</u>	<u>( 1,442 )</u>	<u>167</u>
Balance as of December 31	<u>( \$ 17,337 )</u>	<u>\$ 24,172</u>	<u>\$ 6,835</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, 2022 and 2021 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>2022</u>	<u>2021</u>
Discount rate	1.29%	0.55%
Future salary increases	3.00%	3.00%
Expected return on plan assets	1.29%	0.55%

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, 2022	0.5%	0.5%	0.5%	0.5%
Impact on present value of defined benefit obligation	( \$ 753 )	\$ 799	\$ 782	( \$ 745 )

	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	( \$ 931 )	\$ 991	\$ 962	( \$ 914 )

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, 2022 amounting to \$0 thousand.
- (G) As of December 31, 2022, the weighted average period for the pension plan is 9 years.

Analysis of the pension payment past due is as follow:

Less than a year	\$	14,486
One to two years		-
Two to five years		889
Over five years		175
	\$	<u>15,550</u>

## B. Defined contribution plan

Effective from 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, 2022 and 2021 were \$1,678 thousand and \$1,593 thousand, respectively.

### (16) Provisions

	Provisions for employee benefits
At January 1, 2021	\$ 761
Addition during the year	990
Used during the year	( 761 )
At December 31, 2021	990
Addition during the year	980
Used during the year	( 990 )
At December 31, 2022	<u>\$ 980</u>

Analysis of provisions was as follow:

	December 31,	
	2022	2021
Current	<u>\$ 980</u>	<u>\$ 990</u>
Non-current	<u>\$ -</u>	<u>\$ -</u>

### (17) Ordinary Share

A. As of December 31, 2022, the Company’s authorized capital was \$12,000,000 thousand with par value of \$10 per share. As of December 31, 2022 and 2021, total paid-in capital were \$8,399,880 thousand and \$7,207,525 thousand, respectively.

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
February 24, 2022	53,571	12.00
May 9, 2022	65,664	12.00

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,	
	2022	2021
At January 1	720,753	520,753
Issue of shares – private placement	119,235	200,000
At December 31	839,988	720,753

D. 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 this private placement of ordinary shares, 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 make up the application of the public offering.



E. On November 30, 2021, the Company has passed the resolution of the extraordinary shareholders' meeting to issue ordinary shares through private placements. The issuance does not exceed 140,000,000 shares, and it is processed once to three times within a year from the resolution date of the extraordinary meeting of shareholders. On February 10 and April 25, 2022, the board of directors passed a resolution to issue ordinary shares of 53,571 thousand shares and 65,664 thousand shares respectively, with a par value of \$10 per share and an issue price of \$12 per share. The reference dates of the increase of capital were on February 24 and May 9, 2022, respectively; and the application for change of registration with the Ministry of Economic of Affairs has been completed. The rights and obligations of this private placement of ordinary shares are the same as those of other shares, except that there are restrictions on circulation and transfer stipulated by the Securities and Exchange Act; and the application for public listing must be completed after three years from the delivery date and make up the application of the public offering.

(18) *Capital surplus*

	December 31,	
	2022	2021
Ordinary shares premium	\$ 1,247,904	\$ 1,009,433
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>\$ 1,257,084</u>	<u>\$ 1,018,613</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.

*(19) 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 Company's distribution of earnings or appropriation of loss shall be made after the end of each half of the fiscal year. If the Company has a proposal of earnings distribution or appropriation of loss in the first half of the fiscal year, it shall be submitted to the board of directors for resolution before the end of the second half of the fiscal year. When distributing earnings, the Company shall first estimate and reserve the taxes to be paid, offset its losses in accordance with the relevant laws and regulations and set aside legal

reserves, set aside or reverse special reserves. The legal reserve should be set aside until it reached the paid-in capital. The distribution of earnings in cash shall be resolved by the board of directors, and the issuance of new shares shall be resolved by the shareholders' meeting.

If the Company has earnings in its annual final accounts, it shall first pay taxes and offset the accumulated losses over the years; however, this does not apply when the accumulated legal reserve has reached the total paid-in capital of the Company. Secondly, 10% of the remaining earnings shall be set aside as a legal reserve, or appropriate to or reverse to a special reserve according to relevant regulations or as requested by the competent authority. For the remaining balance of earnings plus the accumulated undistributed earnings in the first half of the fiscal year, the board of directors can plan an earnings distribution proposal to allocate 0% to 100% of the distributable earnings each year to distribute shareholder dividends, and then to submit at the shareholders' meeting, but if the distributable earnings are less than 5% of the Company's paid-in capital, it may not be distributed.

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

- D. The Company passed the resolution of the board of directors on August 11, 2022 that it will not distribute the earnings due to losses in the first half of 2022. In addition, on June 30, 2022 and August 5, 2021, the Company passed a resolution at the general meeting of shareholders to not distribute earnings due to losses in 2021 and 2020, respectively.
- E. For details of information on employee's compensation and directors and supervisors' remuneration, please refer to Note 6(24).

(20) Revenue

	For the year ended December 31,	
	2022	2021
Revenue from customer contracts		
Sales revenue - lands	\$ 1,502,739	\$ -
Sales revenue - buildings	480,923	-
	<u>1,983,662</u>	<u>-</u>
Rental income	2,496	968
Total	<u>\$ 1,986,158</u>	<u>\$ 968</u>

A. The Company's revenue from customer contracts recognized at a point in time in 2022 and 2021 were as follows:

	For the year ended December 31,	
	2022	2021
Revenue recognized at a point in time	<u>\$ 1,983,662</u>	<u>\$ -</u>

B. Contracts liabilities

	December 31,	
	2022	2021
Contracts liabilities		
Sales of properties	<u>\$ 948,965</u>	<u>\$ 532,459</u>

The Company's contract liabilities for the current period increased as compared to December 31, 2021 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 2022 and 2021, the amounts of revenue recognized in 2022 and 2021 were \$474,929 thousand and \$0 thousand, respectively.

(21) *Other income*

	For the year ended December 31,	
	2022	2021
Interest income		
Interest on bank deposits	\$ 4,350	\$ 1,901
Other interest income	3	4
	<u>4,353</u>	<u>1,905</u>
Dividend income	1,747	1,798
Other income - other	7,583	7,660
Total	<u>\$ 13,683</u>	<u>\$ 11,363</u>

(22) *Other gains and losses*

	For the year ended December 31,	
	2022	2021
Net currency exchange gain (losses)	\$ 5,932	(\$ 2,364 )
Gains on disposal of investment	-	289
Other non-operating losses	-	( 3,000 )
Total	<u>\$ 5,932</u>	<u>(\$ 5,075 )</u>

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

	For the year ended December 31,					
	2022			2021		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefit expenses	\$ 99	\$ 72,263	\$ 72,362	\$ 96	\$ 47,886	\$ 47,982
Depreciation expenses	-	3,318	3,318	-	2,620	2,620
Amortization expenses	-	227	227	-	217	217

(24) *Employee benefit expenses*

	For the year ended December 31,	
	2022	2021
Wages and salaries	\$ 57,144	\$ 38,126
Director's remuneration	7,354	3,907
Labor and health insurance contribution	3,192	2,893
Pension costs	1,919	1,586
Other personnel expenses	2,753	1,470
Total	<u>\$ 72,362</u>	<u>\$ 47,982</u>

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 2022 and 2021, the employees' compensation and directors' remuneration of the parent company were \$1,707 thousand, \$3,414 thousand, \$0 thousand and \$0 thousand, respectively.

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.

(25) *Finance costs*

	For the year ended December 31,	
	2022	2021
Interest expense		
Bank loans	\$ 153,036	\$ 86,128
Less: capitalization of qualifying assets	( 152,333 )	( 60,200 )
Total	<u>\$ 703</u>	<u>\$ 25,928</u>

(26) *Income tax*

A. *Income tax expense*

Components of income tax expense:

	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Current income tax for the year		
Land value increment tax included in current income tax for the year	\$ 773	\$ -
Deferred tax		
Relating to origination and reversal of temporary differences	( 47,888 )	-
Income tax expense (income)	<u>( \$ 47,115 )</u>	<u>\$ -</u>

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

	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Income before income tax	\$ 404,537	( \$ 114,623 )
Income tax expense at statutory rate	80,907	( 22,924 )
Tax effect of adjusting items		
Permanent differences	4,055	8,645
Loss on unrecognized deferred tax assets	-	13,197
Change in assessment of the realizability of deferred tax assets	( 130,094 )	-
Unrecognized temporary differences	( 2,756 )	1,082
Land value increment tax	773	-
Income tax expense (income)	<u>( \$ 47,115 )</u>	<u>\$ -</u>

C. *Deferred income tax assets are as follows:*

	<u>For the year ended December 31, 2022</u>			
	<u>At January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other compre- hensive in- come</u>	<u>At December 31</u>
Deferred tax assets				
Current provisions	\$ -	\$ 196	\$ -	\$ 196
Net defined benefit liabilities - non- current	-	1,368	-	1,368
Unrealized exchange gains and losses	-	1,102	-	1,102
Loss carry forward	-	45,222	-	45,222
Total	<u>\$ -</u>	<u>\$ 47,888</u>	<u>\$ -</u>	<u>\$ 47,888</u>

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

	December 31,	
	2022	2021
Loss carry forward		
Expired in 2023	\$ -	\$ 8,706
Expired in 2024	-	21,519
Expired in 2025	-	34,776
Expired in 2026	-	14,432
Expired in 2027	-	8,414
Expired in 2028	-	19,351
Expired in 2029	-	1,845
Expired in 2030	-	3,849
Expired in 2031	-	13,197
	<u>-</u>	<u>126,089</u>
Deductible temporary differences		
Contract liabilities	-	1,133
Inventories	75,694	77,317
Allowance for doubtful accounts	3,249	3,249
Financial assets at fair value through other comprehensive income	21,612	21,612
Prepayments	546	546
Net defined benefit liabilities - non- current	-	1,372
Current provisions	-	198
Unrealized exchange gains and losses	-	2,946
	<u>101,101</u>	<u>108,373</u>
Total	<u>\$ 101,101</u>	<u>\$ 234,462</u>

E. The Company's income tax returns through 2020 have been assessed by the Tax Authority.



(27) *Earnings per share*

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

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to common shareholders	\$ 451,652	809,035	\$ 0.56
<u>Diluted earnings per share</u>			
Profit attributable to common shareholder	\$ 451,652	809,035	
Effect of potentially dilutive common shares			
Employees' compensation	-	99	
Profit attributable to common shareholder	\$ 451,652	809,134	\$ 0.56
	For the year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Loss attributable to common shareholders	( \$ 114,623 )	584,065	( \$ 0.20 )
<u>Diluted earnings per share</u>			
None.			

(28) *Changes in liabilities from financing activities*

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

	January 1, 2022	Cash flow	Other non-cash	December 31, 2022
Current borrowings	\$ 3,982,721	( \$ 398,721 )	\$ -	\$ 3,584,000
Lease liabilities	724	( 340 )	9	393
Non-current borrowings	3,392,104	724,951	-	4,117,055
Guarantee deposits received	129	1,786	-	1,915
Liabilities from financing activities	<u>\$ 7,375,678</u>	<u>\$ 327,676</u>	<u>\$ 9</u>	<u>\$ 7,703,363</u>

	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>

## 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
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

	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Sales revenue of lands and buildings		
Other related parties	<u>\$ 29,816</u>	<u>\$ -</u>
Rental income		
Subsidiaries	<u>\$ 314</u>	<u>\$ 266</u>

The rental periods are from March 2022 to March 2023 and from March 2021 to March 2022, respectively, and the rent is paid monthly.

B. Purchase

	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Cost of lands		
Other related parties	<u>\$ -</u>	<u>\$ 511,888</u>
Project payment		
Huajian	<u>\$ 1,041,884</u>	<u>\$ 252,061</u>

C. Construction expense

	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Miscellaneous expenses		
He Feng Investment Co., Ltd.	<u>\$ -</u>	<u>\$ 21,875</u>
Finance costs		
Pauguo Real Estate Management Co., Ltd.	<u>\$ 3,390</u>	<u>\$ 686</u>

D. Administrative expenses

	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Miscellaneous expenses		
Other related parties	<u>\$ 41</u>	<u>\$ 74</u>

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

	December 31,	
	2022	2021
Notes receivables		
Subsidiaries	\$ 58	\$ 58
Refundable deposit		
Other related parties	\$ -	\$ 2,442
Notes payable		
Huajian	\$ 124,756	\$ 27,712
Other receipts in advance		
Subsidiaries	\$ 58	\$ 58

F. Others

In December 31, 2021 and 2022, the Company provided an endorsement guarantee amount of \$100,000 thousand for its subsidiary Huajian.

(3) *Key management compensation*

	For the year ended December 31,	
	2022	2021
Salaries and other short-term		
employee benefits	\$ 22,317	\$ 9,228
Termination benefits	-	-
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Share-based payment	-	-
Total	\$ 22,317	\$ 9,228

## 8. Pledge of assets

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

Pledged assets	Purposes	Carrying amount	
		December 31,	
		2022	2021
Inventories			
Lands held for construction	Current and non-current borrowing	\$ 11,027,826	\$ 9,694,549
Construction in progress	Current borrowing	1,977,808	469,093
Property, plant and equipment			
Lands	Current borrowing	36,006	36,006
Buildings	Current borrowing	17,045	18,051
Other equipment	Current borrowing	28	28
Investments accounted for under equity method	Non-current borrowing	320,937	333,904
Other current financial assets	Trust account	784,447	157,039
Total		<u>\$ 14,164,097</u>	<u>\$ 10,708,670</u>

## 9. Significant contingent liabilities and unrecognized commitments

- A. As of December 31, 2022, the Company received the promissory notes from the contractor and customer amounted to \$22,971 thousand.
- B. As of December 31, 2022, the deposit guarantee notes issued by the Company to the landlord amounted to \$146,215 thousand.
- C. As of December 31, 2022, the Company signed the contracts of pre-sale of properties with customer amounted to \$6,994,200 thousand, and have been received \$922,660 thousand according to the contract amount.
- D. As of December 31, 2022, the Company has signed the sales contract but yet to transfer of title and delivery amounted to \$93,880 thousand, and the amount received according to the contract is \$26,310 thousand.

E. As of December 31, 2022, the Company's contracted the procurement material and project payments amounted to \$6,322,533 thousand, of which \$4,375,845 thousand was unpaid.

F. As of December 31, 2022, the total price of the land acquired by the Company but yet to transfer of title is \$49,988 thousand, and the contract amount of \$19,995 thousand remains unpaid.

#### **10. Significant disaster loss**

None.

#### **11. Significant events after the balance sheet date**

None.

#### **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	
	2022	2021
Total liabilities	\$ 8,918,079	\$ 8,072,162
Less: cash and cash equivalents	( 1,810,562 )	( 2,798,111 )
Net liabilities	7,107,517	5,274,051
Total equity	10,278,223	8,393,662
Capital adjustments	\$ 17,385,740	\$ 13,667,713
Debt-to-equity ratio	40.88%	38.59%

(2) Financial instruments

A. Financial instruments by category

	December 31,	
	2022	2021
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designated investments in equity instrument	\$ 2,530	\$ 3,187
Financial assets at amortized cost		
Cash and cash equivalents	\$ 1,810,562	\$ 2,798,111
Notes receivable	5,725	1,651
Accounts receivables	300	-
Accounts current financial assets	784,447	157,039
Refundable deposits	28,267	38,640
	<u>\$ 2,629,301</u>	<u>\$ 2,995,441</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Current borrowings	\$ 3,584,000	\$ 3,982,721
Notes payable	143,916	54,109
Accounts payable	37,713	64,453
Other payable	77,113	15,895
Non-current borrowings (including current portion)	4,117,055	3,392,104
Guarantee deposits received	1,915	129
	<u>\$ 7,961,712</u>	<u>\$ 7,509,411</u>
Lease liabilities	<u>\$ 393</u>	<u>\$ 724</u>

## B. Financial risk management objectives and policies

The Company's financial instruments include equity investment, notes receivables, accounts 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 avoid 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 undertake 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 affected by exchange rate fluctuation are as follows:

	For the year ended December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Unrealized exchange gains and losses (NT\$)
<u>Financial assets</u>			
US\$ : NT\$	\$ 38	30.710	\$ 2,867
CN¥ : NT\$	-	4.408	33
HK\$ : NT\$	-	3.938	6

	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 )

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, 2022						
	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\$	\$ 38	30.710	\$ 1,166	5%	\$ 58	\$ -
<u>None monetary items</u>						
US\$	55	30.710	1,675	5%	-	84

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

#### 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 \$77,011 thousand and \$73,748 thousand for the years ended December 31, 2022 and 2021, 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 2022 and 2021 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 \$253 thousand and \$319 thousand for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, the total banking facilities that have not yet utilized by the Company were \$5,139,945 thousand and \$1,124,175 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, 2022				Total of undiscounted cash flows
	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Current borrowings	\$ 2,541,471	\$ 1,113,302	\$ -	\$ -	\$ 3,654,773
Notes payable	143,916	-	-	-	143,916
Accounts payable	37,713	-	-	-	37,713
Other payables	77,113	-	-	-	77,113
Lease liabilities	336	57	-	-	393
Non-current borrowings (include current portion)	123,460	3,616,485	625,073	-	4,365,018
Guarantee deposits received	1,915	-	-	-	1,915
	<u>\$ 2,925,924</u>	<u>\$ 4,729,844</u>	<u>\$ 625,073</u>	<u>\$ -</u>	<u>\$ 8,280,841</u>

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

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, accounts 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, 2022			
	<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	\$ -	\$ -	\$ 2,530	\$ 2,530

	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

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 2022 and 2021.

F. Changes in level 3

	For the year ended December 31,	
	2022	2021
January 1	\$ 3,187	\$ 2,898
Increase in the current period	-	1,781
Refund of capital after capital reduction in the current period	-	( 860 )
Gains (losses) recognized in other comprehensive loss	( 657 )	( 632 )
December 31	<u>\$ 2,530</u>	<u>\$ 3,187</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, 2022	techniques	inputs	value and fair value
Non-derivative equity instruments:				
Venture capital stock	\$ 2,530	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
			Significant unobservable inputs	Relationship between input value and fair value
	Fair value	Evaluation	Significant unobservable inputs	Relationship between input value and fair value
	December 31, 2021	techniques	inputs	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

## I. Sensitivity analysis of changes in significant unobservable inputs

				December 31, 2022			
				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%	\$	-	\$	-	\$ 421
							\$ 421

				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

### 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, 2022:

(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, 2022 (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	\$ 2,055,645	\$ 100,000	\$ 100,000	\$ 50,000	\$ -	0.97%	\$ 5,139,112	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, 2022 (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, 2022				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	\$ 1,675	5	\$ 1,675	-	\$ -
The Company	Stock	Hwa Chi Venture Capital Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	8	855	2	855	-	-

Table 3

As of December 31, 2022, 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	Relation-ship	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 of No. 258, Xin Bi Duan, Lu Zhu District, Taoyuan City and relevant lands, etc.	January 24, 2022 (Signing date)	\$ 353,362	Pay according to the contract	Zhong-Jin Construction Co., Ltd.	Non-related party	-	-	-	\$ -	Valuation report	Construction of residential buildings	-

Table 4

As of December 31, 2022, 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	Huajian	Subsidiary	Purchase	\$ 1,041,884	39.38%	Pay in installments according to the contract	\$ -	-	(\$ 124,756)	68.69%	1
Huajian	The Company	Parent company	Sales	( 1,104,964)	100.00%	Receive payment in installment according to the contract	-	-	195,835	100.00%	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, 2022:

(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	\$ 155,856	Note 4	0.76%
1	Huajian	The Company	2	Notes receivable	195,835	Note 4	0.96%
1	Huajian	The Company	2	Revenue	1,104,964	Note 4	55.41%

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, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognized for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	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	\$ 330,858	(\$ 14,847)	(\$ 8,665)	-
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	339,000	35,000	100.00	320,937	23,166	( 12,967)	-

Table 7 Information of major shareholders

Major shareholders of the Company as of December 31, 2022

(Unit: In thousand shares)

Name of major shareholders	Number of shares held	Percentage of shareholding (%)
Chia Chun Investment Co., Ltd.	264,733	31.51
Da Shuo Investment Co., Ltd.	50,412	6.00

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, 2022.

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

December 31, 2022

(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		1,809,217	
Foreign currency deposits (Note 1)		1,166	
		<u>1,810,402</u>	
Total		<u>\$ 1,810,562</u>	

Note 1: Foreign currency deposits:  
 US\$ 38 thousand

## Delpha Construction Co., Ltd.

### Statement of inventories

December 31, 2022

(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	
	Shi Tan Duan A	63,527	
	Subtotal	72,813	
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	
	Huai Sheng Duan	1,467,918	
	Yun He Jie B	1,712	
	Wen Lin Bei Lu	444,394	
	Xin Bi Duan A	1,434,771	
	Xin Bi Duan B	841,691	
	Le Jie Duan A	871,658	
	Le Jie Duan B	612,808	
	Qing Xi Duan A	525,361	
	Qing Xi Duan B	1,491,895	
	Shalu New Station Duan	327,233	
	Shanjie Duan	451,791	
	Wuri New High-speed Railway Station	5,258,451	
	Qing An Duan	696,018	
	San Zou Wu Duan	412,432	
	Subtotal	15,680,273	
Land held for floor-area-ratio transfer	Zheng Ying Duan, Taichung City	261	
Prepayment for land	Wen Lin Bei Lu	29,993	
Total		15,783,340	
Less: allowance for decline in market value and obsolescence		( 378,470 )	
Total		\$ 15,404,870	

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, 2022

(Expressed in thousands of New Taiwan dollars)

Case	Construction						December 31
	January 1	Material	cost	expense	Capitalized interest	Transfer	
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	200,053	-	44,060	3,260	276	( 247,649 )	-
Huai Sheng							
Duan	17,114	-	21,890	9,997	-	-	49,001
Yun He Jie A	269,040	-	132,871	3,970	6,674	( 412,555 )	-
Wen Lin Bei Lu	976	-	-	-	-	-	976
Xin Bi Duan A	220,103	-	385,539	27,837	-	-	633,479
Xin Bi Duan B	-	-	-	186,199	3,300	-	189,499
Le Jie Duan A	163,045	-	216,352	15,434	225	-	395,056
Le Jie Duan B	91,302	-	-	3,092	11,013	-	105,407
Qing Xi Duan A	100,996	-	117,764	2,961	259	-	221,980
Qing Xi Duan B	127,232	-	195,783	10,584	24,889	-	358,488
Shalu New							
Station Duan	27,485	51,006	58,369	9,746	4,665	-	151,271
Shanjie Duan	1	5,223	1,537	104,667	7,184	-	118,612
Wuri New							
High-speed							
Railway							
Station	40,829	25,914	79,879	1,126,312	89,708	-	1,362,642
Qing An Duan	-	-	261	35,194	4,140	-	39,595
San Zuo Wu							
Duan	-	-	-	24,344	-	-	24,344
<b>Total</b>	<b>\$ 1,493,738</b>	<b>\$ 82,143</b>	<b>\$ 1,254,305</b>	<b>\$ 1,563,597</b>	<b>\$ 152,333</b>	<b>( \$ 660,204 )</b>	<b>\$ 3,885,912</b>

## Delpha Construction Co., Ltd

### Statement of prepayments

December 31, 2022

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Prepayment			
Prepayment for purchases		\$ 124,400	
Prepaid consignment service fee		169,768	
Prepaid other expense		1,621	
Remaining tax credit		91,864	
Other advances		412	
Total		<u>\$ 388,065</u>	

**Delpha Construction Co., Ltd.**  
**Statement of changes in investments accounted for under equity method**

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan dollars)

Investees	Balance, January 1, 2022		Increase		Decrease		Investment income (loss)	Other comprehensive income (loss)	Balance, December 31, 2022		Net Assets value			Ownership %	Valuation method	Collateral
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount			Shares (in thousands)	Amount	Type	Shares (in thousands)	Amount			
										Common						
Huachien	18,208	\$ 339,523	-	\$ -	-	\$ -	( \$ 8,665 )	\$ -	stock	18,208	\$ 330,858	\$ 566,927	\$ 18.17	58%	Equity method	None
										Common						
Huajian	35,000	333,904	-	-	-	-	( 12,967 )	-	stock	35,000	320,937	357,590	10.22	100%	Equity method	Yes

**Delpha Construction Co., Ltd.**  
**Statement of Current borrowings**

December 31, 2022

(Expressed in thousands of New Taiwan dollars)

Bonds name	Purposes	Amount	Contract period	Rate	Total amount	Note
Far Eastern Int'l Bank	Credit loan	\$ 583,000	2022.11.10~2023.02.08	2.255%	\$ 700,000	
The Shanghai Commercial & Savings Bank, Ltd.	Mortgage	100,000	2022.10.31~2023.10.30	2.235%	100,000	1
Hwatai Bank	Mortgage	733,000	2020.11.09~2023.11.09	2.1005%	970,000	1
Mega International Commercial Bank	Mortgage	599,000	2021.03.02~2024.01.04	2.340698%	599,000	1
Taiwan Cooperative Bank	Mortgage	221,000	2021.03.15~2023.12.31	2.181%	221,000	1
Taiwan Cooperative Bank	Mortgage	408,000	2021.03.15~2023.12.31	2.181%	408,000	1
Shin Kong Bank	Mortgage	130,000	2022.09.28~2023.03.28	2.43%	130,000	1
Mega International Commercial Bank	Mortgage	389,600	2022.12.21~2025.05.19	2.425%	389,600	1
Taiwan Cooperative Bank	Mortgage	65,000	2022.10.24~2025.03.31	2.371%	540,000	1
Taiwan Cooperative Bank	Mortgage	17,600	2022.01.24~2024.08.31	2.181%	17,600	1
Taiwan Cooperative Bank	Mortgage	29,800	2022.11.24~2024.08.31	2.371%	229,000	1
Far Eastern Int'l Bank	Mortgage	308,000	2022.09.14~2023.03.13	2.455%	390,000	1
Total		<u>\$ 3,584,000</u>			<u>\$ 4,694,200</u>	

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

**Delpha Construction Co., Ltd.**  
**Statement of contract liabilities**

December 31, 2022

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Prepayment for lands	Shi Tan Duan A	\$ 26,310	
	Xin Bi Duan A	352,825	
	Le Jie Duan A	166,210	
	Qing Xi Duan A	96,770	
	Wuri New High-speed Railway Station	306,850	
Total		<u>\$ 948,965</u>	



**Delpha Construction Co., Ltd.**

**Statement of net revenue**

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan dollars)

Item	Amount	Note
Sales revenue – lands and buildings		
Hang Sha An	\$ 8,867	
Yun He Jie A	1,544,379	
Rong Hsing An	430,416	
Rental income		
San Zuo Wu Duan	1,954	
Yue Du Ou Zhou	314	
Shu Lin An	34	
Huai Sheng Duan	102	
Shi Tan Duan An	92	
Total	\$ 1,986,158	

**Statement of operating costs**

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan dollars)

Item	Amount	Note
Cost of goods sold – lands and buildings		
Hang Sha An	\$ 8,314	
Yun He Jie A	1,034,009	
Rong Hsing An	329,464	
Other operating costs		
Gain from price recovery of inventory (	10,926)	
Total	\$ 1,360,861	

**Delpha Construction Co., Ltd**  
**Statement of selling expenses**

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan dollars)

Item	Amount	Note
Advertising	\$ 116,221	
Others	647	1
Total	<u>\$ 116,868</u>	

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

**Statement of administrative expenses**

For the Year Ended December 31, 2022

(Expressed in thousands of New Taiwan dollars)

Item	Amount	Note
Salary	\$ 64,399	
Services fee	6,308	
Duty	5,220	
Others	25,245	1
Total	<u>\$ 101,172</u>	

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

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

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan dollars)

Classification Nature	For the year ended December 31,					
	2022			2021		
	Classified as cost of revenue	Classified as operating expenses	Total	Classified as cost of revenue	Classified as operating expenses	Total
Labor cost						
Employee salary	\$ 99	\$ 57,045	\$ 57,144	\$ 96	\$ 38,030	\$ 38,126
Director's remuneration	-	7,354	7,354	-	3,907	3,907
Labor and health insurance	-	3,192	3,192	-	2,893	2,893
Pension	-	1,919	1,919	-	1,586	1,586
Others	-	2,753	2,753	-	1,470	1,470
Depreciation	-	3,318	3,318	-	2,620	2,620
Amortization	-	227	227	-	217	217

1. For the years ended December 31, 2022 and 2021, the number of employees of the Company were 46 and 43, respectively, in which 7 employees for both years ended, only acted as director of the Company.
2. The Company's average employee welfare expenses in 2022 and 2021 were \$1,667 thousand and \$1,224 thousand, respectively, the average employee salary expenses were \$1,465 thousand and \$1,059 thousand, respectively and the average employee salary expenses increased by 38.34%.
3. The Company has set up an audit committee to replace the operation of the supervisor, so the remunerations of the supervisor in 2022 and 2021 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	2022	2021	Difference	
			Amount	%
Current assets	20,093,673	17,389,221	2,704,452	16%
Non-current assets	224,227	186,895	37,332	20%
<b>Total assets</b>	<b>20,317,900</b>	<b>17,576,116</b>	<b>2,741,784</b>	<b>16%</b>
Current liabilities	8,449,395	5,039,111	3,410,284	68%
Non-current liabilities	1,349,972	3,896,851	(2,546,879)	-65%
<b>Total liabilities</b>	<b>9,799,367</b>	<b>8,935,962</b>	<b>863,405</b>	<b>10%</b>
Other equity interest	10,278,223	8,393,662	1,884,561	22%
<b>Total equity</b>	<b>10,518,533</b>	<b>8,640,154</b>	<b>1,878,379</b>	<b>22%</b>
Main reasons of material changes:				
1. The changes in the current and non-current liabilities for this period are mainly due to transferring long-term borrowings to long-term borrowings that will mature within one operating cycle.				
2. The increase in equity is due to the increase in net profit due to the capital increase by private placement and the construction completion and handover for this period.				

## 2. Financial Performance

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

Unit: NT\$1,000

Item \ Year	2022	2021	Difference (Amount)	Difference (%)
Net operating income	1,994,281	8,718	1,985,563	22,775%
Operating cost	1,360,861	0	1,360,861	NA
Gross profit	633,420	8,718	624,702	7,166%
Operating expense	233,683	95,715	137,968	144%
Operating profit/loss	399,737	(86,997)	486,734	559%
Non-operating income and expenditure	4,506	(31,834)	36,340	114%
Net income (loss) before tax	404,243	(118,831)	523,074	440%
Current net income (loss)	445,470	(120,553)	566,023	470%
<p>1. Main reasons of material changes:</p> <p>(1) The increase in operating revenue for this period is due to the increase in gross profit and operating profit due to the income from selling real estate.</p> <p>(2) The increase in non-operating income and expenses is mainly due to the increase in foreign currency exchange gains for this period.</p> <p>2. Expected sales volume and its basis, the possible impact on the Company's future financial business, and the response plan: Please refer to the 2023 Operation Plan on page 3 of this annual report.</p>				

## 3. Cash Flow

### (1) Liquidity analysis for the last two fiscal years

Unit: NT\$1,000

Item \ Year	2022	2021	Increase/decrease (%)
Cash flow ratio (%)	--	--	--
Cash adequacy ratio (%)	4.88	8.32	-41%
Cash reinvestment ratio (%)	0.00	0.00	NA
<p>Analysis of changes:</p> <p>Cash flow ratio: As the net cash flow outflow from operating activities for the period is not analyzed.</p> <p>Cash adequacy ratio: The ratio was decreased due to the increase in inventories.</p>			

## (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
2,135,572	1,253,239	(288,363)	3,100,448	-	-
Analysis of changes in cash flow in 2023: Cash inflow from the expected handover of properties.					

#### 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: None.

#### 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	2022(NT\$1,000 ; %)
Net amount of interest income (Expenditure)	(10,762)
Net amount of exchange gain(loss)	5,932
Ratio of interest income (Expenditure) to net operating income	(0.54%)
Ratio of interest income (Expenditure) to pre-tax net profit/loss	(2.66%)
Ratio of net interest income and expenses to total assets	(0.05%)
Ratio of exchange gain(loss) to net operating income	0.30%
Ratio of exchange gain(loss) to pre-tax net profit/loss	1.47%
Ratio of net profit and loss on exchange to total assets	0.03%

##### 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:

Real estate has long been seen as a valuable asset that can retain or even appreciate in value. It has a certain sales market. Inflation may be reflected in the sales price, but a certain level of profits can still be maintained. Thus, inflation has no significant impact on the Company's profit.

**(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, 2022 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				
2022	Huajian Construction Co., Ltd.	The Company's Subsidiary	\$100,000	\$100,000	\$2,055,645	\$5,139,112

#### 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 (Including cybersecurity risks) 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.

The Company has implemented a Cybersecurity Policy and Management Plan to mitigate cybersecurity risks. This plan provides adequate protection measures for our information assets and protects our information systems from unauthorized access, use, leaks, and damage.

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 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 2022, 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

(1) Plaintiff: Lin ○○

(2) Overview of case:

- A. Due to a real estate sales case, the buyer who breached the contract sued the Company to request the return of all liquidated damages.
- B. The Taiwan Shilin District Court is currently adjudicating the first instance of this case.

**(13) Other important risks: None**

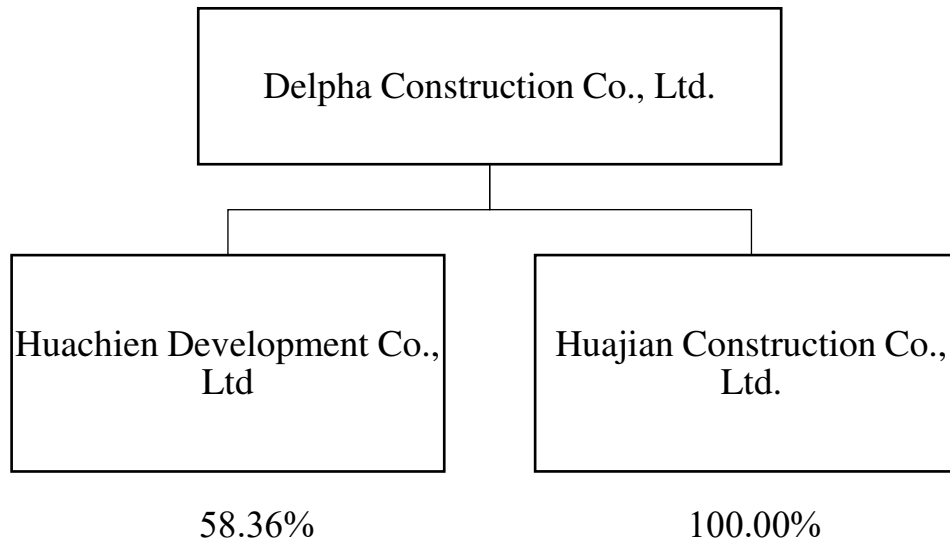
**7. Other Important Matters: None**

## 【Special Disclosures】

### 1. Summary of Affiliated Companies

#### (1) Consolidated Operation Report of the Affiliates

1. Organizational chart of affiliates (2022/12/31)



2. Basic data of affiliates:

Unit: NT\$1,000; Date: 2022/12/31

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: 2022/12/31

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	Huang, Jyh-Jen			
	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: 2022/12/31

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	8,399,880	19,196,302	8,918,079	10,278,223	1,986,158	407,257	451,652	0.56
Huachien Development Co., Ltd.	312,015	1,330,169	763,242	566,927	8,437	(480)	(14,847)	(0.48)
Huajian Construction Co., Ltd.	350,000	601,032	243,442	357,590	1,104,964	29,093	23,166	0.66



(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.	1,041,884	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	1,104,964	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:

### 1. Private Placement of Securities in 2021

- (1) As resolved at the shareholders' meeting on August 8, 2021, the Company conducted capital increase by private placement of common shares within the line of 200,000 thousand shares in three installments within 1 year from the date of resolution.
- (2) The first private placement in 2021 was revoked upon board resolution. The Company issued a total of 200,000 thousand shares through private placement in August and September 2021. Details are as follows:

	<b>Second Session of the First Private Placement in 2021</b>	<b>Third Session of the First Private Placement in 2021</b>
Item	Issuing Date: 2021/10/15 Total Shares: 83,000,000 shares	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, August 11, 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\$13.70, 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.</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 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>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>

<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  Wang, Mu-Fan/Independent Director  Yan, Ming-Hung/Director  Guo, Ming-Zhen/Spouse of the manager  Lee, Jun-Xian/Manager  Wang, Chen-Kang/Manager  Chien, Lin-Chin/Manager  Wu, Sing-Suei/Manager  Chia Chun Investment Co., Ltd./Majority shareholder  Hong Yi Investment Ltd./Related party  Da Shuo Investment Co., Ltd./Related party  Hou, Bo-Yao/None  Shih, Gang-Hong/None  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</p>	<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>
--	--	---

	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			2021/09/17		
Subscriber profile	Subscribers listed below are all qualified pursuant to Article 43-6 of the Securities and Exchange Act.			Subscribers listed below are all qualified pursuant to Article 43-6 of the Securities and Exchange Act.		
	Name	Number of shares subscribed	Relationship	Name	Number of shares subscribed	Relationship with the Company
	Wang, Mu-Fan	100,000	Independent Director	Chia Chun Investment Co., Ltd	111,267,700	Majority shareholder
	Yan, Ming-Hung	400,000	Director	Chen, Chia-Ling	500,000	None
	Guo, Ming-Zhen	3,000,000	Spouse of the manager	Lin, Hsing-Yu	1,690,000	None
	Lee, Jun-Xian	200,000	Manager	Lin, Zheng-Yung	1,000,000	None
	Wang, Chen-Kang	320,000	Manager	Chung Hou Co., Ltd.	2,542,300	None
	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			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 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.			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	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	-	750,000	100.00%	-	Not applicable	-	1,380,600	100%	-	Not applicable
Efficiency of private placement	Enhance business performance and overall competitive									

2. Private Placement of Securities in 2021

- (1) As resolved at the special shareholders' meeting on November 30, 2021, the Company conducted capital increase by private placement of common shares within the line of 140,000 thousand shares in three installments within 1 year from the date of resolution.
- (2) The Company issued a total of 119,235,534 thousand shares through private placement in February and May 2022, and this session of private placement will end on November 29, 2022. The Board resolved on November 11, 2022 to discontinue of this round of private placement. Details are as follows:

	<b>First Session of the First Private Placement in 2022</b>	<b>Second Session of the First Private Placement in 2022</b>
Item	Issuing Date: 2022/03/31 Total Shares: 53,571,000 shares	Issuing Date: 2022/06/15 Total Shares: 65,664,534 shares
Security Category for Private	Common Share	

Placement		
Date and Amount approved in the General Shareholders' Meeting	The line of issuance was approved no more than 140,000,000 shares in the Special Shareholders' Meeting dated November 30, 2021	
The basis and rationality of price setting	<p>The date convening the Board of Directors' Meeting, February 10, 2022, 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\$14.55, NT\$14.45 and NT\$14.48 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\$14.55, after capital reduction reversing ex-rights.</p> <p>(2) The stock price, NT\$14.63, 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 place, NT\$14.63.</p> <p>Combined as above, NT\$12 was proposed to be the price in the actual private placement herein, which accounts for 82.03% of the reference price, not lower than 80% of that determined in the General Shareholders' Meeting.</p>	<p>The date convening the Board of Directors' Meeting, April 25, 2023, 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\$14.50, NT\$14.53 and NT\$14.58 respectively. Chosen from five 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\$14.58, after capital reduction reversing ex-rights.</p> <p>(2) The stock price, NT\$14.66, 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 place, NT\$14.66.</p> <p>Combined as above, NT\$12 was proposed to be the price in the actual private placement herein, which accounts for 81.86% 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 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 Li, Jin-Yi / the Company's director</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 Wu, Sing-Suei / the Company's manager</p>

	<p>Ye, Jian-Wei /the Company’s independent director  Wang, Mu-Fan / the Company’s independent director  Guo, Ming-Zhen /the spouse of the Company’s manager  Chien, Lin-Chin / the Company’s manager  Wu, Sing-Suei / the Company’s manager  Hou, Su-Fen /None  Hung Yi Investment Co., Ltd. / the Company’s related party  Hou ,Bo-Yao / None  Shi, Gang-Hong/ None  Liu,Xin-Hai / None  Yang, Xue-E/None  Chen, Ying/None  Neng Hong Investment Holdings Co., LTD. / None  Zhong Bo Consultant Co., Ltd./ None  Wang, Pei-Yu / None  Zhou, Chong-Yue / None  Feng, Xin-Yi /None  Hiyes International Co., Ltd./ None  Xiao, Yu-Jie/None  Chung Hou Investment Co., LTD. / None  Chen, Zheng-Yao / None  Lin, Zhi-Hong / None  Zhang, Xiu-Zhen / None  Han Lin Investment Co., Ltd./ None  Huang, Zong-Yuan / None  Huang, Zao-Rong / None  Huang, Ling-Ru / None  Bai, Shu-Zhen / None  Peng, Shu-Ing / None  Huang, Xiao-Jing / None  Xu, Zhen-Hua / None  Chen, Shih-Yang / None  Gao, Ru-Xin / None  Chang Yun Investment Co., LTD. / None</p>	<p>Hung Yi Investment Co., Ltd. / the Company’s related party  Chia Chun Investment Co., Ltd./Majority shareholder  Neng Hong Investment Holdings Co., Ltd./None  Chung Hou Co., Ltd./None  K VENTURES CO., LTD /None  Hou, Su-Feng /None  Chen, Zheng-Lin /None  Lin, Zheng-Yung /None  Tsai,Yu-Chen /None  Huang, Zong-Yuan /None  Huang, Zao-Rong /None  Huang, Ling-Ru /None  Chen, Cheng-Yao /None  Wu, Ying /None  Tsai, Hsuan-Ya /None  Tsai, Yi-Ru /None  Liu, Jung-Lung/None  Hung, Hui-Ching /None  Lai, Cheng-Chia /None  Chung, Hung-Cheng /None  Sum, Chi-Chin/None  Liao, Tung-Shun/None  Lai, Chin-Hsian/None</p>
Reasons for	The Company evalutes the fund market condition and consider factors including but not limited to time efficiency, convenience, issuing costs and equity	



necessity of private placement	steadiness in the fundraising process, so common shares were issued via private placement.					
Payoff Date of Price	2022/02/24			2022/05/09		
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	Name	Number of shares subscribed	Relationship
	Li, Jin-Yi	100,000	Director	Wu, Sing-Suei	105,534	Manager
	Ye, Jian-Wei	150,000	Independent Director	Hong Yi Investment Ltd.	2,000,000	Related party
	Wang, Mu-Fan	50,000	Independent Director	Chia Chun Investment Co., Ltd.	34,160,000	Majority shareholder
	Guo, Ming-Zhen	600,000	the spouse of the Company's manager	Neng Hong Investment Holdings Co., Ltd	8,000,000	N/A
	Chien, Lin-Chin	35,000	Manager	Chung Hou Co., Ltd.	800,000	N/A
	Wu, Sing-Suei	150,000	Manager	K VENTURES CO., LTD	2,500,000	N/A
	Hou, Su-Fen	138,000	N/A	Hou, Su-Feng	100,000	N/A
	Hung Yi Investment Co., Ltd.	1,800,000	Majority shareholder	Chen, Zheng-Lin	800,000	N/A
	Hou, Bo-Yao	200,000	Related party	Lin, Zheng-Yung	500,000	N/A
	Shi, Gang-Hong	100,000	Related party	Tsai, Yu-Chen	200,000	N/A
	Liu, Xin-Hai	1,200,000	N/A	Huang, Zong-Yuan	1,250,000	N/A
	Yang, Xue-E	1,000,000	N/A	Huang, Zao-Rong	625,000	N/A
	Chen, Ying	3,330,000	N/A	Huang, Ling-Ru	625,000	N/A
Neng Hong Investment Holdings Co., LTD.	16,638,000	N/A	Chen, Cheng-Yao	3,500,000	N/A	

	Zhong Bo Consultant Co., Ltd.	500,000	N/A	Wu, Ying	500,000	N/A
	Wang, Pei-Yu	1,000,000	N/A	Tsai, Hsuan-Ya	500,000	N/A
	Zhou, Chong-Yue	1,000,000	N/A	Tsai, Yi-Ru	600,000	N/A
	Feng, Xin-Yi	400,000	N/A	Liu, Jung-Lung	500,000	N/A
	Hiyes International Co., Ltd.	8,330,000	N/A	Hung, Hui-Ching	200,000	N/A
	Xiao, Yu-Jie	1,000,000	N/A	Lai, Cheng-Chia	3,333,000	N/A
	Chung Hou Investment Co., LTD.	1,650,000	N/A	Chung, Hung-Cheng	250,000	N/A
	Chen, Zheng-Yao	2,200,000	N/A	Sum, Chi-Chin	250,000	N/A
	Lin, Zhi-Hong	1,000,000	N/A	Liao, Tung-Shun	200,000	N/A
	Zhang, Xiu-Zhen	300,000	N/A	Lai, Chin-Hsian	4,166,000	N/A
	Han Lin Investment Co., Ltd.	1,000,000	N/A			
	Huang, Zong-Yuan	2,500,000	N/A			
	Huang, Zao-Rong	1,250,000	N/A			
	Huang, Ling-Ru	1,250,000	N/A			
	Bai, Shu-Zhen	500,000	N/A			
	Peng, Shu-Ing	600,000	N/A			
	Huang, Xiao-Jing	800,000	N/A			
	Xu, Zhen-Hua	400,000	N/A			
	Chen, Shih-Yang	200,000	N/A			
	Gao, Ru-Xin	200,000	N/A			
	Chang Yun Investment Co., LTD.	2,000,000	N/A			
Actual price subscribed	NT\$12			NT\$12		
Difference between actual subscription price and reference price	The actual price subscribed accounts for 82.03% of the reference price, NT\$14.63			The actual price subscribed accounts for 81.86% of the reference price, NT\$14.66		
The effect of private	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.					

placement on the equity										
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	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	-	-	-	-	-
Repaying for bank loans	-	-	-	-	Not applicable	-	-	-	-	-
Miscellaneous	-	642,852	100%	Not applicable	Not applicable	-	787,974	100%	Not applicable	Not applicable
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.

Plowing Space, Care for Land

**Delpha Construction Co., Ltd.**

16F, No. 460, Section 5, Chenggong Road, Neihu

District, Taipei City

**Delpha Construction Co., Ltd**



**Chairman: 鄭斯聰**



**Printed on: April 30, 2023**