`Stock Code: 5514

Sunfon Construction Co., Ltd.

2021 Annual Report

Yun Di Project

Publication Date: April 20, 2022

This Annual Report is available on http://mops.twse.com.tw/

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V. The name of any exchanges where the Company's securities are traded offshore: None

The method by which to access information on said offshore securities: None

VI. Company website: www.sunfon.com.tw/

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Chapter 1. Report to Shareholders

I. Operating results for the previous year (2021)

(I) Implementation results of the 2021 Business Plan:

The Company's consolidated operating revenue for 2021 totaled NT$5,650 thousand, decreased by 99.15% compared to the consolidated operating revenue of NT$666,812 thousand for 2020. The consolidated net loss after tax for 2021 totaled NT$7,362 thousand, decreased by 103.6% from the consolidated net income after tax of NT$204,618 thousand for 2020. Earnings per share were NT$-0.04. The results for operations are as follows:

1.Consolidated Profit or Loss — Unit: NT$ thousand

Item	Amount in 2021	Amount in 2020	Increase/ decrease amount	Change in percentage %
Operating income	5,650	666,812	(661,162)	(99.15)
Operating costs	1,843	406,147	(404,304)	(99.55)
Operating profit	3,807	260,665	(256,858)	(98.54)
Operating expenses	48,245	49,886	(1,641)	(3.29)
Operating income (loss)	(44,438)	210,779	(255,217)	(121.08)
Non-operating income and (expenditures)	41,702	41,544	158	0.38
Net income before tax	(2,736)	252,323	(255,059)	(101.08)
Income tax benefit (expense)	(4,626)	(47,705)	(43,079)	(90.30)
Net profit (loss) for the period	(7,362)	204,618	(211,980)	(103.60)
Earnings per share (NT$)	(0.04)	1.03		

2.Parent Only Profit or Loss — Unit: NT$ thousand

Item	Amount in 2021	Amount in 2020	Increase/ decrease amount	Change in percentage %
Operating income	5,770	666,932	(661,162)	(99.13)
Operating costs	7,982	393,386	(385,404)	(97.97)
Operating profit	(2,212)	273,546	(275,758)	(100.81)
Operating expenses	34,965	38,607	(3,642)	(9.43)
Operating income (loss)	(37,177)	234,939	(272,116)	(115.82)
Non-operating income and (expenditures)	34,442	17,395	17,047	98.00
Net income before tax	(2,735)	252,334	(255,069)	(101.08)
Income tax benefit (expense)	(4,626)	(47,705)	(43,079)	(90.30)

Net profit (loss) for the period	(7,361)	204,629	(211,990)	(103.60)
Earnings per share (NT$)	(0.04)	1.03		

(II) Budget implementation: The Company does not disclose financial forecasts.

(III) Analysis of receipts, expenditures, and profitability

1. Liquidity analysis

(1) Consolidated liquidity analysis

Item \ Year	2021.12.31	2020.12.31	Increase/ decrease percentage (%)
Cash flow ratio (%)	(11.88)	(10.38)	(1.50)
Cash flow adequacy ratio (%)	(7.06)	(12.07)	5.01
Cash reinvestment ratio (%)	(9.35)	(5.18)	(4.17)

Analysis of changes in the increase/decrease percentage: Increase/decrease percentage less than 20%.

(2) Parent Only Liquidity Analysis

Item \ Year	2021.12.31	2020.12.31	Increase/ decrease percentage (%)
Cash flow ratio (%)	(10.96)	(8.45)	(2.51)
Cash flow adequacy ratio (%)	(4.33)	(9.66)	5.33
Cash reinvestment ratio (%)	(8.91)	(4.83)	(4.08)

Analysis of changes in the increase/decrease percentage: Increase/decrease percentage less than 20%.

2. Profitability analysis

(1) Consolidated profitability analysis

Item \ Year		2021	2020	Increase/ decrease rate (%)
Return on assets (%)		(0.13)	6.25	(6.38)
Shareholder return on equity (%)		(0.26)	7.62	(7.88)
Percentage to paid-in capital (%)	Operating income	(2.14)	10.85	(12.99)
	Net income before tax	(0.13)	12.99	(13.12)
Net profit rate (%)		(130.30)	30.69	(160.99)
Earnings per share (NT$)		(0.04)	1.03	

(2) Parent Only Profitability Analysis

Item \ Year		2021	2020	Increase/ decrease rate (%)
Return on assets (%)		(0.13)	6.30	(6.43)
Shareholder return on equity (%)		(0.26)	7.62	(7.88)
Percentage to paid-in capital (%)	Operating income	(1.79)	12.09	(13.88)
	Net income before tax	(0.13)	12.99	(13.12)
Net profit rate (%)		(127.57)	30.68	(158.25)
Earnings per share (NT$)		(0.04)	1.03	

(IV) Research and development (R&D) status

1. R&D expenditures and results for the most recent fiscal year

(1) Through applications for incentives urban renewal and unsafe and old buildings, as well as jointly developing and building quality mixed residential and commercial buildings in old communities with landowners, we are able to keep land acquisition costs down to generate more profits.

(2) We are proactively seeking desirable locations with reasonable land prices to promote quality residences for steady sales. With our strategy that focuses on small volumes but a large number of projects, we hope to build our company brand within the public's awareness.

(3) Our product design and planning take the requirements of building coverage ratio and floor area ratio into account in order to fully utilize the buildable area. Moreover, we aim to design and construct tall buildings with deep foundations and high floors, and giving them life so that they are reasonable, practical, humanized and refined, meeting the market demand.

(4) We select first-rate vendors through evaluation of their information sheets and final reports, while strengthening budget management and improving schedule control to reduce costs, elevating operational efficiency.

(5) Our construction projects located in Datong District completed in recent years — "Feng Hua Hui," "Wen Ding Hui," "Di Yi Hui" and the "The Twin Cities" — as well as construction projects currently under construction — "Chang An Hui" and "Yun Ji" — have been highly praised by customers in terms of the design and construction quality.

2. Future R&D plans

(1) Strengthening land development ability by adopting the strategy of purchasing land and joint construction to ensure the acquisition of land resources.

(2) Adopting new construction methods and collecting information on new building materials to keep track of construction progress cost and quality.

(3) Promoting full institutionalized management by strengthening authorization and fostering labor division. By doing this, our manpower can be put into full practice to enhance the Company's work quality and highly efficient operations.

(4) Promoting all businesses to improve computerized operations and enhance work efficiency. This enables us to provide the best service to customers, build product reputation and increase brand awareness, and achieve the goal of sustainable business.

(5) As we primarily provide land development and construction services, R&D investment is not applicable.

(V) Conclusion

First of all, I would like to thank you for your long-term support and encouragement of Sunfon Construction. The project of "Chang An Hui" currently under construction is expected to be completed by the end of this year for house delivery. The project of "Yun Ji" of the Company with the house sale officially started in September of last year has been sold out completely in a short period of time, and the project construction is scheduled to be commenced in April of this year, and it is expected to be completed for house delivery in September 2025. Regarding the "Baosheng Emperor Memorial Hall" previously pre-sold to and constructed for Taipei Baoan Temple, after the acquisition of the alternation building permit was obtained last November, construction has commenced in February of this year, and it is expected to be completed for delivery at the end of 2023. For the scheduled Minle-Guisui project with the project name of "Yun Di," the building permit was obtained at the end of last year, and construction is scheduled to commence in June of this year and is expected to be completed for delivery in May 2025. Furthermore, for the Chengde project adopting the urban renewal development method, in addition to the completion of existing house demolishing operation, construction is scheduled to commence in July of this year and is expected to be completed for delivery at the end of 2025. For the project at Section 1, Kangning Road, the demolishing license was acquired at the end of last year and existing house demolishing operation is currently in process, and after successful acquisition of the building permit in February of this year, the construction is scheduled to commence in June of this year and is expected to be completed for delivery in June 2024. Furthermore, since the Nangchang Road project is located at the central area of the capital and adjacent to MRT Wanda Line, the building permit review is relatively complicated, and its construction is scheduled to commence immediately after the acquisition of the building permit in April of this year and is expected to be completed for delivery at the end of 2024. For the Tianmu Tianyu Street project, since it is a sea sand urban renewal project, the urban renewal review is expected to be completed in April 2023, and the building permit will be acquired in July 2023, the construction is scheduled be completed for delivery at the end of 2025. For the project at No. 128, Section 3, Chengde Road, the reconstruction plan was submitted last June, and construction is expected to commence immediately after the successful acquisition of the building permit in September of this year, and it is scheduled to be completed for delivery in September 2024. In addition, as several obsolete and hazardous building development and integration projects are scheduled to be completed this year and a number of urban renewal projects have been submitted for review, accordingly, the profit growth of the Company for this year and upcoming years can be expected.

In 2021, with the mitigation of the pandemic and the increase of vaccination rate, the economic activities start to show positive signs, and the domestic market in Taiwan also benefits from the supports of five main factors of capital return of Taiwanese business operators, restructuring of supply chain, low mortgage rate, inflation and steady growth of the Taiwan stock market. Accordingly, the real estate trading volume is driven to increase and to reach new highs in the year of the ox. In view of such positive impact, the "Yun Ji" project of the Company has also benefited from such market condition, such that the project sold out in a short period of time with transaction price reaching new highs in the local market. As for other projects developed completely, we also plan to start the sale of house units during the construction process. Accordingly, under the positive market impact, we expect to achieve outstanding sales outcome and performance. Looking into the year of 2022, according to the economy and market survey of Taiwan Institute of Economic Research, due to the increasing trend of house prices along with the high trading volume in the real estate market in 2021, the government's real estate suppression policy and pandemic condition change have become the main factors for the market adjustment and fluctuation. Nevertheless, under the positive impacts of the low interest rate adopted by the Central Bank and the market capital effect, along with the factors of high construction cost and insufficient construction labor, house prices in the market are maintained. Accordingly, the market showed a slight increase of the house prices at the beginning of this year. We sincerely appreciate all shareholders for their continuous support and encouragement to our company.

II. Business plan for this year (2022)

(I) Management policy

We adhere to the business motto of "sustainable management and steady growth" and create reasonable profits, which are given back to society and shared with employees and shareholders. As a means to put the motto into practice, our management policy includes:

1. Strengthening land development ability by adopting the strategy of purchasing land and joint construction to ensure the acquisition of land resources.
2. Using market demand as a guide to plan quality products that are user-friendly so as to facilitate sales and reduce the inventory of houses.
3. Emphasizing construction quality and after-sales service to build a sound corporate image and reputation, while increasing the trust and recognition of customers.
4. Properly planning and utilizing human resources and placing importance on the employee's education and training as well as the welfare system to enhance work efficiency.
5. Improving the financial structure and strictly controlling budgets and audits to ensure our profitability and operating performance.

(II) Expected sales volume and its basis

1. The base for the "City Meeting Point" project located at Chang'an West Road is 119.14 *ping* (393.8 m^2), with 49 residential units planned. The project was launched in the fourth quarter of 2019, with a 100% sales rate by the end of 2021.
2. The base for the "Chongqing North No.138" project located at No. 138, Section 3, Chongqing North Road is 108.6 ping (359 m2), planned to be built as a social and educational facility building, which was 100% sold out at the end of 2020.
3. The base for the "Yun Ji" project located near Minsheng West Road and Chongqing North Road and Ningxia Night Market is 668.83 ping (2,211 m2), with 5 general shops and 207 residential units planned. The project is to be launched in the third quarter of 2021 and the sales rate is expected to reach 100% by the end of 2022.
4. The base for the "Minle Street" project located at Guisui Street and Minle Street is 346.67 ping (1,146 m2), with 8 general shops and 104 residential units planned. The project is to be launched in the second quarter of 2022 and the sales rate is expected to reach 60% by the end of 2022.
5. The estimated sales volume for 2022 was based on the expectation that the construction industry will remain stable in 2022.

(III) Important production and sales policies

1. Production strategy:
   (1) Develop marketable land and work with landlords to build quality mixed residential and commercial buildings in old communities. This reduces land acquisition costs and generates more profits.
   (2) Our product design and planning take the requirements of building coverage ratio and floor area ratio into account in order to fully utilize the buildable area. Moreover, we aim to design and construct high buildings with deep foundations to build reasonable, practical, humanized and refined buildings, meeting the market demand.
   (3) We select first-rate vendors through evaluation of their information sheets and final reports, while strengthening budget management and improving schedule control to reduce costs, elevating operations management efficiency.
2. Sales strategy:
   (1) Adopt sensible operating principles by means of pre-sales and selling while building or selling after building completion depending on market trends, and launch sales at the best time chosen.
   (2) Entrust reliable and professional proxies to reach the objective of expected sales targets through diversified media design and strong advertising planning ability in conjunction with the bank's generous loan terms.
   (3) Enhance the training of customer sales service to improve the quality of professional and comprehensive after-sales services in order to increase the satisfaction and trust of customers.

(4) Build the customer's brand recognition of the Company's and improve the corporate image through the visibility of the Company's listed stock and past project performances.

III. Future company development strategy

(I) To reduce risks, the main area for our future land development will still be Greater Taipei.

(II) We have long been dedicated to the research of urban renewal and carrying out land integration. Our main development direction is to renew old communities to improve the quality of living.

(III) To ensure the acquisition of land materials for sustainable management and development, not only do we continue with the business of joint construction and urban renewal as our specality, but we also assess suitable land in New Taipei City, Taoyuan or even Taichung for purchase and construction. This will strengthen the Company's business volume and profitability.

IV. The effect of external competition, the legal environment, and the overall business environment.

In 2021, the global market was severely affected by the COVID-19 variants of Delta and Omicron, resulting in the increase of impact of global pandemic, and causing a serious impact on corporate revenue and solvency. Due to the situation, central banks all over the world offered easing policies to help companies and people get through the difficulties. Fortunately, the pandemic started to subside during the end of July 2021. With the recovery of economy in the U.S., the interest rate is expected to be increased in the U.S., which is beneficial to the global economy stabilization.

In 2022, the global market is affected by the war between Russia and Ukraine. All of the food, energy, semiconductor inventories and financial market have been affected, and the war has also caused the conflict between the U.S. and China to continue. Accordingly, the vertical and horizontal alliance among countries become more complicated, and the geopolitical risk may affect the global economic growth to become more conservative.

With regard to the domestic real estate market, in addition to the COVID-19 pandemic impact, the factors of restriction on real estate market, increase of raw material prices and continued shortage of labor, the construction cost is increasing. Furthermore, the government has adopted policy on suppression of the real estate market and has also implemented measures on house flipping limitations for the third time in one year, mainly targeting the restriction of grace period for second house mortgage of natural person in specific areas, and the decrease of land financing by a maximum of 60% and the maximum mortgage of 50% for industrial idle lands. All of these polices indicate that to prevent excessive inflow of fund into the real estate market, the central bank has implemented a tight policy on the real estate market, which is effective to suppress the real estate market, and constructors will need to have greater amount of own capital.The policy is expected to have greater impact on the residential housing of the real estate market.

Looking ahead, while the Income Tax 2.0 on House and Land Transactions introduced by the government shows the determination to curb housing and land speculation and is beneficial to the healthy development of the housing market in the long run, it may, however, affect the transaction volume in the housing market in the near future. On the plus side, as the government continuously puts effort into urban renewal and the reconstruction of unsafe and old houses, together with the low interest environment and the support of the housing market's rigid demand, real estate is expected to remain the center in terms of market investment.

Chapter 2. Company Profile

I. Date of establishment: January 21, 1988

II. Company History

◎	January 1988	Approved for establishment with a capital of NT$50 million; the Company was established at 6F-5, No. 31, Section 2, Chang'an East Road, Taipei City.
◎	June 1989	The extraordinary general meeting resolved to approve an increase in capital by NT$125 million in cash, increasing the paid-in capital to NT$175 million.
◎	April 1990	An increase in capital by NT$175 million in cash and start of public offering. The paid-in capital was increased to NT$350 million.
◎	June 1990	The 1st product "Sunfon Enterprise Center" was completed. The Company moved to its self-built office at 7F., No. 173, Section 2, Chang'an East Road, Taipei City in August to continue its business.
◎	July 1990	The extraordinary general meeting resolved to approve an increase in capital by NT$100 million in cash, increasing the paid-in capital to NT$450 million.
◎	November 1991	The 2nd building, "Sunfon Financial Center," an OA automation office building, was completed.
◎	February 1993	The 3rd building, "Cui Ti Xiang Xie," a 20-story quality residential building and the first open space located in Lane 39, Zhulin Road, Yonghe City, was completed.
◎	June 1993	The annual general meeting approved an increase in capital by NT$54 million from the 1992 earnings, increasing the paid-in capital to NT$504 million.
◎	April 1994	The 4th building, "Sunfon Cui Ti," a 12-story building with the first floor being offices and shops and collective housing above the second floor located at the end of Lane 39, Zhulin Road, Yonghe City at Huanhe East Road, was completed.
◎	June 1994	The annual general meeting approved an increase in capital by NT$50.4 million from the 1993 earnings, increasing the paid-in capital to NT$554.4 million.
◎	March 1995	The 5th building, "Cui Ti Ya Zhu," a 5-story apartment building located in Alley 42, Lane 39, Zhulin Road, Yonghe City, was completed.
◎	April 1995	The annual general meeting approved an increase in capital by NT$110.88 million from the 1994 earnings, increasing the paid-in capital to NT$665.28 million.
◎	October 1995	The 6th building, "Sanfon Yon Gji," a 14-story residential and commercial building located at No. 298 Yongji Road, Taipei City, was completed.

◎	May 1996	The annual general meeting approved an increase in capital by NT$34.72 million from the 1995 earnings, increasing the paid-in capital to NT$700 million.
◎	May 1997	The annual general meeting approved an increase in capital by NT$70 million from the 1996 earnings, increasing the paid-in capital to NT$770 million.
◎	April 1997	The 7th building, "Sunfon Li Jing," is a 12-story residential and commercial building located at No. 7 Huanhe South Road, Sanchong City.
◎	June 1997	The 8th building, "Sunfon Jie Yuan," is a 9-story residential and commercial building located at No. 110, Yumin 6th Road, Taipei City.
◎	January 1998	The 9th building, "Shi Mao Guo Xi," a 8-story residential building located at Lane 53, Songyong Road, Taipei City, was completed.
◎	June 1998	The annual general meeting approved an increase in capital by NT$77 million from the 1997 earnings, increasing the paid-in capital to NT$847 million.
◎	August 1998	The Company's products and efforts were recognized by receiving the "Identification Label for Construction and Investment Industry, M.O.I." by the Ministry of the Interior.
◎	December 1998	The Company's shares were approved to be listed on TPEx.
◎	May 1999	The shareholders' meeting approved an increase in capital by NT$67.76 million from the 1998 earnings, increasing the paid-in capital to NT$914.76 million.
◎	May 1999	The 10th building, "Tianmu Huang Shi," a 7-story residential building located at Section 6, Zhongshan North Road, Taipei City, was completed.
◎	June 1999	The 11th building, "Liu Zhong Yuan," a 14-story residential and commercial building located at No. 282, Yongji Road, Taipei City, was completed.
◎	July 1999	The 12th building, "You Yuan," a 6-story residential building located at Lane 30, Yongji Road, Taipei City, was completed.
◎	November 1999	The 13th building, "Sunfon Jin Cheng," a 9-story residential building located at Lane 7, Shuangcheng Street, Taipei City, was completed.
◎	June 2000	The 14th building, "Pu Shi," a 8-story residential building located at Lane 99, Xiamen Street, Taipei City, was completed.
◎	July 2000	The shareholders' meeting approved an increase in capital by NT$54,885,600 from the 1999 earnings, increasing the paid-in capital to NT$969,645,600.
◎	July 2000	The 15th building, "Ren Ai Guan Di," a 7-story residential building located at Section 3, Ren'ai Road, Taipei City, was completed.

◎	August 2000	The 16th building, “He Ti,” a 17-story residential and commercial building located at Fude South Road, Sanchong City, was completed.
◎	November 2000	The 17th building, “Zhong Zheng Xue Fu,” a 6-story residential building located at Lane 108, Nanchang Street, Taipei City, was completed.
◎	December 2000	The 18th building, “Song Jiang Gui Guan,” a 7-story residential building located at Lane 77, Songjiang Road, Taipei City, was completed.
◎	April 2001	The 19th building, “Wei Wa Di,” a 14-story residential and commercial building located at Section 3, Chongqing North Road, Taipei City, was completed.
◎	November 2001	The 20th building, “Ye Lu,” a 7-story residential building located at Section 1, Zhicheng Road, Taipei City, was completed.
◎	March 2002	The 21st building, “Kai Sa Guo Bao,” a 14-story residential and commercial building located at Section 2, Chongqing North Road, Taipei City, was completed.
◎	December 2002	In order to protect the Company’s credit and shareholders’ rights and interests, the Company bought back 3,000 thousand shares of treasury stock. The Ministry of Economic Affairs approved the change of the Company’s registration by issuing Letter Jing-Shou-Shang-Zi No. 09101495190 dated December 10, 2002. The paid-in capital was NT$939.66 million after the cancellation of capital.
◎	June 2003	The 22nd building, “Guo Ding,” a 14-story residential building located at Section 3, Chongqing North Road, Taipei City, was completed.
◎	July 2004	The shareholders’ meeting approved an increase in capital by NT$46,982,280 from the 2003 earnings, increasing the paid-in capital to NT$986,627,880.
◎	May 2005	The 23rd building, “Fu Yuan,” a 8-story residential building located at Section 2, Shipai Road, Taipei City, was completed.
◎	May 2005	The 24th building, “Guo Xi,” a 14-story residential building located at Section 3, Chongqing North Road, Taipei City, was completed.
◎	February 2007	The 25th building, “Da Dao Zhi Cheng,” a 13-story residential building located at Section 2, Yanping North Road, Taipei City, was completed.
◎	September 2007	The 26th building, “Guo Pin,” a 15-story residential building located at Section 2, Chongqing North Road, Taipei City, was completed.
◎	December 2009	The 27th building, “Ding Feng,” a 14-story residential building located at Section 2, Yanping North Road, Taipei City, was completed.

◎ June 2010 The shareholders' meeting approved an increase in capital by NT$78,930,240 from the 2009 earnings, increasing the paid-in capital to NT$1,065,558,120.

◎ July 2011 The shareholders' meeting approved an increase in capital by NT$95,900,240 from the 2010 earnings, increasing the paid-in capital to NT$1,161,458,360.

◎ June 2012 The shareholders' meeting approved an increase in capital by NT$174,218,760 from the 2011 earnings, increasing the paid-in capital to NT$1,335,677,120.

◎ July 2013 The shareholders' meeting approved an increase in capital by NT$200,351,570 from the 2012 earnings, increasing the paid-in capital to NT$1,536,028,690.

◎ August 2013 The 28th building, "Ding Ji," a 15-story residential building located at Section 2, Chongqing North Road, Taipei City, was completed.

◎ November 2013 The Company passed the ISO 9001:2008 certification and obtained the GLOBAL registration certificate.

◎ April 2014 The 29th building, "Jiu Ding," a 12-story residential building located at Section 1, Yanping North Road, Taipei City, was completed.

◎ November 2014 The Company received the Golden Laurel Award by TPEx.

◎ June 2015 The shareholders' meeting approved an increase in capital by NT$230,404,310 from the 2014 earnings, increasing the paid-in capital to NT$1,766,433,000.

◎ March 2017 The 30th building, "The Twin Cities," a 12-story residential and commercial building located at Jingping Road, New Taipei City, was completed.

◎ November 2018 The 31st building, "Feng Hua Hui," a 14-story residential building located at Section 2, Chongqing North Road, Taipei City, was completed.

◎ April 2019 The 32nd building, "Wen Ding Hui," a 12-story residential building located at Section 2, Chongqing North Road, Taipei City, was completed.

◎ February 2020 The 33rd building, "Di Yi Hui," a 15-story residential building located at Section 2, Chongqing North Road, Taipei City, was completed.

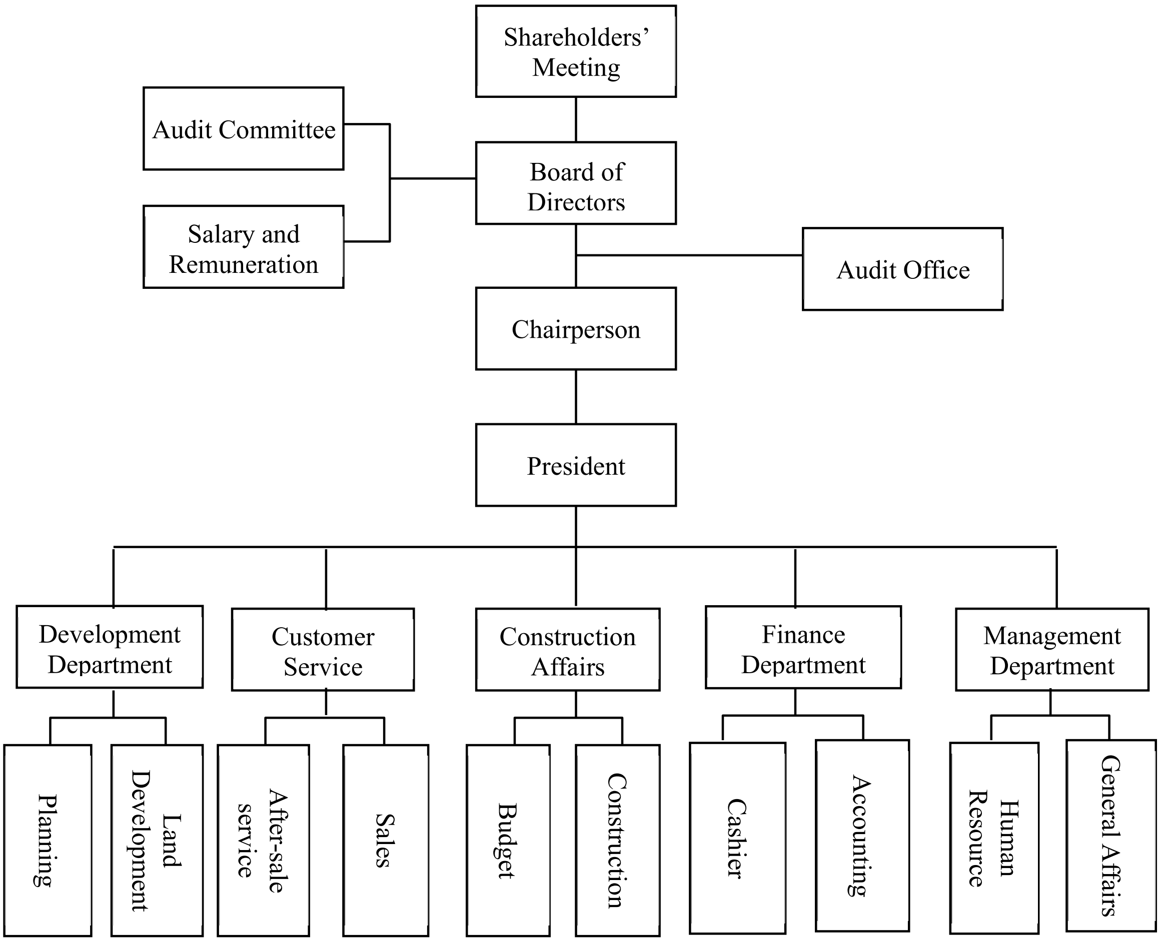
◎ August 2020 The shareholders' meeting approved an increase in capital by NT$176,643,300 from the 2019 earnings, increasing the paid-in capital to NT$1,943,076,300.

◎ August 2021 The shareholders' meeting approved an increase in capital by NT$136,015,300 from the 2020 earnings, increasing the paid-in capital to NT$2,079,091,600.

Chapter 3. Corporate Governance Report

I. Company Organizational System

(I) Organizational structure



(II) Tasks of departments

Department	Supervisor name	Title	Main duties
President	Yu Jui-Hsing	President	Manages the Company's business in accordance with resolutions of the Board of Directors.
Audit Office	Pan Ping-Hung	Main audit	Responsible for internal control planning implementation and audit, operational performance variance analysis and improvement suggestions and follow-up.
Management Department	Hung Min-Fu	Vice President	Responsible for planning and promoting the development of general affairs, personnel and human resources.
Customer Service Department	Huang Kuo-Chin	Vice President	Responsible for sales planning, customer contracts, collection and delivery of projects, sales as well as after-sales service, repair and remaining house rental management.
Construction Affairs Department	Wu Chung-Hsien	Vice President	Construction project budget setting, auditing, contracting and procurement, project management, supervising and acceptance at delivery.
Development Department	Wang Chin-Ching	Assistant General Manager	Responsible for land resource development, planning design and market trend analysis.
Finance Department	Shih Shu-Ying	Assistant General Manager	Oversees the Company's operations related to capital budgeting, auditing, coordinating and accounting and receipts and expenditures

II. Information on the Company’s directors, supervisors, president, vice presidents, assistant general managers, and the supervisors of all the Company’s departments and branch units.

(I) Information on directors and supervisors (1):

March 29, 2022

Title	Nationality or place of registration	Name	Gender Age	Date of election (assumption) of office	Term of office	Commencement date of the first term	Number of shares held at the time election of office		Number of shares currently held		Shares currently held by their spouse, children of minor age		Shares held in the name of others		Principal work (academic) experience	Position(s) held concurrently in the Company and/or in any other company	Other directors or supervisors who are a spouse or a relative within the second degree of kinship of another			Remark
							Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %			Title	Name	Relations	
Director	Taiwan	Don Tai Development Co., Ltd.	Legal person	2021.7	3	104.5	12,550,000	6.46	13,429,500	6.46	0	0	0	0	None	None	None	None	None	
Representative Chairperson	R.O.C.	Hung Min-Fu	Male 51-60	2021.7	3	101.6	5,280,000	2.72	5,649,600	2.72	0	0	0	0	Project Manager, Environmental & Ocean Technology Inc. Project Manager, EO.T Engineering Consultants, Inc.	Chairperson and Vice President of Management Department, Sunfon Construction Co., Ltd. Chairperson, Don Tai Development Co., Ltd.	None	None	None	Same as the Vice President of Management Department as he is a professional managerial officer
Representative	R.O.C.	Lin I-Wei	Male 51-60	2021.7	3	101.6	5,060,000	2.60	5,414,200	2.60	0	0	0	0	Vice President, Lee Heng Academic Managing Consultancy Co., Ltd.	Chairperson, Trans-idea Educational Laboratory Co., Ltd. Adjunct lecturer, National Taipei University of Business	None	None	None	
Director	Taiwan	Yo-Li Investment Co., Ltd.	Legal person	2021.7	3	98.6	12,665,000	6.52	14,000,100	6.73	0	0	0	0	None	None	None	None	None	

Representative	R.O.C.	Jean Jyi-Dean	Male 51-60	2021.7	3	101.6	0	0	0	0	0	0	0	0	Chairperson, Jing-Tai Greening Co., Ltd.	None	None	None	None	
Representative	R.O.C.	Chuang Yu-Te	Male 61-70	2021.7	3	98.6	36,960	0.02	39,547	0.02	0	0	0	0	Electrical and Mechanical Engineer, Underground Railway Engineering Division, Ministry of Transportation	Member of Construction Quality Inspection Committee, Public Construction Commission	None	None	None	
Director	Taiwan	Golden Plaza Cultural & Education Foundation	Legal person	2021.7	3	98.6	1,980,000	1.02	2,118,600	1.02	0	0	0	0	None	None	None	None	None	
Representative	R.O.C.	Huang Cheng-Yuan	Male 51-60	2021.7	3	98.6	1,698,864	0.87	1,817,784	0.87	0	0	0	0	President, De-Cheng Assets Management Co., Ltd.	None	None	None	None	
Director	R.O.C.	Chen Tsung-Jen	Male 61-70	2021.7	3	110.7	289,944	0.15	299,540	0.14	1,319,067	0.63	0	0	Consultant, Fu Hsun Fiber Industry Co., Ltd.	None	None	None	None	
Independent director	R.O.C.	Huang Tse-Jen	Male 61-70	2021.7	3	104.5	0	0	0	0	0	0	0	0	Director, Sheng-Xin Accounting Firm	Independent director, Genmont Biotech, Inc. Independent director, Sunplus Technology Co. Ltd.	None	None	None	
Independent director	R.O.C.	Lin Wen-Fang	Male 61-70	2021.7	3	104.5	0	0	0	0	0	0	0	0	Adjunct lecturer, Hsing Wu University	Vice President, Tronpsen Enterprise Co., Ltd.	None	None	None	
Independent director	R.O.C.	Wu Chen-Chi	Male 61-70	2021.7	3	110.7	0	0	0	0	0	0	0	0	Manager, Hwatai Bank	None	None	None	None	

Table 1: Major shareholders of institutional shareholders (top ten shareholders and their shareholding percentage)

Name of institutional shareholder	Major shareholders of institutional shareholders
Don Tai Development Co., Ltd.	Yi-Fu Investment Co., Ltd. – 99.62%
Yo-Li Investment Co., Ltd.	Hung I-Hua – 100%
Golden Plaza Cultural & Education Foundation	Hung Ping-Yao – 35.56%, Hung Min-Fu – 5.69%, Hung I-Hua – 2.84%

Table 2: Major shareholders of institutional shareholders who are major shareholders of legal persons (top ten shareholders and their shareholding percentage)

Name of legal person	Major shareholders of legal entities
Yi-Fu Investment Co., Ltd.	Yi-Sheng Investment Co., Ltd. – 49.54%, Jin-Zan Business Development Co., Ltd. – 48.33%

Information on directors and supervisors (2):

I. Disclosure of director and supervisor professional qualification and independence of independent directors

Qualification / Name	Professional qualification and experience	Independence status	Number of other public companies in which the individual is concurrently serving as an independent director
Chairperson Hung Min-Fu	Equipped with relevant experience in real estate market Chairperson, Taitung Development Co., Ltd. Project Manager, Environmental & Ocean Technology Inc. Project Manager, EO.T Engineering Consultants, Inc.	Non-independent director	None
Director Lin I-Wei	Equipped with relevant experience in commercial affairs management Chairperson, Trans-idea Educational Laboratory Co., Ltd. Chairperson, Yi-Fu Investment Co., Ltd. Adjunct lecturer, National Taipei University of Business	Non-independent director	None
Director Chuang Yu-Te	Equipped with relevant experience in engineering construction Member of Construction Quality Inspection Committee, Public Construction Commission	Non-independent director	None
Director Jean Jyi-Dean	Equipped with relevant experience in building greening construction Chairperson, Jing-Tai Greening Co., Ltd.	Non-independent director	None
Director Huang Cheng-Yuan	Equipped with relevant experience in financial management and market analysis President, De-Cheng Assets Management Co., Ltd.	Non-independent director	None
Director Chen Tsung-Jen	Equipped with experience in financial management and market analysis Consultant, Fu Hsun Fiber Industry Co., Ltd.	Non-independent director	None

Independent director Huang Tse-Jen	Equipped with financial and accounting experience and CPA license Director, Sheng-Xin Accounting Firm	Comply with the qualification requirements and independence specified in Article 2 and Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters, and not subject to any conditions prescribed in subparagraphs of Article 30 of the Company Act.	Independent director, Genmont Biotech, Inc. Independent director, Sunplus Technology Co. Ltd.S
Independent director Lin Wen-Fang	Equipped with relevant experience inf commercial affairs and finance Vice President, Tronpsen Enterprise Co., Ltd. Adjunct lecturer, Hsing Wu University	Comply with the qualification requirements and independence specified in Article 2 and Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters, and not subject to any conditions prescribed in subparagraphs of Article 30 of the Company Act.	None
Independent director Wu Chen-Chi	Equipped with relevant experience inf commercial affairs and finance Manager, Hwatai Bank	Comply with the qualification requirements and independence specified in Article 2 and Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters, and not subject to any conditions prescribed in subparagraphs of Article 30 of the Company Act.	None

II. Diversity and Independence of Board of Directors:

(I) Diversity of Board of Directors:

The Company respects the director diversity policy, and to enhance the corporate governance and to promote the sound development of the board composition and structure, the Company is of the opinion that diversity policy is beneficial tot he improvement of the overall performance of the Company. The board members adopt the principle of talent recruitment, and the professional expertise of board members include cross-industry fields of business management, construction and engineering, real estate, information and technology, finance and accounting, legal and risk, with diverse and mutual compensatory abilities. The current board member diversity policy and implementation status are as follows:

Diversity core / Director name	Basic composition							Professional competency and experience						
	Nationality	Gender	Equipped with employee identity	Age		Seniority of independent director		Business	Construction and engineering	Real estate	Information and technology	Finance and accounting	Legal	Risk management
				51–60 years old	61–70 years old	Less than 3 years	6–9 years							
Hung Min-Fu	R.O.C.	Male	✓	✓	-	-	-	✓	✓	O	✓	O	O	O
Lin I-Wei	R.O.C.	Male	-	✓	-	-	-	O	-	-	✓	-	-	O
Chuang Yu-Te	R.O.C.	Male	-	-	✓	-	-	-	✓	-	-	-	-	O
Jean Jyi-Dean	R.O.C.	Male	-	✓	-	-	-	O	✓	✓	-	-	-	O
Huang Cheng-Yuan	R.O.C.	Male	-	✓	-	-	-	-	-	✓	-	✓	-	O
Chen Tsung-Jen	R.O.C.	Male	-	-	✓	-	-	O	-	O	-	✓	-	-
Huang Tse-Jen	R.O.C.	Male	-	-	✓	-	✓	O	-	O	-	✓	O	O
Lin Wen-Fang	R.O.C.	Male	-	-	✓	-	✓	✓	O	-	-	✓	-	O
Wu Chen-Chi	R.O.C.	Male	-	-	✓	✓	-	✓	-	-	-	✓	O	O

Note: ✓ refers to having the competency completely, ○ refers to having the competency partially

(II) Independence of Board of Directors:

For the 12th term of Board of Directors of the Company, there are a total of 9 directors (including 3 independent directors), and the number of independent directors accounted for 33% of the directors, complying with the requirements of Article 14-2 of the Securities and Exchange Act. In addition, all board members are not subject to the conditions prescribed in Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act, and there is no spouse or relative within second degree relationship for directors or among directors.

(III) Information on the Company's president, vice president, assistant general managers, and the supervisors of all the Company's departments and branch units

Title	Nationality	Name	Gender	Date of election (assumption) of office	Number of shares held		Number of shares held by their spouse, children of minor age		Shares held in the name of others		Principal work (academic) experience	Position(s) held concurrently in any other company	Managerial officers who are spouses or within second degree of kinship of another			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relations	
President	R.O.C.	Yu Jui-Hsing	Male	2012.7	0	0%	0	0	0	0	Vice President, Development Department,	None	None	None	None	
Vice President	R.O.C.	Hung Min-Fu	Male	2014.8	5,649,600	2.72%	0	0	0	0	Project Manager, Environmental & Ocean Technology Inc. Project Manager, EO.T Engineering	Chairperson, Don Tai Development Co., Ltd.	None	None	None	Note
Vice President	R.O.C.	Huang Kuo-Chin	Male	2016.7	12,000	0.01%	0	0	0	0	Manager, Customer Service Department,	None	None	None	None	

As the Company does not have branch units, there is no related information.

Note: Hung Min-Fu originally acted as the CEO has resigned on January 13, 2022, and has further assumed the position of Vice President of the Management Department on March 8, 2022.

(IV) Remuneration to general directors, independent directors, supervisors, president and vice presidents in the most recent fiscal year

(1) Remuneration to general directors and independent directors (individual disclosure of names and remuneration method) Unit: NT$ thousand

Title (Code)	Name	Director remuneration								The sum of A, B, C and D and its percentage over the net income after tax (Note 10)		Remuneration for concurrently serving as the Company's employee								The sum of A, B, C, D, E, F, and G and its percentage over the net income after tax (Note 10)		Remuneration from investment business other than subsidiaries or parent company (Note 11)
		Returns (A) (Note 2)		Pension (B)		Remuneration to directors (C) (Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonuses, special allowances, etc. (E) (Note 5)		Pension (F)		Employee remuneration (G) (Note 6)						
		The Company	All companies included in the financial reports (Note 7)	The Company	All companies included in the financial reports (Note 7)	The Company	All companies included in the financial reports (Note 7)	The Company	All companies included in the financial reports (Note 7)	The Company	All companies included in the financial reports (Note 7)	The Company	All companies included in the financial reports (Note 7)	The Company	All companies included in the financial reports (Note 7)	The Company		All companies included in the financial		The Company	All companies included in the financial reports (Note 7)	
																Cash amoun	Stock amoun	Cash amoun	Stock amoun			
Director	Don Tai Development Co., Ltd. Representative: Hung Min-Fu, Lin I-Wei	0	0	0	0	0	0	160	160	160 2.17%	160 2.17%	1,961	1,961	0	0	0	0	0	0	2,121 28.82%	2,121 28.82%	0
Director	Yo-Li Investment Co., Ltd. Representative: Jean Jyi-Dean, Chuang Yu-Te	0	0	0	0	0	0	160	160	160 2.17%	160 2.17%	0	0	0	0	0	0	0	0	160 2.17%	160 2.17%	0
Director	Golden Plaza Cultural & Education Foundation Representative: Huang Cheng-Yuan	0	0	0	0	0	0	20	20	20 0.27%	20 0.27%	0	0	0	0	0	0	0	0	20 0.27%	20 0.27%	0
Director	Chen Tsung-Jen (newly appointed on July 23, 2021)	0	0	0	0	0	0	20	20	20 0.27%	20 0.27%	0	0	0	0	0	0	0	0	20 0.27%	20 0.27%	0
Director	Hong Ding Investment Co., Ltd. Representative: Chen Teh-Fong (resigned on July 23, 2021)	0	0	0	0	0	0	60	60	60 0.82%	60 0.82%	0	0	0	0	0	0	0	0	60 0.82%	60 0.82%	0
Independent director	Huang Tse-Jen	0	0	0	0	0	0	80	80	80 1.09%	80 1.09%	0	0	0	0	0	0	0	0	80 1.09%	80 1.09%	0
Independent director	Lin Wen-Fang	0	0	0	0	0	0	80	80	80 1.09%	80 1.09%	0	0	0	0	0	0	0	0	80 1.09%	80 1.09%	0
Independent director	Wu Chen-Chi	0	0	0	0	0	0	20	20	20 0.27%	20 0.27%	0	0	0	0	0	0	0	0	20 0.27%	20 0.27%	0

1. Please explain the policy, system, standards and structure by which remuneration to independent directors is paid, and association

between the amount paid and independent directors' responsibilities, risks and time committed: The remuneration payment policy, system, standards, structure and the remuneration payment correlation of independent directors are the same as those of regular directors, please refer to (4).

2. Remuneration to directors for rendering services (such as consultants of parent company/all companies in the financial report/investees to non-employees) in the most recent fiscal year other than the disclosures in the above table: None.

Note 1: Names of directors are presented separately (for institutional shareholders, the name of the institutional shareholder and its representatives are stated separately), whereas the amount of payments for general directors and independent directors are disclosed in aggregate. Any directors who also serve as president or vice president are disclosed in this table and the following table (3).

Note 2: Refers to remuneration of directors in the most recent fiscal year (including directors' salaries, allowances, severance pay, various bonuses and incentives).

Note 3: Represents the amount of remuneration distributed to directors approved by the Board meeting in the most recent fiscal year.

Note 4: Refers to remuneration to directors for services rendered (including business travel allowances, special expenses, various allowances, accommodation, corporate vehicle and other in-kind benefits) for the most recent fiscal year. Where housing, cars, vehicles, or personal allowances were provided, the nature and cost of assets, the rental rates calculated based on actual or fair value, cost of petrol and other subsidies are also disclosed. Where a personal driver was allocated, please add a note explaining the amount of salary paid to the driver, but do not count it as part of the remuneration.

Note 5: Refers to any salaries, allowances, severance pay, various bonuses, incentives, business travel allowances, special allowances, various subsidies, accommodation, vehicles and other in-kind benefits that the director received in the most recent fiscal year for assuming the role of a company employee (such as president, vice president, other managerial officers and employees). Where housing, cars, vehicles, or personal allowances were provided, the nature and cost of assets, the rental rates calculated based on actual or fair value, cost of petrol and other subsidies are also disclosed. Where a personal driver was allocated, please add a note explaining the amount of salary paid to the driver, but do not count it as part of the remuneration. Part of the salary expense was recognized according to IFRS2 "Share-based Payment." Amounts including the acquisition of employee stock options, new restricted employee shares and subscription of new shares for raising capital are treated as remuneration.

Note 6: Refers to any remuneration that the director has received (in cash or in shares) in the last year for assuming the role of an employee (such as president, vice president, other managerial officers or employees). The amount of employee remuneration proposed by the Board of Directors in the most recent fiscal year should be disclosed. Where the amount can not be estimated, a calculation should be made based on last year's payout ratio, and Attachment 1-3 should also be completed for reference.

Note 7: The total amount of remuneration paid to the Company's directors by all companies in the consolidated report (including the Company) should be disclosed.

Note 8: The total amount of remuneration paid to directors and their names are disclosed in remuneration ranges.

Note 9: The total amount of remuneration paid to the Company's directors by all companies in the consolidated report (including the Company) should be disclosed, with the names of the directors disclosed in remuneration ranges.

Note 10: Net income after tax is the after-tax profit in the parent only or individual financial reports in the most recent fiscal year.

Note 11:
a. This column should clearly represent all forms of remuneration that directors received from invested businesses other than subsidiaries or from the parent company.
b. For directors who received remuneration from investment businesses other than subsidiaries or from the parent company, amounts received from these invested businesses or from the parent company should be added to column I of the remuneration brackets table. In this case, column I should be renamed "Parent Company and all Invested Businesses."
c. Remuneration refers to any returns, remuneration (including remuneration received as an employee, director and supervisor) and professional service fees which the parent company's director received for serving as director, supervisor or managerial officer in invested businesses other than subsidiaries or in the parent company.

* The basis of remuneration disclosed in the table is different from the basis of the Income Tax Act; hence the table has been prepared solely for information disclosure and not for tax purpose.

(2) Remuneration to supervisors (individual disclosure of names and remuneration method) Unit: NT$ thousand

Title (Code)	Name	Remuneration to supervisors						Sum of A, B and C and its percentage over net income after tax (Note 8)		Remuneration from investment business other than subsidiaries or parent company (Note 9)
		Returns (A) (Note 2)		Remuneration (B) (Note 3)		Fees for services rendered (C) (Note 4)				
		The Company	All companies included in the financial reports (Note 5)	The Company	All companies included in the financial reports (Note 5)	The Company	All companies included in the financial reports (Note 5)	The Company	All companies included in the financial reports (Note 5)	
Supervisor	Golden Plaza Cultural & Education Foundation Representative: Huang Cheng-Yuan (resigned on July 23, 2021)	-	-	0	0	60	60	60 0.82%	60 0.82%	0
Supervisor	Yen Kuo-Lung (resigned on July 23, 2021)	-	-	0	0	60	60	60 0.82%	60 0.82%	0

Note 1: Names of supervisors shall be presented separately (for institutional shareholders, the name of the institutional shareholder and its representatives are stated separately), whereas the amount of benefits and allowances are disclosed in aggregate.
Note 2: Refers to remuneration to supervisors in the most recent fiscal year (including salaries, allowances, severance pay, various bonuses and incentives)
Note 3: Represents the amount of remuneration distributed to supervisors approved by the Board meeting in the most recent fiscal year.
Note 4: Refers to remuneration to supervisors for services rendered (including business travel expenses, special expenses, various allowances, accommodation, corporate vehicle and other in-kind benefits) for the most recent fiscal year. Where housing, cars, vehicles, or personal allowances were provided, the nature and cost of assets, the rental rates calculated based on actual or fair value, cost of petrol and other subsidies are also disclosed. Where a personal driver was allocated, please add a note explaining the amount of salary paid to the driver, but do not count it as part of the remuneration.
Note 5: The total amount of remuneration paid to the Company's supervisors by all companies in the consolidated report (including the Company) should be disclosed.
Note 6: The total amount of remuneration paid to supervisors and their names are disclosed in remuneration ranges.
Note 7: The total amount of remuneration paid to the Company's supervisors by all companies in the consolidated report (including the Company) should be disclosed, with the names of the supervisors disclosed in remuneration ranges.
Note 8: Net income after tax is the after-tax profit in the parent only or individual financial reports in the most recent fiscal year.
Note 9: a. This column should clearly represent all forms of remuneration that supervisors received from invested businesses other than subsidiaries or from the parent company.
b. For supervisors who received remuneration from invested businesses other than subsidiaries or from the parent company, amounts received from these invested businesses or from the parent company should be added to column D of the remuneration brackets table. In this case, column D should be renamed "Parent Company and all Invested Businesses."
c. Remuneration refers to any returns, remuneration (including remuneration received as an employee, director and supervisor) and professional service fees which the Company's supervisor received for serving as director, supervisor or managerial officer in invested businesses other than subsidiaries or in the

parent company.

* The basis of remuneration disclosed in the table is different from the basis of the Income Tax Act; hence the table has been prepared solely for information disclosure and not for tax purpose.

(3) Remuneration to the president and vice presidents Unit: NT$ thousand

Title (Code)	Name	Salary (A) (Note 2)		Pension (B)		Bonuses and special allowances (C) (Note 3)		Amount of remuneration to employees (D) (Note 4)				The sum of A, B, C and D and its percentage over the net income after tax (%) (Note 8)		Remuneration from investment business other than subsidiaries or parent company (Note 9)
		The Company	All companies included in	The Company	All companies included in	The Company	All companies included in the financial	The Company		All companies included in the financial reports (Note 5)		The Company	All companies included in the financial reports (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Yu Jui-Hsing	1,809	1,809	101	101	236	236	0	0	0	0	2,146 29.15%	2,146 29.15%	0
Vice President	Hung Min-Fu	1,725	1,725	0	0	236	236	0	0	0	0	1,961 26.65%	1,961 26.65%	0
Vice President	Huang Kuo-Chin	1,409	1,409	53	53	197	197	0	0	0	0	1,659 22.53%	1,659 22.53%	0

Note: The actual amount of pension payment was NT$0 for 2021, and the amount contributed to retirement pension expense was NT$154 thousand.

Note 1: Names of presidents and vice presidents' shall be presented separately; the amount of each payment is disclosed in aggregate. Any directors who also serve as president or vice president shall be disclosed in this table and the above table (1).

Note 2: Refers to presidents and vice presidents' salaries, allowances and severance pay for the most recent fiscal year.

Note 3: Refers to various bonuses, incentives, business travel allowances, special allowances, subsidies, accommodation, vehicles and other in-kind benefits that the president and vice presidents received in the most recent fiscal year. Where housing, cars, vehicles, or personal allowances were provided, the nature and cost of assets, the rental rates calculated based on actual or fair value, cost of petrol and other subsidies are also disclosed. Where a personal driver was allocated, please add a note explaining the amount of salary paid to the driver, but do not count it as part of the remuneration. Part of the salary expense was recognized according to IFRS2 "Share-based Payment." Amounts including the acquisition of employee stock options, new restricted employee shares and subscription of new shares for raising capital are treated as remuneration.

Note 4: Represents the amount of employee remuneration to the president and vice presidents (including in cash or in shares), which the Board of Directors has proposed as part of the most recent earnings appropriation. Where the amount can not be estimated, a calculation should be made based on last year's payout ratio, and Attachment 1-3 should also be completed for reference.

Note 5: The total amount of remuneration paid to the Company's president and vice president by all companies in the consolidated report (including the Company) should be disclosed.

Note 6: The total amount of remuneration paid to president and vice presidents and their names are disclosed in remuneration ranges.

Note 7: The total amount of remuneration paid to the Company's president and vice presidents by all companies in the consolidated report (including the Company) should be disclosed, with the names of the president and vice presidents disclosed in remuneration ranges.

Note 8: Net income after tax is the after-tax profit in the parent only or individual financial reports in the most recent fiscal year.

Note 9: a. This column should clearly represent all forms of remuneration that president and vice presidents received from invested businesses other than subsidiaries or from the parent company.

b. For president and vice president who received remuneration from invested businesses other than subsidiaries or from the parent company, amounts received from these invested businesses or from the parent company should be added to column E of the remuneration brackets table. In this case, column E should be renamed “Parent Company and all Invested Businesses.”

c. Remuneration refers to any returns, remuneration (including remuneration received as an employee, director and supervisor) and professional service fees which the Company’s president or vice president received for serving as director, supervisor or managerial officer in invested businesses other than subsidiaries or in the parent company.

* The basis of remuneration disclosed in the table is different from the basis of the Income Tax Act; hence the table has been prepared solely for information disclosure and not for tax purpose.

Names of managerial officers who received employee remuneration and the distribution situation

December 31, 2021 Unit: NT$ thousand

	Title	Name	Stock amount	Cash amount	Total	Total amount as a percentage of net income after tax (%)
Managerial officer	President	Yu Jui-Hsing	0	0	0	0%
	Vice President	Hung Min-Fu				
	Vice President	Huang Kuo-Chin				
	Assistant general manager of the Finance Department	Shih Shu-Ying				

(4) Describe total remuneration, as a percentage of net income after tax stated in the parent only financial reports and consolidated financial statements, as paid by the Company and by each company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, presidents, and assistant general managers:

Year	2021				2020			
Item	The Company	Percentage of net income after tax	Consolidated statements	Percentage of net income after tax	The Company	Percentage of net income after tax	Consolidated statements	Percentage of net income after tax
Director	2,561	34.80%	2,561	34.80%	4,566	2.23%	4,566	2.23%
Supervisor	120	1.63%	120	1.63%	615	0.30%	615	0.30%
President and vice president	3,804	51.69%	3,804	51.69%	3,747	1.83%	3,747	1.83%

Describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

(I) Policies, standards, and packages of remuneration

Directors (including independent directors):

1. Transportation allowance is NT$10,000 per time of attendance.
2. Remuneration of directors: As stipulated in the Company's Articles of Incorporation, the remuneration allocated to directors shall be based on the net income before tax and shall not exceed 1%. However, if the Company still has accumulated losses, the Company should first make up for losses before allocating remuneration to directors in the proportion described above.
3. The chairperson's monthly salary and year-end bonus.

President and vice president:

1. Monthly salary and year-end bonus.
2. Remuneration of employees: As stipulated in the Company's Articles of Incorporation, the remuneration allocated to employees shall be based on the net income before tax and shall not be less than 1%. However, if the Company still has accumulated losses, the Company should first make up for losses before allocating remuneration to employees in the proportion described above.

(II) The procedure for determining remuneration:

Remuneration to directors is determined based on the net income before tax of the year as well as on the proportion stipulated in the Articles of Incorporation followed by the resolution of the Board of Directors.

Salaries and bonuses of the president and vice presidents are determined on the basis of the Company's employee salary and bonus standards. Remuneration to the president and vice presidents is determined based on the net income before tax of the year as well as the proportion stipulated in the Articles of Incorporation followed by the resolution of the Board of Directors.

The remuneration mentioned above has been submitted to the Salary and Remuneration Committee for discussion followed by the resolution of the

Board of Directors since 2012.

(III) Linkage to operating performance and future risk exposure:

The remuneration to directors, president and vice presidents is based on their degree of participation in the operations of the Company, as well as their contribution and loyalty and the value of their responsibilities, while also taking full account of the Company's operating performance.

III. The state of the Company's implementation of corporate governance:

(I) The state of operations of the Board of Directors:

The Board of Directors held 9 meetings (A) in the most recent fiscal year; the attendance for each director and supervisor is as follows:

Title	Name	Actual attendance B	Number of proxy attendances	Percentage of actual attendance (in non-voting capacity) (%) [B/A]	Remark
Chairperson	Don Tai Development Co., Ltd. Representative: Hung Min-Fu	9	0	100	
Director	Don Tai Development Co., Ltd. Representative: Lin I-Wei	9	0	100	
Director	Yo-Li Investment Co., Ltd. Representative: Chuang Yu-Te	9	0	100	
Director	Yo-Li Investment Co., Ltd. Representative: Jean Jyi-Dean	9	0	100	
Director	Hong Ding Investment Co., Ltd. Representative: Chen Teh-Fong	6	0	100	Resigned on July 23, 2021
Director	Golden Plaza Cultural & Education Foundation Representative: Huang Cheng-Yuan	3	0	100	Appointed on July 23, 2021
Director	Chen Tsung-Jen	3	0	100	Appointed on July 23, 2021
Independent director	Huang Tse-Jen	9	0	100	
Independent director	Lin Wen-Fang	9	0	100	
Independent director	Wu Chen-Chi	3	0	100	Appointed on July 23, 2021
Supervisor	Golden Plaza Cultural & Education Foundation Representative: Huang Cheng-Yuan	6	0	100	Resigned on July 23, 2021
Supervisor	Yen Kuo-Lung	6	0	100	Resigned on July 23, 2021

Any other matters that require reporting:

I. For Board of Directors' meetings that meet any of the following descriptions, it is necessary to state the date, session, the motion discussed, independent directors' opinions and how the Company has responded to such opinions: For the operation status of the Board of Directors' meeting, please refer to page 40.

(I) Matters listed in Article 14-3 of the Securities and Exchange Act.

(II) Any other documented objections or qualified opinions raised by independent directors against

Board resolutions in relation to matters other than those described above.

II. Execution status of recusal of directors due to conflicts of interest (name of independent directors, proposal content, reasons of recusal and participation in voting shall be described): The Company is not subject to proposals requiring recusal of directors for conflict of interest.

III. TWSE/TPEx Listed Companies should disclose information including the evaluation cycle and period, evaluation scope, method and evaluation content of the board's self (or peer) evaluation:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Execute once annually	2021.01.01 – 2021.12.31	Board of Directors	Board of Directors' performance self-evaluation	1. Participation level in the operation of the company 2. Improvement of the quality of the Board of Directors' decision making 3. Composition and structure of the Board of Directors 4. Election and continuing education of directors 5. Internal control
		Director	Board member performance self-evaluation	1. Alignment of the goals and mission of the company 2. Awareness of the duties of a director 3. Participation level in the operation of the company 4. Management of internal relationship and communication 5. Director's professionalism and continuing education 6. Internal control
		Functional committee (audit committee/salary and remuneration committee)	Functional committee performance self-evaluation	1. Participation level in the operation of the company 2. Awareness of the duties of the functional committee 3. Improvement of quality of decisions made by the functional committee. 4. Composition of the functional committee and election of its members 5. Internal control

IV. Goals for strengthening the functions of the Board of Directors (e.g. setting up an Audit Committee or enhancing information transparency) for the year and the most recent fiscal year and the evaluation of the implementation state: At the first meeting of the 12th Board held on July 23, 2021, the Company elected the members for the 5th Salary and Remuneration Committee. The appointment of Tse-Jen Huang, Wen-Fang Lin and Chen-Chi Wu as Salary and Remuneration Committee members was unanimously approved by all directors present. At the first meeting of the 5th Salary and Remuneration Committee held on November 9, 2021, Tse-Jen Huang was elected as the convener and chair of the Salary and Remuneration Committee. We regularly update the financial information on our website for shareholders. Our directors perform their duties in a professional manner and they strive for best interests of all shareholder.

(II) Audit Committee Implementation Status Information:

There were 3 (A) Audit Committee meetings convened in the most recent year, and the attendance status of the Audit Committee members is as follows:

Title	Name	Actual attendance B	Number of proxy attendances	Percentage of actual attendance (in non-voting capacity) (%) [B/A]	Remark
Independent director	Huang Tse-Jen	3	0	100	Appointed on July 23, 2021
Independent director	Lin Wen-Fang	3	0	100	Appointed on July 23, 2021
Independent director	Wu Chen-Chi	3	0	100	Appointed on July 23, 2021

Any other matters that require reporting:

I. The "Audit Committee" was established on July 23, 2021 to replace the responsibilities and authorities of supervisors and the annual work focus includes:

1. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Review on the effectiveness of the internal control system.
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
4. Matters bearing on the personal interest of a director.
5. Material asset or derivatives transaction.
6. Material monetary loan, endorsement, or provision of a guarantee.
7. The offering, issuance, or private placement of equity-type securities.
8. The hiring, discharge, or compensation of an attesting CPA.
9. The appointment or discharge of a financial, accounting, or chief internal auditor.
10. Annual financial statements signed or sealed by the Chairperson, managerial officer and accounting officer and Q2 financial statements requiring audit by CPAs.
11. Any other material matter so required by the Company or competent authority.

    (1) Review financial statements

    The Board of Directors has prepared the Company's 2021 financial statements, which have been audited and certified by CPA Yang Chih-Hui and CPA Hsu Hsin-Min of Ernst & Young, Taiwan, and an audit report related thereto has been issued. In addition, the business report and proposal for distribution of earnings have been reviewed by the Audit Committee to comply with the laws and regulations.

(2) Review on the effectiveness of the internal control system

2021 Internal control system self-evaluation (referred to as "internal self-evaluation") operation has been completed. According to the internal self-evaluation result, an internal control declaration is issued, which has been approved by the Audit Committee and reported to the Board of Directors for approval.

II. Where the operation of the Audit Committee is subject to one of the following, the board meeting date, session, proposal content, dissenting opinion of independent directors, reserved opinions or major recommendation item content, resolution result of the Audit Committee meeting and the Company's handling for pinions of the Audit Committee.

(I) Matters specified in Article 14-5 of Securities and Exchange Act:

Date	1st term Audit Committee	Summary of motion	Resolution result of Audit Committee	Handling for opinions of Audit Committee
2021.11.09	3rd meeting	1. Review of 2022 audit plan. 2. Review of the construction budget and construction outsourcing price for the Yun Ji Project, Minle-Guisui Project, Chengde 1 Project, Section 1, Kangning Road Project, Nanchang Road Project and No. 138, Section 3, Chongqing North Road Project.	Agreed	None
2022.03.08	4th meeting	1. Review of the recognition of the 2021 business report and financial statements. 2. Review of the 2021 Earnings Distribution Table. 3. Resolution on issuance of new shares by transferring capital from surplus and capital reserve. 4. Review of the amendments to the Articles of Incorporation.	Agreed	None

			5. Review of the amendments to the Regulations Governing the Acquisition and Disposal of Assets. 6. Review of the 2021 CPA independence assessment. 7. Review of the 2021 Declaration of Internal Control System. 8. Review of the house demolition outsourcing case of the Lane 175, Section 1, Kangning Road Project. 9. Review of the Company's subscription to the private cash issue of the subsidiary of Jinyuan Construction.		

(II) Except for the aforementioned matter, other resolutions not approved by the Audit Committee but had the consent of more than two-thirds of all directors: None.

III. For the execution status of recusal of independent directors due to conflicts of interest, the name of independent directors, proposal content, reasons of recusal and participation in voting shall be described: None

IV. The communications between the independent directors, the internal auditors, and the independent auditors are listed in the table below (shall include major events, methods and results communicated in relation to the company's financial and business status).

Date	Status of communication with chief audit officer and CPA	Opinion of independent directors	Handling result
2021.08.10	With chief audit officer (1) Explanation on audit operation for March–June 2021. (2) Explanation on risk control operation for May–June 2021.	No opinion on such matter	Not applicable
2021.11.09	With chief audit officer (1) Explanation on audit operation for July–August 2021. (2) Explanation on risk control operation	No opinion on such matter	Not applicable

		for July–October 2021. (3) Explanation on establishment of 2022 audit plan.		
	2022.3.8	With CPA (1) CPA independence. (2) Customer declaration content. (3) Group audit scope. (4) Significant risk. (5) Internal control test execution and result. (6) Key audit items. (7) Consolidated financial performance and audit difference summary. (8) 2021 CPA summary audit opinion. With chief audit officer (1) Explanation on audit operation for September–December 2021. (2) Explanation on risk control operation for November 2021–February 2022. (3) Explanation on internal control effectiveness evaluation.	No opinion on such matter	Not applicable

(III) The state of corporate governance implementation and variation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for such variation

Evaluation item	Implementation status			Variation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for such variation
	Yes	No	Summary	
I. Has the company established and disclosed its rules of corporate governance in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?		✓	The Company has not yet established Corporate Governance Best-Practice Principles.	
II. Equity structure and shareholders' equity				
(I) Has the company established internal procedures to handle shareholders' suggestions, doubts, disputes, and litigation matters, and have the procedures been implemented accordingly?		✓	(I) The Company has appointed dedicated personnel to handle issues regarding shareholder suggestions and disputes.	No difference from the spirit of the Principles
(II) Does the company possess a list of the company's major shareholders and a list of the ultimate controllers of the major shareholders?	✓		(II) The Company possesses a list of major shareholders provided by the stock agent, and keeps close contact with major shareholders.	
(III) Has the company established and implemented risk control and firewall mechanisms with its affiliates?	✓		(III) The assets and financial accounting of affiliates are independent operations. The Company has established the "Regulations Governing the Financial Operations between the Company and Affiliates" to avoid risks resulting from malpractice of affiliates.	
(IV) Has the company set up internal norms to prohibit insiders from using undisclosed information to trade securities?	✓		(IV) The Company has set up the "Preventive Measures of Insider Trading Management" to prohibit insiders from trading marketable securities using undisclosed information in the market.	

Evaluation item	Implementation status			Variation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for such variation
	Yes	No	Summary	
III. Composition and duties of the Board of Directors				
(I) Has the Board of Directors established a diversity policy, specific management objectives and has such policy and objectives been implemented properly?		✓	(I) The Board members of the Company are made up of professionals with backgrounds in governance, construction industry, management, and finance and accounting areas, which are beneficial to the Company's operational performance and management efficiency.	No difference from the spirit of the Principles
(II) Aside from setting up the Salary and Remuneration Committee and Audit Committee as required by the law, has the company voluntarily set up other functional committees?	✓		(II) Other functional committees may be set up depending on the future scale of the Company.	
(III) Has the company established Regulations Governing the Board Performance Evaluation and its evaluation methods, and does the company perform a regular performance evaluation each year and submit the results of performance evaluations to the Board of Directors and use them as reference in determining salary and remuneration for each individual director, their nomination, and reappointment?	✓		(III) The Company has established the Regulations Governing the Board Performance Evaluation on March 10, 2020.	
(IV) Does the company regularly assess the independence of CPAs?	✓		(IV) The Company assesses the independent of CPAs once a year targeting aspects of financial interests, financing and guarantees, business relationships, family and personal relationships,	

Evaluation item	Implementation status			Variation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for such variation
	Yes	No	Summary	
			employment relationships, gifts and special benefits, the rotation of CPAs and non-audit business, while also obtaining an independence statement provided by the accounting firm. On March 8, 2022, the approval of the Audit Committee was obtained and the Board of Directors passed the CPAs' independence assessment and the result did not indicate any matters that may affect the independence of the CPAs.	
IV. Has the company designated an appropriate number of corporate governance personnel and designated a chief corporate governance officer that are responsible for corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assist directors and supervisors in complying with laws and regulations, convening board meetings and shareholders' meetings in accordance with the law, preparation of board meeting and shareholders' meeting minutes)?	✓		The Board is the highest governance body and the Company's governance-related affairs are overseen by the chief corporate governance officer.	No difference from the spirit of the Principles
V. Has the company established communication channels for stakeholders (including but not limited to shareholders, employees, customers or suppliers)? Has the company set up a section dedicated to stakeholders on the company's website and appropriately	✓		The Company has set up a section dedicated to stakeholders on its website. The Company has smooth communication channels with stakeholders and respects their legitimate rights and interests.	No difference from the spirit of the Principles

Evaluation item	Implementation status			Variation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for such variation
	Yes	No	Summary	
respond to important corporate social responsibility issues that stakeholders are concerned about?				
VI. Has the company appointed a professional stockbroker to conduct shareholder meeting affairs?	✓		The Company has appointed Masterlink Securities to conduct shareholder meeting affairs.	No difference from the spirit of the Principles
VII. Information disclosure				
(I) Has the company set up a website to disclose financial operations and corporate governance information?	✓		(I) The Company's financial operations and corporate governance information are disclosed on the Company's website as well as the Exchange website as required.	No difference from the spirit of the Principles
(II) Has the company adopted other information disclosure methods (e.g. establishing an English website, designating dedicated personnel for collecting and disclosing company information, implementing a spokesperson system, and uploading the process of the investor conference on its website)?	✓		(II) The Company has designated dedicated personnel for collecting and disclosing information. There is also a spokesperson system in place to ensure information that may affect the decisions made by shareholders and stakeholders is disclosed in a timely and appropriate fashion.	
(III) Does the company publish and report its annual financial report within two months after the end of each fiscal year, and publish and report its financial reports for the first, second, and third quarters, as well as its operating status for each month before the prescribed deadlines?	✓		(III) The financial report for the Company's first, second and third quarter as well as its monthly operating status are reported in advance as required.	
VIII. Does the company have any other important information that is helpful in understanding the corporate governance operation of the company (including but	✓		The attendance of the Company's directors and supervisors at the Board meeting is good and is in compliance with the regulations. The Company has taken out	No difference from the spirit of the Principles

Evaluation item	Implementation status			Variation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for such variation
	Yes	No	Summary	
not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, and the purchase of liability insurance for the Company's directors and supervisors)?			directors and supervisors liability insurance for directors and supervisors since January 1, 2021, to strengthen their functions and balance their rights and obligations. On August 31, 2021, the Company arranged a 4-hour seminar "2021 OTC Sustainability Upgrade Online Forum" organized by the OTC for directors and supervisors, which is in compliance with the regulations of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TWSE/TPEx Listed Companies."	
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified: According to the corporate governance assessment result of the most recent year of the Company, the item requiring further improvement mainly relates to the English version of information disclosure. In the future, the Company will cooperate with the competent authority to promote and to improve the English information disclosures in priority The Company's corporate governance operations are in compliance with relevant regulations of the law.				

Continuing education of directors and supervisors in 2021

Name	Date	Organizer	Course name	Time
Independent director Huang Tse-Jen	2021.07.14	Securities and Futures Institute	Discussion on employee and director remuneration issues	3 hours
	7/15		Discussion on functions of directors from corporate fraud prevention	3 hours
Chairperson Hung Min-Fu	2021.8.31 and 2021.09.01	TPEx	2021 OTC sustainability upgrade online forum	4 hours
Director Lin I-Wei				
Director Chen Tsung-Jen				
Independent director Lin Wen-Fang				
Independent director Wu Chen-Chi				
Director Chuang Yu-Te	2021.12.17	Securities and Futures Institute	How TWSE/TPEx companies use futures products for hedging transactions and corporate sustainability management seminar	3 hours
Director Jean Jyi-Dean				
Director Huang Cheng-Yuan				
Director Wu Chen-Chi				

Continuing education of managerial officers in 2021

Name	Date	Organizer	Course name	Time
Chief Internal Audit Officer Pan Ping-Hung	2021.10.14	Internal Audit Association of the Republic of China	Knowledge on labor law	6 hours
	2021.10.15		Internal audit and internal control related to Personal Data Protection Act in Practice	6 hours
Assistant General Manager of the Finance Department Shih Shu-Ying	2021.08.26–2021.08.27	Accounting Research and Development Foundation	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12 hours
Chief Corporate Governance Officer Shih Shu-Ying	2021.08.31–2021.09.01	TPEx	2021 OTC sustainability upgrade online forum	4 hours
	2021.10.19	Accounting Research and Development Foundation	Utilization of ESG to improve corporate strategy capability and sustainable finance trend and responsive measures	6 hours
	2021.10.20		Audit control practice for corporate cost saving and competition strategy	6 hours
	2021.11.24		How to effectively exploit the function of chief corporate governance officer and discussion on legal responsibility of managerial officer	3 hours

(IV) Composition and duties of the Salary and Remuneration Committee and its operation:

(1) Information on members of the Salary and Remuneration Committee

April 20, 2021

Identity	Name (Qualification)	Professional qualification and experience	Independence status	Number of other public companies in which the individual is concurrently serving as a member of the Salary and Remuneration Committee
Independent Director	Huang Tse-Jen	Equipped with financial and accounting experience and CPA license Profile: Director, Sheng-Xin Accounting Firm Audit Committee and Salary and Remuneration Committee Convener	Comply with the qualification requirements and independence specified in Article 2 and Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters, and not subject to any conditions prescribed in subparagraphs of Article 30 of the Company Act.	Genmont Biotech, Inc. Sunplus Technology Co. Ltd.
Independent Director	Lin Wen-Fang	Equipped with relevant experience inf commercial affairs and finance Profile: Vice President, Tronpsen Enterprise Co., Ltd. Adjunct lecturer, Hsing Wu University Audit Committee and Salary and Remuneration Committee Member	Comply with the qualification requirements and independence specified in Article 2 and Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters, and not subject to any conditions prescribed in subparagraphs of Article 30 of the Company Act.	None
Independent Director	Wu Chen-Chi	Equipped with relevant experience inf commercial affairs and finance Profile: Manager, Hwatai Bank Audit Committee and Salary and Remuneration Committee Member	Comply with the qualification requirements and independence specified in Article 2 and Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters, and not subject to any conditions prescribed in subparagraphs of Article 30 of the Company Act.	None

(2) Information on the operation of the Salary and Remuneration Committee

I. The Company's Salary and Remuneration Committee consists of 3 members.

II. Term of office of current members: July 23, 2021 to July 22, 2024. The Salary and Remuneration Committee held 2 meetings (A) in the most recent fiscal year. The qualification and attendance of the members are as follows:

Title	Name	Actual attendance (B)	Number of proxy attendances	Percentage of actual attendance (in non-voting capacity) (%) [B/A] (Note)	Remark
Convener	Huang Tse-Jen	2	0	100	
Member	Hung I-Hsun	1	0	100	Resigned on July 23, 2021
Member	Lin Wen-Fang	2	0	100	
Member	Wu Chen-Chi	1	0	100	Appointed on July 23, 2021

(I) Information on the most recent meeting of the Salary and Remuneration Committee:

Salary and Remuneration Committee Meeting Date	Motion content	Resolution result	The Company's handling of the opinions of the Salary and Remuneration Committee
2021.02.23	1. Revision of the Company and subsidiary managerial officer remuneration range proposal. 2. Motion for the review of the distribution of employee remuneration to directors, supervisors and managerial officers for 2020.	Approved by all members of the Committee	Submitted to the Board meeting and approved by all attending directors
2021.11.09	1. Motion for the review of the year-end bonus of managerial officers for 2021.	Approved by all members of the Committee	Submitted to the Board meeting and approved by all attending directors

(II) Functions of the Company's Salary and Remuneration Committee

1. Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the remuneration of the directors, supervisors, and managerial officers of the Company.
2. Periodically assessing the degree to which the performance goals of the directors, supervisors, and managerial officers of the Company have been achieved, setting the types and amounts of their individual remuneration based on the results of the reviews conducted in accordance with the performance assessment standards. The annual report should disclose the results of the individual performance assessments of the directors, supervisors and managerial officers and the connection between and reasonableness of the contents and amounts of their individual remuneration and performance assessment results.

Any other matters that require reporting:

I. If the Board of Directors declines to adopt or modify a recommendation of the Salary and Remuneration Committee, the date, session, motion discussed and the resolution of the Board meeting and handling of the resolution of the Remuneration Committee shall be specified (if the remuneration package approved by the Board is better than the recommendation made by the committee, please specify the variation and the reason): None.

II. As to the resolutions of the Salary and Remuneration Committee, if a member expresses any objection or reservation, either by recorded statement or in writing, the date, session and topic discussed of the committee meeting, all members' opinions and handling of members' opinions shall be specified: None.

(V) Execution status of promotion of sustainable development and discrepancies with the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons

Promotion item	Execution status			Discrepancies with the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Has the company established the governance structure for promotion of sustainable development, and set up a unit specialized (or involved) in the promotion of sustainable development? Is such unit run by senior management authorized by the Board of Directors and reports its supervision status to the Board of Directors?		✓	The Company has not set up a unit specialized (or involved) in promotion of sustainable development. The Company irregularly sponsors or participates in communities and neighborhoods surrounding construction sites to achieve good neighborliness.	Will be established depending on the Company's future operations and scale
II. In accordance with the materiality principle, has the company conducted risk assessments of environmental, social and corporate governance issues pertaining to company operations, and established a relevant risk management policy or strategy?		✓	The Company does not have environmental, social and corporate governance issues that pose a significant impact on the Company's investors and other stakeholders. The Company has not yet established a relevant risk management policy or strategy.	Will be established depending on the Company's future operations and scale
III. Environmental issues (I) Has the company established an appropriate environmental management system in accordance with the nature of the industry it is in?	✓		(I) There are site directors at each construction site and our safety and health inspection personnel pays attention to the site safety maintenance at all times. Greening, water and soil conservation, garbage pollution reduction, air pollution and noise reduction as well as energy conservation and carbon reduction have all been listed as key points for safety and health inspection at the construction site. All partners are also urged to comply with these rules. As the Company is not a	No difference from the spirit of the Principles

Promotion item	Execution status			Discrepancies with the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			manufacturing company, ISO 14001 is not applicable.	
(II) Is the company committed to enhancing the utilization efficiency energy and use renewable materials with low impact on the environment?	✓		(II) The Company is engaged in real estate investment and the construction of residential and commercial buildings and has always valued the importance of environmental protection. In recent years, we have been working hard on researching and developing environmentally friendly products, including using Low-e glass, environmentally friendly paint, energy-saving lighting, airtight windows, open space greening, sky gardens and rainwater recovery.	
(III) Has the company assessed the potential risks and opportunities for business operations now and in the future regarding climate change and adopted climate-related countermeasures?	✓		(III) Given the fact that climate change is increasingly contributing to environmental problems around the world, the Company strives to reduce environmental pollution by green building design and tree planting to reduce carbon emissions.	
(IV) Has the company calculated the greenhouse gas (GHG) emissions, water consumption, and total weight of waste in the past 2 years, and formulated policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption, or other waste management?	✓		(IV) The Company promotes digitization to reduce the amount of paper used for documents as well as using the reverse side of waste paper. We continue to urge our employees to save water and electricity to sort and reduce waste.	

Promotion item	Execution status			Discrepancies with the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
IV. Social issues				
(I) Has the company established management policies and procedures in accordance with related laws and regulations and the International Bill of Human Rights?	✓		(I) The Company abides by relevant labor laws and regulations. The appointment, dismissal, salary and remuneration of employees is handled in accordance with the Company's management rules to protect the basic rights and interests of employees.	No difference from the spirit of the Principles
(II) Has the company established and implemented reasonable measures for employee benefits (including remuneration, holidays and other benefits), and does the company appropriately reflect the business performance or achievements in the employee remuneration?	✓		(II) Not only does the Company follow related labor laws and regulations, based on the Company's operating results, more than 1% of profits are set aside for employee remuneration.	
(III) Does the company provide employees with a safe and healthy work environment, and provide regular safety and health education to employees?	✓		(III) The employee's welfare is the Company's priority and the Company provides training and cultivates employees to pay attention to workplace safety and health. We also organize employee trips and employee health examination from time to time and take out employee accident insurance. There has been no employee occupational accident in the current year.	
(IV) Has the company established effective training programs for the career development of employees?	✓		(IV) The Company arranges a 12-hour professional continuing education course for the chief audit officer and chief accounting officer each year, and also organizes occasional professional	

Promotion item	Execution status			Discrepancies with the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			training course for employees to participate in. For the continuing education of department heads, please refer to page 30 of the annual report. For the education and training status of employers, please refer to page 64 of the annual report.	
(V) Has the company complied with laws and international standards with respect to the issues of customer health, safety and privacy, marketing and labeling in all products and services offered, and implemented consumer or customer protection policies and complaint procedures?	✓		(V) The Company enters into agreements for the marketing of our products and services in accordance with relevant laws and regulations. In terms of product service, the Company has dedicated customer service personnel to handle customer issues, and occasionally reviews and improves deficiencies with relevant departments. Also, the Company has set up a section dedicated to stakeholders on its website. The Company has smooth communication channels with stakeholders and respects their legitimate rights and interests.	
(VI) Has the company established supplier management policies demanding suppliers to comply with relevant regulations on issues concerning environmental protection, occupational safety and health or labor human rights? What is the implementation status?	✓		(VI) In terms of supplier collaboration, the Company carefully selects outstanding vendors, and strives to strictly control construction quality and safety with respect to incoming materials and construction processes. In addition to carefully selecting outstanding vendors, the Company also fulfills CSR. In the event where a vendor is	

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Execution status</th><th rowspan="2">Discrepancies with the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>involved in a breach of CSR, the Company may terminate or cancel the contract at any time.</td><td></td></tr>
<tr><td>V Has the company referred to internationally accepted reporting standards or guidance when preparing sustainability reports to disclose non-financial information? Has the company obtained assurance or guarantee from a third-party verification institution?</td><td></td><td>✓</td><td>No relevant information disclosed as of yet</td><td>No relevant information disclosed as of yet</td></tr>
<tr><td colspan="5">VI For companies who have established their own sustainable development code of conduct in accordance with the “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies,” please describe the current practice and any deviations from the code of conduct: None.</td></tr>
<tr><td colspan="5">VII Other important information to facilitate the understanding of the status of promotion of sustainable development:
We provide high quality employment opportunities, and have set up the Employee Welfare Committee. We also place importance on harmonious labor–management relations by implementing a retirement fund system, taking out the employee’s personal injury insurance, and arranging regular health examinations.</td></tr>
</table>

(VI) The state of the performance in the area of ethical corporate management, any variation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for such variation:

Evaluation item	Implementation status			Variation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for such variation:
	Yes	No	Summary	
I. Formulation of ethical management policies and action plans				
(I) Has the company established an ethical management policy that has been passed by its Board of Directors, and clearly specified in its rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and senior management on rigorous and thorough implementation of such policies and methods?	✓		(I) The Company formulated the "Procedures for Ethical Management and Guidelines for Conduct" on March 10, 2020. The Board of directors and senior management proactively implement the Guidelines during internal management and external business activities.	No difference from the spirit of the Principles
(II) Has the company established a risk assessment mechanism against unethical behavior, analyzed and assessed business activities within its business scope on a regular basis which have a higher risk of unethical behavior, and established prevention programs that at least cover the preventive measures specified in Article 7, Paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		(II) As a means to building a sustainable business environment, the Company insists on a management philosophy of integrity, transparency and responsibility, and has already established sound risk control mechanisms.	
(III) Has the company specified operational procedures, behavioral guidelines, disciplining of violations, and an appeal system in the program against unethical conduct, and implemented such programs, and reviewed and revised the aforementioned programs on a	✓		(III) The Company formulated the "Procedures for Ethical Management and Guidelines for Conduct" on March 10, 2020. Also, the Company has set up a section dedicated to stakeholders on its website. The Company has smooth communication	

Evaluation item	Implementation status			Variation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for such variation:
	Yes	No	Summary	
regular basis?			channels with stakeholders and implements ethical management to avoid fraudulent conduct.	
II. Implementation of ethical management				
(I) Has the company evaluated the integrity of all counterparties with whom it has business dealings? Are there any integrity terms in the agreements it enters into with business partners?	✓		(I) In addition to carefully selecting outstanding vendors the Company also strives for fair and transparent conduct, while also complying with the ethical management policy. If a vendor is involved in unethical conduct, the Company may terminate or cancel the contract at any time.	No difference from the spirit of the Principles
(II) Has the company set up a dedicated responsible unit to promote corporate ethical management under the Board of Directors, and has such unit reported its implementation of ethical management policy and preventive action plans against unethical conduct and the supervision status to the Board of Directors on a regular basis (at least once a year)?	✓		(II) The Company has formulated the "Procedures for Ethical Management and Guidelines for Conduct" on March 10, 2020, and has designated the Audit Office as a dedicated unit while complying with the ethical management policy and preventive action plans against unethical conduct and supervising the implementation status.	
(III) Does the company have a prevention policy for conflicts of interest and does it provide appropriate reporting channels and implement the policy?	✓		(III) Not only do the Company's directors, supervisors, managerial officers and employees comply with laws and regulations when carrying out duties, the idea of not accepting any form of improper benefits is also implemented. At the same time, the Company's financial information is made public to ensure the execution of the internal	

Evaluation item	Implementation status			Variation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for such variation:
	Yes	No	Summary	
			control system.	
(IV) Has the company established an effective accounting system and internal control system in order to implement ethical management, and does the internet audit unit propose relevant audit plans according to the assessment results of the risks of unethical behaviors, and review the compliance status of the prevention of unethical behavior, or entrust an accountant to carry out the review? (V) Does the company organize internal or external training on a regular basis on ethical management?	✓ ✓		(IV) In a bid to create a sustainable business, the Company insists on establishing an effective accounting system and internal control system based on the management motto of integrity, transparency and responsibility. The internal audit personnel carries out regular audits and, each year, the Company entrusts CPAs to perform an internal control audit. (V) The Company has formulated the Procedures for Ethical Management and Guidelines for Conduct and holds meetings on a regular basis while also promoting a corporate culture of corporate ethical management to establish sound corporate governance and risk control mechanisms to create a management environment of sustainable development.	
III. The Company's whistle-blowing system (I) Has the company established a concrete whistle-blowing and reward system, a convenient whistle-blowing channel, and assigned dedicated staff responsible for handling whistle-blowing matters? (II) Has the company	✓ ✓		(I) The Company's Procedures for Ethical Management and Guidelines for Conduct already include specific reporting and reward systems. Whistle-blowing can also be done by telephone or mail. (II) The Company has clearly	No difference from the spirit of the Principles

Evaluation item	Implementation status			Variation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for such variation:
	Yes	No	Summary	
implemented any standard procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconduct? (III) Has the company taken appropriate measures to protect whistle-blowers from suffering any improper treatment for reporting an incident?	 ✓		formulated standard procedures and subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconduct. (III) The Company has made it clear to keep the identity of whistleblowers and the content of reports confidential and promises that whistle-blowers will not suffer any improper treatment due to reporting.	
IV. Strengthening of information disclosure (I) Has the company disclosed the contents of ethical corporate management and its implementation results on the website and MOPS?	 ✓		 The Company has disclosed relevant information.	 No difference from the spirit of the Principles
V. For companies who have established Ethical Corporate Management Best-Practice Principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies," please describe the current practice and any variations from the Principles: None.				
VI. Other material information that helps understand the practice of ethical management of the company: (e.g. the review and amendment of the company's ethical management principles): The Company has formulated the Procedures for Ethical Management and Guidelines on March 10, 2020.				

(VII) If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched:

The Company has not yet formulated corporate governance best-practice principles.

(VIII) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance:

None.

(IX) The company’s internal control system

1. Declaration of Internal Control

Sunfon Construction Co., Ltd.

Declaration of Internal Control System

Date: March 8, 2022

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2021:

I. The Company understands it is the responsibility of the Company’s Board of Directors and management to establish, enforce, and maintain an internal control system. Its purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with relevant laws and regulations.

II. Internal control systems are prone to limitations. No matter how robustly designed, an effective internal control system merely provides reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of the internal control system. Nevertheless, the internal control system of the Company contains self-monitoring mechanisms, and corrective action is taken whenever a deficiency is identified.

III. The Company determines the effectiveness of the design and implementation of the internal control system on the basis of the criteria for the effectiveness of internal control systems stipulated in the “Regulations Governing the Establishment of Internal Control System by Public Companies” (hereinafter referred to as the “Regulations”). The criteria introduced by the “Regulations” consist of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, and 5. Supervision. Each element further contains several items. Please refer to the “Regulations” for the details of the said items.

IV. The Company has adopted the above criteria of internal control systems to assess the effectiveness of the design and implementation of the internal control system.

V. Based on the findings of the evaluation, the Company believes that, as of December 31, 2021, its internal control system (including the supervision and management of subsidiaries), including the monitoring of the achievement of its objectives concerning operational effectiveness and efficiency, the reliability, and timeliness and transparency of the reporting and compliance with applicable laws and regulations, is effective in design and implementation, and can reasonably assure the achievement of the above-mentioned objectives.

VI. This Declaration of Internal Control is the content of our annual report and prospectus for the information of the public. For any forgery and concealment of the aforementioned information to the public, we will be held responsible by law in accordance with Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

VII. The Declaration has been passed by the Board meeting held on March 8, 2022, with all 9 attending directors affirming and 0 directors opposing the content of the Declaration.

Sunfon Construction Co., Ltd.

Chairperson: Hung Min-Fu Signature

President: Yu Jui-Hsing Signature

2. If a CPA has been entrusted to audit the internal control system, the CPA's audit report shall be disclosed: None.

(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year and up to the publication date of the annual report, the main shortcomings, and condition of improvement: None

(XI) Material resolutions of a shareholders' meeting or a Board of Directors meeting during the most recent fiscal year and up to the date of publication of the annual report:

1. Material resolutions of the shareholders' meeting and their implementation

Date	Summary of motion
2021.07.23	1. Approved the motion for the recognition of the 2020 business report and financial statements. 2. Approved the motion for the recognition of the 2020 earnings distribution for cash dividends of NT$0.5 and stock dividends of NT$0.7. **Implementation: Cash dividends were distributed on September 17, 2021, and stock dividends were distributed on October 14, 2021.** 3. Passed the motion for the issuance of new shares by transferring capital from surplus, with NT$70 per thousand shares. **Implementation: The change of capital was approved by the Ministry of Economic Affairs on September 28, 2021,** 4. Passed the amendments to the Articles of Incorporation. **Implementation: The change of registration was approved by the Ministry of Economic Affairs on September 28, 2021, and has announced on the Company's website.** 5. Passed the amendments to the Rules of Procedure for Shareholders' Meetings. 6. Passed the amendments to the Regulations Governing the Acquisition and Disposal of Assets. **Execution status: Already published on the Company's website.** 7. Passed the amendments to the Enforcement Rules of Providing Endorsements/Guarantees and the Operating Procedures for Loaning Funds to Others. **Execution status: Already published on the Company's website.** 8. Approved the motion for the election of 9 directors (including 3 independent directors) for the 12th term of Board of Directors.

	9. Approved the motion for the lifting of competition restrictions for the Company's 12th term of Board of Directors and their representatives.

2. Material resolutions of the Board meeting

Date	Session	Summary of motion
2021.01.07	1st meeting of 2021	1. Passed the appointment of the president. **Opinions of independent directors: None.** **The Company's response to the opinions of independent directors: None.** **Resolution result: Approved by all attending directors.**
2021.03.09	2nd meeting of 2021	1. Resolution on approval of distribution of remuneration of employees and remuneration of directors and supervisors, and approval of the Company and subsidiary managerial officer salary range proposal. 2. Reviewed and passed the 2020 business report and financial statements. 3. Reviewed and passed the 2020 earnings distribution table. 4. Reviewed and passed the motion for the issuance of new shares by transferring capital from surplus for 2020. 5. Passed the amendments to the Articles of Incorporation. 6. Passed the amendments to the Rules of Procedure for Board of Directors Meetings. 7. Passed the amendments to the Rules of Procedure for Shareholders' Meetings. 8. Passed the amendments to the Regulations Governing the Acquisition and Disposal of Assets. 9. Passed the amendments to the Remuneration Committee Charter. 10. Passed the amendments to the Enforcement Rules of Providing Endorsements/Guarantees and the Operating Procedures for Loaning Funds to Others. 11. Passed the formulation of the Audit Committee Charter. 12. Reviewed and passed the motion for the 2020 independence assessment results of the CPAs. 13. Passed the Declaration of Internal Control for 2020. 14. Passed the motion for the election of the Company's 12th term of Board of Directors 15. The Company's 2021 Annual General Meeting was held on May 27, 2021; the period for accepting proposals of shareholders was specified to be from March 19, 2021, to March 29, 2021 (9:00 a.m. to 5:00 p.m. daily) at the Company. 16. Passed the appointment of the chief corporate

Date	Session	Summary of motion
		governance officer. 17. Approved the destruction of the accounting information that has exceeded the retention period. 18. Reported the Company's acquisition or disposal of marketable securities.
		Opinions of independent directors: None. **The Company's response to the opinions of independent directors: None.** **Resolution result: Approved by all attending directors.**
2021.04.13	3rd meeting of 2021	1. Approved the directors nominated by the Board of Directors and reviewed the independent director candidate roster. 2. Approved the motion for the lifting of competition restrictions for the Company's 12th term of Board of Directors and their representatives.
		Opinions of independent directors: None. **The Company's response to the opinions of independent directors: None.** **Resolution result: Except for the directors recused due to conflict of interest, it was approved by all attending directors.**
2021.05.11	4th meeting of 2021	1. Operation Status Report 2. 2021 Q1 financial statements report
		Opinions of independent directors: None. **The Company's response to the opinions of independent directors: None.** **Resolution result: Approved by all attending directors.**
2021.05.20	5th meeting of 2021	Approved the change of 2021 Annual General Meeting's convention venue.
		Opinions of independent directors: None. **The Company's response to the opinions of independent directors: None.** **Resolution result: Approved by all attending directors.**
2021.07.01	6th meeting of 2021	1. Approved the change of the meeting time and location of 2021 Annual General Meeting. 2. Passed the motion for the renewal of the credit lines from financial institutions. 3. Approved the motion for subsidiary Jinyuan Construction to provide endorsement and guarantee.
		Opinions of independent directors: None. **The Company's response to the opinions of independent directors: None.** **Resolution result: Approved by all attending directors.**
2021.08.10	7th meeting of 2021	1. Passed the motion for the renewal of the credit line from Shin Kong Commercial Bank and Shanghai Commercial Bank. 2. Approved the base date for dividend distribution for

Date	Session	Summary of motion
		2020. 3. Approved the base date for the issuance of shares by transferring capital from surplus for 2020.
		Opinions of independent directors: None. **The Company’s response to the opinions of independent directors: None.** **Resolution result: Approved by all attending directors.**
2021.11.09	8th meeting of 2021	1. assed the motion for the renewal of the credit line from Yuanta Commercial Bank and China Bills Finance. 2. Approved the motion for subsidiary Jinyuan Construction to provide endorsement and guarantee. 3. Reviewed and passed the motion for the Company’s 2022 audit plan. 4. Reviewed and approved the construction budget and construction outsourcing price for the Yun Ji Project, Minle-Guisui Project, Chengde 1 Project, Section 1, Kangning Road Project, Nanchang Road Project and No. 138, Section 3, Chongqing North Road Project. 5. Approved the Hua Nan Commercial Bank financing amount for Yun Ji Project. 6. Approved the First Commercial Bank financing amount for Nanchang Road Project. 7. Approved the re-appointment of CEO Hung Ping-Yao 8. Reviewed and passed the motion for the Company’s 2021 year-end bonus distribution to managerial officers. 9. Reported the Company’s acquisition or disposal of marketable securities.
		Opinions of independent directors: None. **The Company’s response to the opinions of independent directors: None.** **Resolution result: Approved by all attending directors.**
2022.03.08	1st meeting of 2022	1. Approved the application for financing the No. 101, Chang’an West Project land with Cathay United Bank. 2. Approved the guarantee letter content issued to First Commercial Bank. 3. Reviewed and passed the motion for the distribution of remuneration to employees and directors/supervisors. 4. Reviewed and passed the 2021 business report and financial statements. 5. Reviewed and passed the 2021 earnings distribution table. 6. Reviewed and passed the issuance of new shares by transferring capital from surplus and capital reserve. 7. Passed the amendments to the Articles of

Date	Session	Summary of motion
		Incorporation. 8. Passed the amendments to the Regulations Governing the Acquisition and Disposal of Assets. 9. Reviewed and passed the motion for the independence assessment results of the Company's CPAs. 10. Passed the Declaration of Internal Control for 2021. 11. Approved the Company's 2022 Annual General Meeting was held on May 26, 2022; the period for accepting proposals of shareholders was specified to be from March 18, 2022, to March 28, 2022 (9:00 a.m. to 5:00 p.m. daily) at the Company. 12. Approved the appointment of Hung Min-Fu to act as the Vice President of Management Department. 13. Approved the motion for remuneration of CEO. 14. Approved the motion for remuneration of Salary and Remuneration Committee members. 15. Approved the house demolition outsourcing case of the Lane 175, Section 1, Kangning Road Project. 16. Reported the Company's acquisition or disposal of marketable securities. 17. Approved the Company's subscription to the private cash issue of the subsidiary of Jinyuan Construction.
		Opinions of independent directors: None. **The Company's response to the opinions of independent directors: None.** **Resolution result: For the 14th proposal, except that Directors Huang Tse-Jen, Lin Wen-Fang and Wu Chen-Chi adopted the principle of recusal for conflict of interest and did not participate in the discussion and voting, the rest of the proposals were agreed and passed by all attending directors.**

(XII) Where, during the most recent fiscal year and up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration:

None.

(XIII) A summary of resignations and departures, during the most recent fiscal year and up to the date of publication of the annual report, of the company's chairperson, president, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

None.

(XIV) The state of licenses designated by the competent authorities obtained by the company's employees related to financial information transparency:

The Company's employees related to financial information transparency have not yet obtained any licenses.

IV. Information on CPA professional fees

Unit: NT$ thousand

Name of accounting firm	Name of the CPA	Audit period	Audit fee	Non-audit fee	Total	Remark
EY	Yang Chih-Hui	2021.01.01–2021.12.31	1,287	469	1,756	
	Hsu Hsin-Min	2021.01.01–2021.12.31				

(I) Where the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: None.

(II) Where the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more: None.

V. Information on replacement of CPAs

Where the company has replaced its certified public accountants within the last 2 fiscal years or any subsequent interim period: None.

VI. Procedures for Handling Material Inside Information

The Company has formulated the "Preventive Measures of Insider Trading Management"

VII. Where the company's chairperson, president or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm

None.

VIII. Any transfer of shares and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year and up to the date of publication of the annual report

Changes in shares of directors, supervisors, managers and major shareholders

Title	Name	2021		Current year as of April 20	
		Increase (decrease) in shareholding	Increase (decrease) in pledged shares	Increase (decrease) in shareholding	Increase (decrease) in pledged shares
Director	Don Tai Development Co., Ltd.	1,029,500	0	0	0
Representative	Hung Min-Fu	369,600	0	0	0
Representative	Lin I-Wei	354,200	0	0	0
Director	Yo-Li Investment Co., Ltd.	1,800,100	0	0	0
Representative	Chuang Yu-Te	2,587	0	0	0
Representative	Jean Jyi-Dean	0	0	0	0
Director	Golden Plaza Cultural & Education Foundation	138,600	0	0	0
Representative	Huang Cheng-Yuan	118,920	0	0	0
Director	Chen Tsung-Jen	9,596	0	0	0
Independent director	Huang Tse-Jen	0	0	0	0
Independent	Lin Wen-Fang	0	0	0	0

director					
Independent director	Wu Chen-Chi	0	0	0	0
CEO	Hung Min-Fu	369,600	0	0	0
President	Yu Jui-Hsing	0	0	0	0
Vice President	Huang Kuo-Chin	808	0	192	0
Chief Financial Officer	Shih Shu-Ying	0	0	0	0

(I) Counterparty in any transfer of shares is a related party: None.

(II) Counterparty in any transfer of pledged shares is a related party: None.

IX. Among the company's top 10 shareholders any one is a related party, spouse or a relative within the second degree of kinship of another

Name	Shares held by the person themselves		Shares held by their spouses, children of minor age		Total shares held in the name of others		Among the company's top 10 shareholders any one is a related party, spouse or a relative within the second degree of kinship of another, their titles or names and relationship		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relations	
Da-Hong Investment Co., Ltd. Representative: Lai Mei	19,170,400	9.22	0	0	0	0	None	None	
Yi-Sheng Investment Co., Ltd. Representative: Lan Li-Hua	18,949,700	9.11	0	0	0	0	None	None	
Yi-Fu Investment Co., Ltd. Representative: Lin I-Wei	14,360,400	6.91	0	0	0	0	None	None	
Yo-Li Investment Co., Ltd. Representative: Hung I-Hua	14,000,100	6.73	0	0	0	0	None	None	
Xin-Wei Investment Co., Ltd.	13,660,200	6.57	0	0	0	0	None	None	

Representative: Hung I-Ju									
Xin-Wang Investment Co., Ltd. Representative: Hung I-Ching	13,500,000	6.49	0	0	0	0	None	None	
Don Tai Development Co Ltd. Representative: Hung Min-Fu	13,429,500	6.46	0	0	0	0	Jinyuan Construction Co., Ltd.	Same chairperson	
Jin-Zan Business Development Co Ltd. Representative: Chung Hsu-Yuan	12,000,400	5.77	0	0	0	0	None	None	
Jinyuan Construction Co Ltd. Representative: Hung Min-Fu	8,345,404	4.01	0	0	0	0	Don Tai Development Co., Ltd.	Same chairperson	
Fu-Jin Investmen Co., Ltd. Representative: Chen Yu-Chin	5,831,093	2.80	0	0	0	0	None	None	

X. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company

Investment business	The Company's investment		Investment by directors, supervisors, managerial officers and investment directly or indirectly controlled by the company		Consolidated investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Jinyuan Construction Co., Ltd.	99,929	99.929%	0	0%	99,929	99.929%

Chapter 4. Capital Raising Activities

I. The company’s capital and shares

(I) Source of capital stock

1. Type of shares

Type of shares	Authorized shares			Remark
	TPEx listed shares	Shares not yet issued	Total	
Registered common stock	207,909,164	92,090,836	300,000,000	-

Information on the general reporting system: None.

2. Process of capital formation

Year/ month	Issue price (NT$)	Authorized capital		Paid-in capital		Remark		
		Number of shares (thousand shares)	Amount (NT$ thousand)	Number of shares (thousand shares)	Amount (NT$ thousand)	Source of capital stock	Paid in properties other than cash	Other
1988.01	10	5,000	50,000	5,000	50,000	Investment of NT$50,000 thousand in cash	None	None
1989.08	10	17,500	175,000	17,500	175,000	Capital increase of NT$125,000 thousand in cash	None	None
1990.04	10	35,000	350,000	35,000	350,000	Capital increase of NT$175,000 thousand in cash	None	Note 1
1991.03	10	70,000	700,000	45,000	450,000	Capital increase of NT$100,000 thousand in cash	None	Note 2
1993.07	10	70,000	700,000	50,400	504,000	Surplus transferred to capital increase by NT$54,000 thousand	None	Note 3
1994.07	10	70,000	700,000	55,440	554,400	Surplus transferred to capital increase by NT$50,400 thousand	None	Note 4
1995.05	10	70,000	700,000	66,528	665,280	Surplus transferred to capital increase by NT$110,880 thousand	None	Note 5
1996.06	10	70,000	700,000	70,000	700,000	Surplus transferred to capital increase by NT$34,720 thousand	None	Note 6
1997.06	10	77,000	770,000	77,000	770,000	Surplus transferred to capital increase by NT$70,000 thousand	None	Note 7

Year/ month	Issue price (NT$)	Authorized capital		Paid-in capital		Remark		
		Number of shares (thousand shares)	Amount (NT$ thousand)	Number of shares (thousand shares)	Amount (NT$ thousand)	Source of capital stock	Paid in properties other than cash	Other
1998.08	10	107,000	1,070,000	84,700	847,000	Surplus transferred to capital increase by NT$77,000 thousand	None	Note 8
1999.06	10	107,000	1,070,000	91,476	914,760	Surplus transferred to capital increase by NT$67,760 thousand	None	Note 9
2000.07	10	107,000	1,070,000	96,965	969,646	Surplus transferred to capital increase by NT$54,885.6 thousand	None	Note 10
2002.12	10	107,000	1,070,000	93,965	939,646	Cancelled treasury stock capital of NT$30,000 thousand	None	Note 11
2004.07	10	107,000	1,070,000	98,663	986,628	Surplus transferred to capital increase by NT$46,982.28 thousand	None	Note 12
2010.06	10	107,000	1,070,000	106,556	1,065,558	Surplus transferred to capital increase by NT$7,893.02 thousand Capital transferred to capital increase by NT$19,732.56 thousand	None	Note 13
2011.07	10	160,000	1,600,000	116,145	1,161,458	Surplus transferred to capital increase by NT$95,900.24 thousand	None	Note 14
2012.07	10	160,000	1,600,000	133,567	1,335,677	Surplus transferred to capital increase by NT$174,218.76 thousand	None	Note 15
2013.07	10	160,000	1,600,000	153,603	1,536,029	Surplus transferred to capital increase by NT$200,351.57 thousand	None	Note 16
2015.06	10	200,000	2,000,000	176,643	1,766,433	Surplus transferred to capital increase by NT$230,404.31 thousand	None	Note 17
2020.06	10	300,000	3,000,000	194,308	1,943,076	Surplus transferred to capital increase by NT$176,643.30 thousand	None	
2021.09	10	300,000	3,000,000	207,909	2,079,091	Surplus transferred to capital increase by NT$136,015.34 thousand	None	

Note 1: Approved to be effective by Letter (1990) Tai-Cai-Zheng-(I) No. 00786 dated April 18, 1990, issued by the Securities Supervisory Commission, Ministry of Finance.
Note 2: Approved to be effective by Letter (1991) Tai-Cai-Zheng-(I) No. 00638 dated March 28, 1991, issued by the Securities Supervisory Commission, Ministry of Finance.
Note 3: Approved to be effective by Letter (1993) Tai-Cai-Zheng-(I) No. 29757 dated July 12, 1993, issued by the Securities Supervisory Commission, Ministry of Finance.
Note 4: Approved to be effective by Letter (1994) Tai-Cai-Zheng-(I) No. 31224 dated July 12, 1994, issued by the Securities Supervisory Commission, Ministry of Finance.
Note 5: Approved to be effective by Letter (1995) Tai-Cai-Zheng-(I) No. 30861 dated May 24, 1995, issued by the Securities Supervisory Commission, Ministry of Finance.
Note 6: Approved to be effective by Letter (1996) Tai-Cai-Zheng-(I) No. 39899 dated June 28, 1996, issued by the Securities Supervisory Commission, Ministry of Finance.
Note 7: Approved to be effective by Letter (1997) Tai-Cai-Zheng-(I) No. 49758 dated June 23, 1997, issued by the Securities Supervisory Commission, Ministry of Finance.
Note 8: Approved to be effective by Letter (1998) Tai-Cai-Zheng-(I) No. 67108 dated August 3, 1998, issued by the Securities and Futures Supervisory Commission, Ministry of Finance.
Note 9: Approved to be effective by Letter (1999) Tai-Cai-Zheng-(I) No. 59256 dated June 29, 1999, issued by the Securities and Futures Supervisory Commission, Ministry of Finance.
Note 10: Approved to be effective by (2000) Letter Tai-Cai-Zheng-(I) No. 47982 dated June 3, 2000, issued by the Securities and Futures Supervisory Commission, Ministry of Finance.
Note 11: The change of company registration was approved by Letter Tai-Cai-Zheng-III No. 0910163022 dated November 20, 2002, issued by the Securities and Futures Supervisory Commission, Ministry of Finance, and Letter Jing-Shou-Shang-Zi No. 09101495190 issued by the Ministry of Economic Affairs.
Note 12: Approved to be effective by Letter Zheng-Qi-I-Zi No. 093129608 dated July 6, 2004, issued by the Financial Supervisory Commission, Securities and Futures Bureau, Executive Yuan.
Note 13: Approved to be effective by Letter Jin-Guan-Zheng-Fa-Zi No. 0990033431 dated June 29, 2010, issued by the Financial Supervisory Commission, Executive Yuan.
Note 14: Approved to be effective by Letter Jin-Guan-Zheng-Fa-Zi No. 1000032578 dated July 13, 2011, issued by the Financial Supervisory Commission, Executive Yuan.
Note 15: Approved to be effective by Letter Jin-Guan-Zheng-Fa-Zi No. 1010033412 dated July 26, 2012, issued by the Financial Supervisory Commission
Note 16: Approved to be effective by Letter Jin-Guan-Zheng-Fa-Zi No. 1020029701 dated July 30, 2013, issued by the Financial Supervisory Commission
Note 17: Approved to be effective by Letter Jin-Guan-Zheng-Fa-Zi No. 1040023359 dated June 22, 2015, issued by the Financial Supervisory Commission

(II) Shareholder structure:

March 28, 2022

Shareholder structure / Quantity	Government body	Financial institution	Other legal persons	Individual	Foreign institutions and foreign persons	Total
Number of people	0	0	95	11,919	8	12,022
Number of shares held	0	0	143,936,309	63,947,919	24,936	207,909,164
Shareholding ratio	0	0	69.23%	30.76%	0.01%	100%

Note: All companies listed for the first time on TWSE/TPEx are required to disclose the holding interests of investors from Mainland China. Investor from Mainland China refers to an individual, corporation, organization, or institution of Mainland China origin, or any company owned by the above party in a foreign location, as defined in Article 3 of the "Regulations Governing Mainland Residents' Investment in Taiwan."

(III) Diffusion of ownership:

Face value of NT$10 per share

March 28, 2022

Range of shares held (in shares)	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	10,814	356,341	0.17%
1,000 to 5,000	682	1,508,300	0.73%
5,001 to 10,000	180	1,258,636	0.61%
10,001 to 15,000	80	957,092	0.46%
15,001 to 20,000	40	710,345	0.34%
20,001 to 30,000	60	1,418,207	0.68%
30,001 to 40,000	32	1,102,040	0.53%
40,001 to 50,000	18	799,197	0.39%
50,001 to 100,000	38	2,689,543	1.29%
100,001 to 200,000	19	2,783,383	1.34%
200,001 to 400,000	16	4,591,907	2.21%
400,001 to 600,000	4	2,161,531	1.04%
600,001 to 800,000	5	3,370,254	1.62%
800,001 to 1,000,000	2	1,732,961	0.83%
More than 1,000,001	32	182,469,427	87.76%
Total	12,022	207,909,164	100%

Note: The Company has no preferred shares.

(IV) List of major shareholders:

Shares / Name of major shareholders	Number of shares held	Shareholding ratio
Da Hong Investment Co., Ltd. Representative: Lai Mei	19,170,400	9.22
Yi Sheng Investment Co., Ltd. Representative: Lan Li-Hua	18,949,700	9.11
Yi Fu Investment Co., Ltd. Representative: Lin I-Wei	14,360,400	6.91
Yo-Li Investment Co., Ltd. Representative: Hung I-Hua	14,000,100	6.73
Xin Wei Investment Co., Ltd. Representative: Representative: Hung I-Ju	13,660,200	6.57
Xin Wang Investment Co., Ltd. Representative: Hung I-Ching	13,500,000	6.49
Don Tai Development Co., Ltd. Representative: Hung Min-Fu	13,429,500	6.46
Jin Zan Business Development Co., Ltd. Representative: Chung Hsu-Yuan	12,000,400	5.77
Jinyuan Construction Co., Ltd. Representative: Hung Min-Fu	8,345,404	4.01
Fu Jin Investment Co., Ltd. Representative: Chen Yu-Chin	5,831,093	2.80
Total	133,247,197	64.07

(V) Share prices, net worth per share, earnings per share, dividends per share, and related information for the most 2 recent fiscal years

<table>
<tr><th colspan="3">Item / Year</th><th>2020</th><th>2021</th></tr>
<tr><td rowspan="3">Price per share (Note 1)</td><td colspan="2">Highest</td><td>21.15</td><td>24.6</td></tr>
<tr><td colspan="2">Lowest</td><td>15.70</td><td>18.9</td></tr>
<tr><td colspan="2">Average</td><td>18.98</td><td>21.46</td></tr>
<tr><td rowspan="2">Net value per share (Note 2)</td><td colspan="2">Before distribution</td><td>14.64</td><td>14.30</td></tr>
<tr><td colspan="2">After distribution (Note 8)</td><td>14.11</td><td>14.30</td></tr>
<tr><td rowspan="3">Earnings per share</td><td colspan="2">Weighted average number of shares</td><td>194,307,630</td><td>207,909,164</td></tr>
<tr><td colspan="2">Earnings per share before adjustment</td><td>1.10</td><td>-0.04</td></tr>
<tr><td colspan="2">Earnings per share after adjustment (Note 3)</td><td>1.03</td><td>-0.04</td></tr>
<tr><td rowspan="4">Dividend per share</td><td colspan="2">Cash dividends</td><td>0.5</td><td>0.0</td></tr>
<tr><td rowspan="2">Bonus shares</td><td>Stock dividend from retained earnings</td><td>0.7</td><td>0.26</td></tr>
<tr><td>Stock from capital surplus</td><td>-</td><td>0.14</td></tr>
<tr><td colspan="2">Accumulated unpaid dividends (Note 4)</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Analysis of return on investment</td><td colspan="2">Price/earnings ratio (Note 5) (Note 8)</td><td>17</td><td>537</td></tr>
<tr><td colspan="2">Price/dividend ratio (Note 6) (Note 8)</td><td>38</td><td>-</td></tr>
<tr><td colspan="2">Cash dividend yield (Note 7) (Note 8)</td><td>0.03</td><td>-</td></tr>
</table>

* If there is a surplus or capital reserve transferred to increase capital for distributing shares, the market price and cash dividend information adjusted retrospectively based on the number of shares to be issued shall be disclosed.

Note 1: The highest and lowest market prices of common stocks for each year are listed, and are calculated on the basis of the annual transaction value and volume.

Note 2: Please fill in the number of shares issued at the end of the year and the distribution according to the resolutions of the Board of Directors' meeting of the next annual general meeting.

Note 3: If there is a retroactive adjustment from distribution of bonus shares, the pre-adjustment and adjusted surplus per share shall be listed.

Note 4: Dividends that have not been issued in the current year are accrued to the issuer of the annual surplus; the accumulated undistributed dividends of the current year should be disclosed separately.

Note 5: Price/earnings ratio = Average closing price for the year / earnings per share.

Note 6: Price/dividend ratio = Average closing price for the year / cash dividends per share.

Note 7: Cash dividend yield = Cash dividends per share / average closing price for the year.

Note 8: The proposal for 2021 earnings distribution has not yet been approved by the shareholders' meeting; therefore, the value after the distribution is listed according to the resolution of the Board of Directors' meeting.

(VI) Company's dividend policy and implementation:

1. The Company's dividend policy:

   The Company should first make up for accumulated losses using its profit for the year, then set aside 10% as the legal reserve and allocate or reverse the special reserve as required by law. After adding the previous year's accumulated undistributed earnings to the remaining balance, 30% or more should be allocated as shareholder dividends. However, the above rates for earnings distribution and cash dividends to shareholders are adjusted by resolution of the shareholders' meeting depending on the actual profit of the year and the Company's state of capital.

   The cash dividends may not be less than 10% of the total dividends; however, if the cash dividends are less than NT$0.1 per share or there is a plan for significant capital expenditure for the year, dividends may be distributed in the form of shares.

   If the profit for the year is less than NT$0.5 per share, dividends for shareholders pursuant to the preceding paragraph may be retained.

   If there is a reduction in accumulated shareholders' equity from the previous year or incurred in the current year but there is not sufficient net income to provide for the reduction, a special reserve of the same amount should be set aside from the accumulated undistributed earnings of the previous year and deducted prior to the provision for distribution.

   The motion for the above distribution of earnings is prepared by the Board of Directors and submitted to the shareholders' meeting for resolution.

2. Dividend distribution proposed at this shareholders' meeting:

   It is proposed to distribute the stock dividend of NT$0.4 per share.

   On March 8, 2022, the Board of Directors resolved to pass the Company's net loss after tax of NT$7,360,799 in 2021. As stipulated in Article 25 of the Company's Articles of Incorporation, NT$5,525,461 shall be set aside as legal reserve, NT$54,056,380 as stock dividends (NT$0.26 per share, i.e. 26 shares per thousand shares), amounting to a total of NT$59,581,841.

3. Significant changes in the Company's dividend policy are not expected.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting:

<table>
<tr><td colspan="3">Year
Item</td><td>2022
(distribution of 2021 earnings)</td></tr>
<tr><td colspan="3">Opening paid-in capital</td><td>2,079,091,640</td></tr>
<tr><td rowspan="3">Distribution of dividends for the year</td><td colspan="2">Cash dividends per share</td><td>0</td></tr>
<tr><td colspan="2">Distribution of surplus transferred to capital increase per share</td><td>0.26</td></tr>
<tr><td colspan="2">Distribution of capital reserve transferred to capital increase per share</td><td>0.14</td></tr>
<tr><td rowspan="7">Changes in operating results</td><td colspan="2">Operating income</td><td rowspan="13">No disclosed financial forecasts</td></tr>
<tr><td colspan="2">Operating income increased (decreased) from the same period last year, %</td></tr>
<tr><td colspan="2">Net income after tax</td></tr>
<tr><td colspan="2">Net income after tax increased (decreased) from the same period last year, %</td></tr>
<tr><td colspan="2">Earnings per share</td></tr>
<tr><td colspan="2">Earnings per share after tax increased (decreased) from the same period last year, %</td></tr>
<tr><td colspan="2">Annual average return on investment (reciprocal annual average P/E ratio)</td></tr>
<tr><td rowspan="6">Pro forma earnings per share and price/earnings ratio</td><td rowspan="2">Rate of increase in operating profit compared to the same period in the previous year</td><td>Pro forma earnings per share</td></tr>
<tr><td>Pro forma annual average return on investment</td></tr>
<tr><td rowspan="2">If capital surplus is not transferred to capital</td><td>Pro forma earnings per share</td></tr>
<tr><td>Pro forma annual average return on investment</td></tr>
<tr><td rowspan="2">If capital surplus is not recognized and earnings transferred to capital were distributed as cash dividends</td><td>Pro forma earnings per share</td></tr>
<tr><td>Pro forma annual average return on investment</td></tr>
</table>

Chairperson: Hung Min-Fu | Managerial Officer: Yu Jui-Hsing | Chief Accounting Officer: Shih Shu-Ying

(VIII) Remuneration to employees, directors and supervisors:

1. The percentages or ranges with respect to employee, director, and supervisor remuneration, as set forth in the company's articles of incorporation:

   As stipulated in Article 25 in the Company's Articles of Incorporation, if the Company has a profit for the year, the remuneration allocated to employees shall be based on the net income before tax and shall not be less than 1% and remuneration allocated to directors and supervisors shall not exceed 1%. Employee remuneration is distributed to employees of subordinate companies meeting certain specific requirements. Distribution of remuneration to employees and directors/supervisors shall be reported to the shareholders' meeting. However, if the Company still has accumulated losses, the Company should first make up for losses before allocating remuneration to employees and directors/supervisors in the proportion described above.

2. The basis for estimating the amount of employee, director, and supervisor remuneration, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

   The basis for estimating the amount of employee, director, and supervisor remuneration takes profit before tax into account and the estimated amount is allocated to operating expenses and operating costs. If there is a subsequent significant change resolved by the Board of Directors, the change will be adjusted to expenses for the year.

3. Information on any approval by the Board of Directors of distribution of remuneration:

   (1) The distribution of remuneration to employees of NT$0 in cash and NT$0 to directors/supervisors. There was no difference in remuneration in the financial reports for 2021.

   (2) The distribution of employee bonus in shares was NT$0, accounting for 0% of the total profit after tax and total remuneration to employees in the parent only financial reports for the period.

4. In the previous year (2020), the distribution of remuneration to employees totaled NT$2,574,840 and NT$2,574,840 to directors/supervisors. There was no difference in remuneration recognized in the financial reports for 2020.

(IX) Status of the company repurchasing its own shares: None.

II. Corporate bonds, preferred shares, global depositary receipts, employee stock warrants, new restricted employee shares, and any merger and acquisition activities (including mergers, acquisitions, and demergers)

(I) Corporate bonds: None.

(II) Preferred shares: None.

(III) Global depositary receipts: None.

(IV) Employee stock warrants: None.

(V) New restricted employee shares: None.

(VI) New shares issued upon merger or acquisition or acquisition of another company's shares: None.

III. Implementation of the company's capital allocation plans

(I) Description of the plans: For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.

(II) Status of implementation: Not applicable.

Chapter 5. Business Operations

I. Description of business

(I) Scope of business

1. The Company’s major lines of business

   (1) Contracted construction company to build public housing and commercial buildings for lease and sale.

   (2) Introduction of domestic and foreign housing rentals and sales.

2. Relative weight of each business

   The Company primarily contracts construction companies to build public housing and commercial buildings for lease and sale, supplemented by the development of related businesses.

(II) Current products, and new products planned for development

1. The Company’s current products

   (1) Premium residential buildings.

   (2) Financial and commercial buildings.

2. New products planned for development:

   In the future, we will continue to launch storefronts and collective housing in primary locations in Taipei City and urban areas in New Taipei City based on existing urban renewal and market bases.

(III) Industry overview:

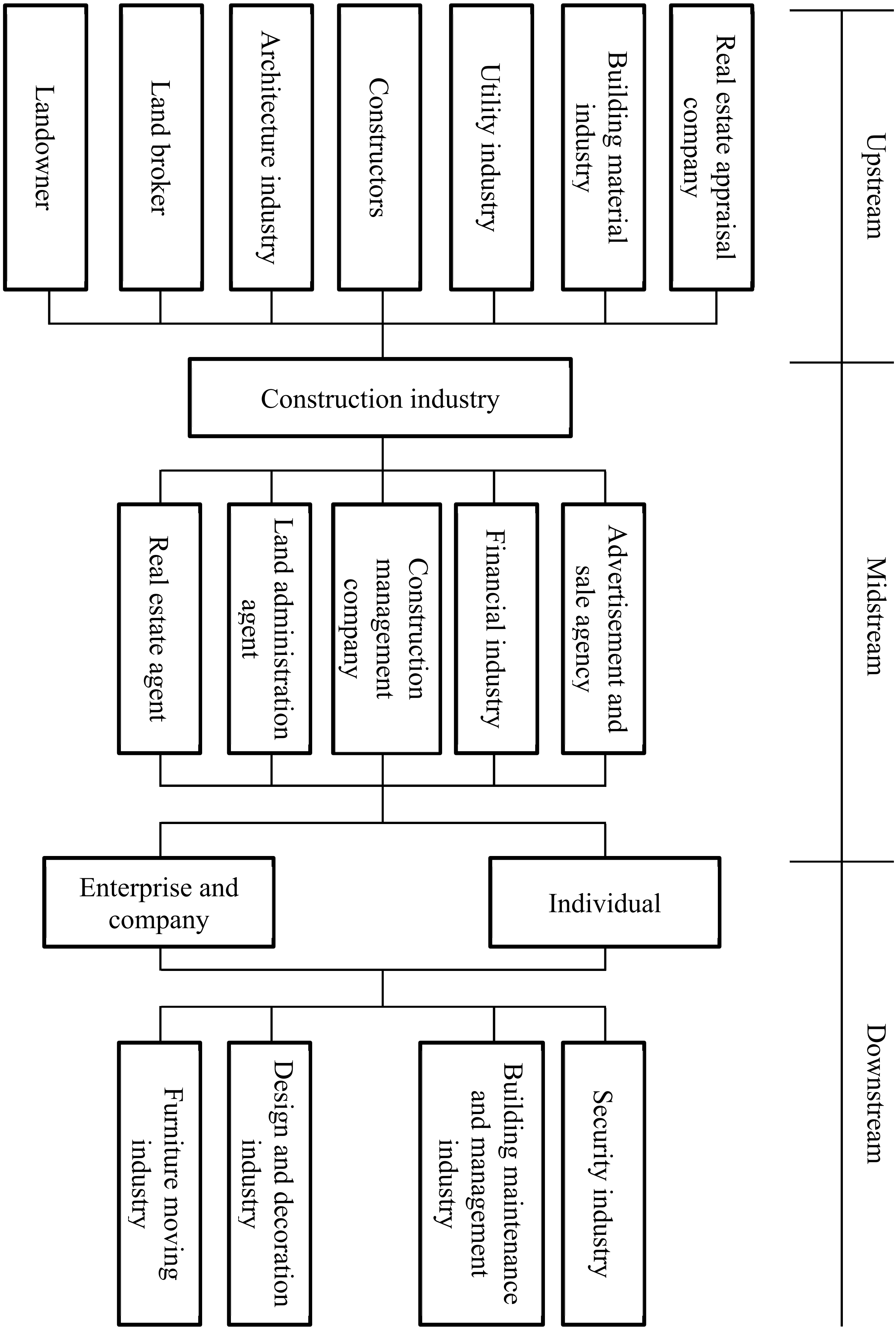
1. Current status and development of the industry

   For the year of 2022, the real estate market in Taiwan is expected to benefit from the technology competition between the U.S. and China and the return of overseas Taiwanese enterprises, such that the house purchasing capability is driven to grow. In addition, the government’s promotion of the MRT transportation construction continues to develop and the Greater South Project expects to further drive the increase of the house prices in various cities at the middle and southern region of Taiwan. Furthermore, as the global inflation concern increases, the anti-inflation polices adopted will also drive the growth of the real estate market. Despite that the government’s continuous suppression on the real estate market and increase of house prices, mainly targeting opportunists in the market, under the positive impact of return of overseas Taiwanese enterprises and expected inflation as well as the condition of sufficient funds in the market, the commercial and residential housing markets are expected to continue to grow.

   In general, with regard to the current economic environment, despite that the interest rate is expected to increase in the future, the present interest rate is still at a relatively low level, providing great support to the real estate market. Furthermore, as the government is proactively promoting urban renewal and reconstruction of unsafe and old buildings, the future housing market is expected to remain optimistic.

2. Links between the upstream, midstream, and downstream segments of the industry supply chain

   The process of property investment and development as well as construction and marketing is related to a variety of industries, including construction, building materials, water and electricity & plumbing, advertising, finance, land administration, decoration and building management and maintenance. The construction sector plays a role of coordination and integration that co-exists with its upstream and downstream partners.


Upstream
Midstream
Downstream
Real estate appraisal company
Building material industry
Utility industry
Constructors
Architecture industry
Land broker
Landowner
Construction industry
Advertisement and sale agency
Financial industry
Construction management company
Land administration agent
Real estate agent
Individual
Enterprise and company
Security industry
Building maintenance and management industry
Design and decoration industry
Furniture moving industry

3. Product development trends

   As real estate transaction laws and regulations are becoming more comprehensive and the fact that it is more difficult to acquire land, the housing construction sector often buys out land or develops projects by jointly building houses with landowners. In the future, land development can be planned in diverse directions, such as establishment of superficies, land trust, joint development, participating in urban renewal schemes and public housing incentives as well as tendering to acquire the required reserve land released by state-owned land policies. Meanwhile, with the increasing emphasis on living quality, upon purchasing a house, buyers take into account the planning of the house and the utilization of space. Moreover, given that the quality of construction is the key to building a positive reputation, the customer's satisfaction has become an important indicator to measure company competitiveness. As a result, refined and practical housing will be the future development trend and competitive advantage of housing products.

4. Competition

   Our company is specialized in the Greater Taipei area and adhere to outstanding location and refined modeling characteristics, along with approrpaite project promotion strategy. Although the real estate market has taken a downturn for more than a decade, we have managed to maintain profit. It is our belief that only a professional management team with a sound financial framework that is able to acquire superior land lots can survive the harsh real estate market in Taiwan.

(IV) Technology and research and development overview

1. Strengthening the overall capabilities of the organization and improving the quality of manpower.
2. Researching new work methods to improve construction quality and efficiency.
3. Serving customers in a passionate manner and understand their needs to satisfy their living quality.
4. Research and development work to be carried out in the future, and further expenditures expected for research and development work: As we primarily provide land development, construction services, and housing sales, R&D investment is not applicable.

(V) The company’s long- and short-term business development plans

The Company’s future short-term, medium-term and long-term business development plans in the aspects of customers, products and markets:

Business development	Short-term plans	Medium-term and long-term plans
Customer aspect	◎ Provide customers with comprehensive information, technology and value-added after-sales services.	◎ Strive for reducing production costs and assist midstream and downstream vendors to increase competitiveness, achieving the goal of profit sharing.
Product aspect	◎ Continue with the objective of increasing product quality ◎ Effectively master the progress of construction projects	◎ Innovate work methods to improve construction technology standards ◎ Enhance housing planning and design to meet the needs of home buyers
Market aspect	◎ Continue to develop in Greater Taipei and grasp the market trends of different areas to expand market share ◎ Strengthen the full-set services to meet the needs of home buyers	◎ Develop old communities to enhance living functions ◎ To improve competitiveness and sound corporate image, construct a close after-sales service management mechanism based on the concept of mutual trust and mutual benefit with the customers

II. Market and production/sales overview

(I) Market analysis

1. Sales area of primary products

Year	Project name	Use	Sales area
2007	Din Feng	Residential and commercial building	Section 2, Yanping North Road, Taipei City
2010	Ding Ji	Residential and commercial building	Intersection of Minsheng West Road and Chongqing North Road, Taipei City
2012	Jiu Ding	Residential and commercial building	Intersection of Section 2, Yanping North Road and Gangu Street, Taipei City
2014	Guo Yan	Residential and commercial building	Guangfu South Road, Taipei City
2017	The Twin Cities	Residential building	Jingping Road, Zhonghe District, New Taipei City
	Wen Ding Hui	Residential and commercial building	Intersection of Nanjing West Road and Yanping North Road, Taipei City
	Feng Hua Hui	Residential and commercial building	Section 2, Chongqing North Road, Taipei City
	Di Yi Hui	Residential and commercial building	Section 3, Chongqing North Road, Taipei City
2019	City Meeting Point	Residential and commercial building	No. 107, Chang'an West Road, Taipei City
2021	Yun Ji	Residential and commercial building	No. 253, Minsheng West Road, Taipei City
	No. 138, Section 3, Chongqing North Road	Office building	No. 138, Section 3, Chongqing North Road, Taipei City
2022	Minle Street Project	Residential and commercial building	Intersection of Guisui Street and Minle Street Taipei City
	Section 1, Kangning Road	Residential building	Lane 175, Section 1, Kangning Road, Taipei City

2. Market share

According to data of Wei Xin Weekly (2021.01.01–2021.12.31), the total project value launched in Greater Taipei in 2021 was NT$710.442 billion (including pre-sales and finished homes). Based on the data, the Company's market share for 2021 is estimated at 0.61%.

3. Future market supply and demand conditions and growth potential

① Supply:

The number of issued building permits is a leading indicator of housing construction activities. Changes in the indicator are enough to reflect the future development trend of Taiwan's construction industry and housing supply conditions.

According to the quantity of the building construction permit licenses issued by the Construction and Planning Agency, the area of building permit licenses issued in 2021 increased by 4.59%, indicating the government's active promotion in urban renewal and acceleration in the promotion of reconstruction of old and obsolete buildings along with the implementation of the policies of rental ax reduction/exemption, thereby promoting the continuous launches of new projects by constructors. Despite that the pandemic was still severe in 2021, with the positive impact of mitigation of pandemic and return of investments of overseas Taiwanese enterprises along with the factors of low interest rate policy implemented by the central government and the increase of construction cost, the real estate prices remained high, and the overall market confidence was strong.

Statistics on Building Permits Issued in Taiwan in Past Years

Unit: piece, thousand square meters

Time	Total		Residential building		Increase/decrease	Growth rate %
Past 12 years	No. of projects	Total floor area	No. of houses	Total floor area	Floor area	
2010	29,696	31,174	84,513	16,737	11,259	56.54
2011	33,161	34,148	93,223	18,819	2,974	9.54
2012	31,237	32,883	94,354	18,334	-1,265	-3.70
2013	33,531	39,760	129,307	24,516	6,877	20.91
2014	31,994	38,635	121,378	21,488	-1,125	-2.83
2015	27,643	32,596	103,755	17,395	-6,039	-15.63
2016	22,511	26,235	78,392	12,946	-6,361	-19.51
2017	25,035	29,884	91,253	15,056	3,649	13.91
2018	27,344	33,984	120,880	18,448	4,100	13.72
2019	27,143	36,928	147,798	21,737	2,944	8.66
2020	25,980	41,521	159,286	22,992	4,593	12.44
2021	26,089	43,425	165,651	24,647	1,904	4.59

Source: Statistics from the Construction and Planning Agency,M.O.I.

② Demand:

According to the 2021 statistics of the Ministry of the Interior, the balance of mortgage loans at the 4th quarter of 2021 was NT$8,803.024 billion, up 3.03% from the previous quarter and 9.46% from the same quarter last year. This suggests that domestic monetary conditions will remain extremely accommodative in the short term. Moreover, the low-cost funding environment helps maintain demand in terms of real estate investment, while providing support for house prices. However, due to the factors of COVID-19 pandemic, increase of construction cost and shortage of labor, the global economy has been affected and the overall future economic and capital environment uncertainty is also increased.

Typically, house buying demand can be categorized into owner-occupied and investment. The demand for self-owned housing is due to population increase, change of house or new home purchase, affected by the total population and the total number of households. Investment in house purchases can be categorized into: 1. Regarding property as an investment tool and buying houses as mid-long term investment targets to enjoy rent or increase income; 2. Holding property for a short time during a real estate boom for speculative demand, which is affected by national income and market interest rates.

Number of households and population in Taiwan in the past five years

Year	No. of houses	No. of population
106	8,649,000	23,571,227
107	8,734,477	23,588,932
108	8,832,745	23,603,121
109	8,933,814	23,561,236
110	9,006,580	23,375,314
March 2022	9,004,145	23,268,991

Source: Statistics from the Department of Household Registration, M.O.I.; March 31,2022

4. Competitive niche

We specialize in urban renewal cooperative development projects within older communities in Taipei city and share our development achievements with landowners. The advantages of this are: (1) No land costs, reducing financial burden. (2) Pressure is reduced on sales, reducing the accumulation of unsold houses. (3) Profit is greater than the cost of purchasing the land.

The Company utilizes an urban renewal scheme and adopts the strategy of the reconstruction of old communities to create a unique style for itself in the highly competitive real estate market of Taipei. As a result of our ambition, we do not back down in the face of a recession and create more profit when the market is thriving.

5. Positive and negative factors for future development, and countermeasures

Affected by	Positive factors	Negative factors
Economic aspect	The U.S. economy recovers, and the U.S. Fed adopts tightened policy for the purpose of suppressing the inflation in the market and maintaining the stability of the financial environment, which is beneficial to the stabilization of the real estate market.	1. As the threat of variance of virus increases, the risk of global economic and trading uncertainty also increases. 2. The war between Russia and Ukraine affects the global economic growth.
Political aspect	A close relationship between Taiwan and China will pose a positive impact on mid-long term economic development.	1. Domestic political instability hurts the stability of political economy. 2. The tension between Taiwan and China will harm economic growth. 3. The war between Russia and Ukraine has caused further increase of raw material prices.
Market aspect	1. Promote suitable housing to drive economic growth. 2. Relax the restriction for Chinese investors to buy property in Taiwan to stimulate the housing market. 3. Taoyuan Aerotropolis project will help drive the housing market. 4. The MRT “3 rings and 3 lines” plan will drive the recovery of real estate around New Taipei City. 5. Eight major renewal projects attract business, driving economic momentum. 6. The U.S.–China trade war has prompted Taiwanese businessmen to return to Taiwan to buy land, driving industrial land demand.	1. Increase the interest loans on the wealthy to curb housing prices. 2. The central bank requests banks to strengthen the risk control for mortgage loans to avoid speculators and curb housing prices. 3. Build suitable housing to expand supply and curb housing prices. 4. The government intends to promote urban renewal and self-built public housing to expand supply and curb housing prices. 5. The Executive Yuan passed the Joint Property Tax System 2.0 to avoid speculation of pre-sale houses, resulting in slow sales. 6. Construction cost remains high and shortage of labor continues, leading to increase of construction cost of constructors.
Capital aspect	1. The current financial policy remains relaxed and housing prices can be maintained. 2. The return of Taiwanese businessmen investing in real estate.	All banks have strengthened their mortgage risk control, leaving people less willing to buy a house.
Policy aspect	1. The government expects to invest NT$18.46 billion in the next 4 years for the promotion of the Urban Renewal Industry Action Plan. 2. The Taipei City government’s promotion of new ten major construction projects helps revitalize the general economy. 3. The acceleration of old house renewal facilitates integration for construction companies.	1. Increase in housing tax and land premium tax makes people less willing to buy a house. 2. Real price registration, to avoid speculation. 3. Implementation of residential justice prevents speculation. 4. Capacity transfer reform results in cost increase for construction companies 5. Government’s policy on suppression of real estate market and high house price continues and the mortgage and credit are rigorously controlled, leading to the

		decrease of the general public's will in house purchases.

Countermeasures

A. The market supply status in the area must be carefully evaluated prior to launching a project in order to plan the design and sales strategy for the project.

B. Avoid areas with heavy project load or be the first to launch projects in heavy project load areas.

C. Research projects with special features to differentiate the market.

D. Fully grasp opportunities and preferential measures of the government.

E. Strictly control construction quality and safety with respect to incoming materials and construction process to strengthen the quality of outsourced construction work.

F. Reduce land costs and acquire better land in prime locations for construction based on profit-sharing joint construction plans.

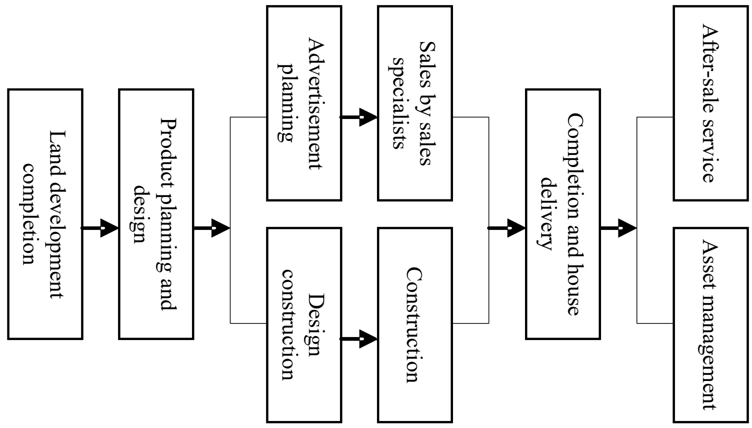
G. Older community reconstruction, urban renewal schemes, agricultural land release policy and the acquisition of lower cost land.

(II) Important usage and manufacturing processes for the company's main products

1. Important usage for the Company's main products

   A. Residential buildings: High-end residential buildings and apartments.
   B. Commercial buildings: Commercial complexes and office buildings.
   C. Residential and commercial buildings: residential and shops.

2. Manufacturing processes



(III) Supply situation for the company's major raw materials

Our main raw materials are categorized into land and construction projects and our supply sources are stable.

1. Land:

   (1) Selection of area: We center on Taipei City, followed by the Greater Taipei Metropolis and surrounding cities.

   (2) Planned products: We primarily focus on collective residential and commercial buildings and office buildings.

   (3) Acquisition method: Self-built on own land, joint construction and allocation of housing units, and joint-investment construction.

   (4) Location choice:

      A. Superior locations where the access road is connected to the outer road for easy access.

      B. New redevelopment zones.

      C. Locations with convenient transportation.

      D. Areas with good living functions.

      E. Areas with scenic views.

2. Construction: As a means to provide consumers with a full set of services, we have implemented a unified policy, which allows our invested company, Jinyuan Construction Co., Ltd., to grasp and control the entire construction project progress to ensure the quality.

(IV) A list of any suppliers and clients accounting for 10% or more of the company's total procurement amount in either of the 2 most recent fiscal years

1. List of procurement suppliers

Unit: NT$ thousand

Item	2020				2021			
	Name	Amount	Percentage of net procurement for the year (%)	Relationship with the issuer	Name	Amount	Percentage of net procurement for the year (%)	Relationship with the issuer
1	A	53,105	7.67	None	H	43,579	15.20	None
2	B	53,105	7.67	None	I	17,000	5.93	None
3	C	31,297	4.52	None	J	16,000	5.58	None
4	D	28,670	4.14	None	K	15,435	5.39	None
5	E	28,670	4.14	None	L	13,102	4.57	None
6	F	27,886	4.03	None	M	12,204	4.26	None
7	G	22,560	3.26	None	N	9,971	3.48	None
8	Other	447,504	64.57	None	Other	159,327	55.59	None
	Incoming Net	692,797	100		Incoming Net	286,618	100	

2. List of sales customers

Unit: NT$ thousand

Item	2020				2021			
	Name	Amount	Percentage of net sales for the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales for the year (%)	Relationship with the issuer
1	A	47,154	7.07	None	G	3,749	66.35	None
2	B	41,621	6.24	None	H	1,030	18.23	None
3	C	41,571	6.23	None	I	400	7.08	None
4	D	41,208	6.18	None	J	251	4.44	None
5	E	40,608	6.09	None	K	63	1.12	None
6	F	39,192	5.88	None	L	63	1.12	None
7	Other	415,458	62.31	None	Other	94	1.66	None
	Sales Net	666,812	100		Sales Net	5,650	100	

(V) Production volume for the 2 most recent fiscal years Unit: NT$ thousand

Main products / Production volume / Year	2020			2021		
	Productivity	Production volume (in households)	Production value	Productivity	Production volume (in households)	Production value
Chengde I Project	-	-	25,043	-	-	38,066
Di Yi Hui	-	15	21,798	-	-	-
City Meeting Point	-	-	30,444	-	-	143,350
No. 154, Taiyuan Road	-	-	289	-	-	10
Yun Ji	-	-	24,531	-	-	36,200
Heping West Road Project	-	-	15	-	-	-
No. 128, Section 3, Chengde Road			120	-	-	1,194
No. 138, Section 3, Chongqing North	-	-	2,893	-	-	9,240
No. 101, Chang'an West	-	-	506	-	-	85
Tianyu Street	-	-	167	-	-	947
No. 31-1, Section 3, Chongqing North	-	-	420	-	-	-
Yanping North, Liangzhou Street	-	-	8	-	-	-
Guisui and Minle Street	-	-	13,959	-	-	19,967
Ganzhou Street	-	-	123	-	-	-
Lane 9, Yining Street	-	-	308	-	-	-
No. 16, Section 1, Nanchang Road	-	-	962	-	-	4,337
Section 1, Kangning Road	-	-	952	-	-	2,252
Section 1, Zhiyu Road	-	-	18	-	-	-
No. 110, Section 3, Chengde Road	-	-	180	-	-	-
Yanshou Street	-	-	79	-	-	-
Section 2, Huanshan Road	-	-	-	-	-	89
Section 6, Zhongxiao East Road	-	-	-	-	-	85
Bihu Park Project	-	-	-	-	-	44
Guling Street Project	-	-	-	-	-	190
Total	-	-	122,815	-	-	256,056

Note: The production volume refers to the number of households completed in the year, while the production value is calculated based on the house costs invested in the year.

(VI) Sales volume for the 2 most recent fiscal years Unit: NT$ thousand

Year / Sales volume / Main products	2020				2021			
	Domestic sales		Export		Domestic sales		Export	
	Volume (in households)	Value	Volume (in households)	Value	Volume (in households)	Value	Volume (in households)	Value
Di Yi Hui	15	618,762	-	-	-	-	-	-
He Ti	1	4,436	-	-	-	-	-	-
Feng Hua Hui	1	37,367	-	-	-	-		
Rental income	-	6,247	-	-	-	5,650	-	-
Total	-	666,812	-	-	-	5,650	-	-

Note: The sales volume refers to the number of households delivered in the year, while sales value refers to the actual amount recorded for the year.

III. Information on employees

The number of employees for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report

April 20, 2022

Year		2020	2021	Current year as of April 20, 2022
No. of employees	Employee	25	26	28
	Technician	0	0	0
	Other	0	0	0
	Total	25	26	28
Average age		52.1	52.6	51.4
Average years of service		17.3	17.6	15.3
Education level distribution	Master's degree	8%	8%	10.7%
	College	80%	81%	78.6%
	Senior high school	12%	11%	10.7%

IV. Disbursements for environmental protection

(I) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid) and the total amount of disposal:

None.

(II) Possible expenses that could be incurred currently and in the future and measures being or to be taken:

We have not suffered any losses due to environmental pollution as our line of business does not have environmental pollution issues; there are no expected significant environmental protection capital expenses in the future.

(III) RoHS-related information: We are not subject to Restriction of Certain Hazardous Substances anchored in the EU Directive.

V. Labor relations

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor–management agreements and measures for preserving employees' rights and interests.

1. Employee benefit plans:

(1) When our employees join the Company, they are enrolled in labor insurance, and, as required by the government, employees and their dependents are enrolled in national health insurance and employee personal injury insurance.

(2) Benefits provided:

Wedding gifts for employees, funeral subsidies, disability allowances, maternity allowances, funeral subsidies for employees' parents or children, and wedding gifts for employees' children.

(3) Uniform: Suits are occasionally tailored for employees.

(4) Year-end bonuses are provided each year during the spring festival (depending on the Company's operating conditions and the employee's performance)

(5) Remuneration to employees: Remuneration is allocated and distributed in accordance with the Company's Articles of Incorporation.

2. Continuing education and training for employees:

Name	Date	Organizer	Course name	Time
Liu Hun-Ting	2021.08.31	Internal Audit Association of the Republic of China	Internal audit and internal control related to Personal Data Protection Act in Practice	6 hours
	2021.09.15	Securities and Futures Institute	Practical operation of internal audit in compliance with regulatory requirements	6 hours
Shih Shu-Ying	2021.02.26	EY	Annual industrial and commercial laws important topics and practical analysis	2.5 hours

3. Retirement system:

   The Company has formulated the "Employee Retirement Measures" as required by the "Labor Standards Act." Since January 1993, the Company has been making monthly contributions of 4% of the employee's monthly salary to the "Pension Fund." With the enforcement of the new system that came into effect on July 1, 2005, if the employee opts for the new system, the Company contributes 6% of the employee's monthly salary to the employee's personal account at the Bureau of Labor Insurance, Ministry of Labor.

4. Employee Code of Conduct and Ethics:

   All our employees must comply with the laws and regulations as well as the Company's internal control system. They must also adhere to personal integrity and social ethics standards in order to protect the Company's assets, rights and interests, and image. Management of the Company must establish sound examples that emphasize ethical practices. Under the supervision of the Board of Directors, management discloses complete financial information to the competent authorities and investors in a fair manner. All employees of the Company must abide by: (1) the protection of confidential information (2) the prohibition on engaging in self-interest deals (3) not soliciting improper benefits (4) the strict prohibition on insider trading (5) fair trade regulations.

5. Work environment and employee safety protection measures:

   The Company strives for providing employees with a safe, healthy and comfortable workplace. All employees are covered by personal injury insurance and receive health examinations in order to prevent occupational injuries and diseases to maintain their physical and mental health. The operation for the Company's environmental protection, safety and health management is detailed as follows:

   ⊙ Environmental protection

   The Company is engaged in real estate investment and the construction of residential and commercial buildings and has always valued the importance of environmental protection. In recent years, we have been working hard on researching and developing environmentally friendly products, including using Low-e glass, environmentally friendly paint, energy-saving lighting, airtight windows, open space greening, sky gardens and rainwater recovery.

   Health and safety inspection key points for work sites include greening, soil and water conservation, garbage pollution reduction, air pollution and noise reduction, as well as energy conservation and carbon reduction. All partners are also urged to comply with these rules. We promote digitization to reduce the amount of paper used for documents as well as using the reserve side of waste paper. We continue to urge our employees to save water and electricity to sort and reduce waste.

⊙ Safety and health

There are site directors in place at each construction site and our safety and health inspection personnel pay attention to the site safety maintenance at all times. Moreover, safety and health-related laws are complied with and equipment status is regularly checked at the site, while the annual safety inspection report for fire equipment is also reported. Not only are our employees covered with labor insurance and national health insurance, we also take out personal injury insurance and medical insurance for our employees.

6. The status of labor–management agreements and measures for preserving employees' rights and interests:

   As the relationship between employees and management has always been harmonious, no disputes have occurred.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes:

As the relationship between employees and management has always been harmonious, no losses were suffered due to labor disputes. It is expected that no significant labor disputes or labor disputes will occur in the future.

(III) There is a section dedicated to stakeholders on the Company's website.

VI. Cyber security management

(I) Cyber security risk management structure, cyber security policy, specific management plans and investment of resources in cyber security management:

1. Cyber security risk management structure:

   The responsible unit for information security of the Company is the Management Department, which is responsible for the planning, execution and promotion of information security management affairs, and also responsible for the promotion of information security awareness.

   The Audit Office of the Company is the audit unit for the information security supervision. In case where deficiency is found during audit, it then requests the audited unit to submit the relevant improvement plan for submission to the Board of Directors, and also implements periodic tracking of improvement outcome, in order to reduce internal security risk.

2. Cyber security policy:

   (1) Maintain sustainable operation of all information systems.

   (2) Prevent intrusion and damage by hackers and various virus.

   (3) Prevent improper human intention and illegal use.

   (4) Prevent confidential information disclosure.

   (5) Prevent accident due to personnel negligence.

   (6) Maintain physical environment security.

3. Specific management plan:

   (1) Computer equipment security management

   Computer equipment is maintained periodically by specialized information contractor, in order to ensure proper operation of computer equipment.

   (2) Network security management

   The terminal computer equipment of staff is installed with protection software and the virus is updated automatically, in order to ensure that the latest virus is blocked and isolated. In addition, it is able to detect and prevent installation of system execution files with potential threats.

   (3) Ensure sustainable operation of system

   A. System backup: Establish backup system, and daily mechanism is adopted, in order to ensure system and data security.

   B. Periodic drill for system recovery: The recovery date base point is selected, and the backup media is restored back to the system host machine, following which the use unit then confirms the accuracy of the restored data, in order to ensure the accuracy and effectiveness of the backup media.

(4) Information security promotion and educational training:

A. Educational promotion: Staff are required to periodically change the system password, in order to maintain the account security.

B. Information security education: Information security case study documents are provided to the staff for reference.

4. Investment of resources for cyber security management:

The Company periodically updates the protection software and entrusts professional information contractor to perform system and computer equipment maintenance periodically. In the future, the Company will also update the obsolete operating system, in order to prevent vulnerability of software, thereby ensuring the information security effectively.

(II) For most recent year and up to the printing date of the annual report, the loss due to major cyber security event, possible impact and countermeasures:

For the year of 2021 and up to the printing date of the annual report of the Company, there has been no loss due to major cyber security event.

Countermeasure: Not applicable.

VII. Important contracts: (important contracts either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year)

Nature of the contract	Party	Commencement date of the contract	Main content	Restricted terms
Construction contract	Jinyuan Construction Co., Ltd.	2020.04.21 – start of construction completed in 950 days	Contractor agreement for the construction project City Meeting Point in Taipei City	None
Joint development contract	15 people including Huang ○-Jen	2006.09.23 – joint construction and delivery completion date	Jointly built "Di Yi Hui"	None
	11 people at the Xin ○ trading company	2017.11.07 – joint construction and delivery completion date	Jointly built "City Meeting Point"	None
	53 people including Chen ○-Hua	2014.06.17 – joint construction and delivery completion date	Jointly built "Minsheng West Project"	None
	21 people including Chen ○-Kuel	2019.07.27 – joint construction and delivery completion date	Jointly built "Guisui and Minle Street Project"	None
	12 people including Chen ○-Chen	2020.01.06 – joint construction and delivery completion date	Jointly built "No.16, Section 1, Nanchang Road"	None
	21 people including Sun ○-Chun	2019.09.12 – joint construction and delivery completion date	Jointly built "Lane 175, Section 1, Kangning Road"	None
	13 people including Tsai ○-Feng	2019.08.25 – joint construction and delivery completion date	Jointly built "Tianmu Tianyu Street Project"	None
	59 people including Su ○-Sen	2006.10.21 – joint construction and delivery completion date	Jointly built "Chengde I Project"	None
	29 people including Chen ○-Jung	2009.09.14 – joint construction and delivery completion date	Jointly built "Chang'an West Project"	None
	9 people including Li ○-Huang	2018.08.03 – joint construction and delivery completion date	Jointly built "No. 128, Section 3, Chengde Road"	None
	32 people including Chen ○-Ming	2019.05.13 – joint construction and delivery completion date	Jointly built "No. 101, Chang'an West Road Project"	None

	25 people including Lin, ○-Xsing	2019.09.25 – joint construction and delivery completion date	Jointly built "Yanping North, Liangzhou Street Project"	None
	11 people including Chang, ○-Hsiang	2020.06.03 – joint construction and delivery completion date	Jointly built "No. 101 Changji Street Project"	None
	17 people including Lo, o-I	2017.10.20 – joint construction and delivery completion date	Jointly built "No. 154, Taiyuan Road Project"	None
	8 people including Lin, ○-Hsien	2017.12.15 – joint construction and delivery completion date	Jointly built "Ningxia-Jinxi Project"	None
	21 people including Chou, ○-Chin	2019.11.08 – joint construction and delivery completion date	Jointly built "Ganzhou Street Project"	None
	52 people including Chen, o-Hsi	2018.04.18 – joint construction and delivery completion date	Jointly built "Changji Street Project"	None
	16 people including Tsai, o-Shiung.	2021.03.05 – joint construction and delivery completion date	Jointly built "No. 31-1, Section 3, Chongqing North Road Project"	None

Chapter 6. Overview of Company's Financial Status

I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years, showing the name of the certified public accountant and the auditor's opinion given thereby

(I) 1. Condensed balance sheets (consolidated)

Unit: NT$ thousand

Item \ Year		Financial information for the past 5 fiscal years 2017	2018	2019	2020	2021
Current assets		2,503,012	2,307,419	2,078,454	2,067,656	3,022,075
Property, plant and equipment		325,297	321,668	340,718	340,088	337,875
Intangible assets		0	0	0	497	475
Other assets		11,262	1,398	2,510	2,538	10,058
Total assets		2,850,214	3,400,174	3,350,629	3,315,839	4,373,220
Current liabilities	Before distribution	568,213	1,137,214	625,951	575,150	1,509,390
	After distribution	674,199	1,172,543	714,273	672,304	1,509,390
Non-current liabilities		18,684	86,733	84,454	11,040	10,314
Total liabilities	Before distribution	586,897	1,223,947	710,405	586,190	1,519,704
	After distribution	692,883	1,259,276	798,727	683,344	1,519,704
Equity attributable to owners of parent		2,263,257	2,176,186	2,640,195	2,729,631	2,853,499
Share capital		1,766,433	1,766,433	1,766,433	1,943,076	2,079,091
Additional paid-in capital		17,346	21,597	23,014	26,557	30,454
Retained earnings	Before distribution	502,863	359,071	665,056	602,994	425,079
	After distribution	396,877	323,742	576,734	505,840	425,079
Other equity		0	52,470	209,077	180,389	342,260
Treasury stocks		(23,385)	(23,385)	(23,385)	(23,385)	(23,385)
Non-controlling interests		60	41	29	18	17
Total equity	Before distribution	2,263,317	2,176,227	2,640,224	2,729,649	2,853,516
	After distribution	2,157,331	2,140,898	2,551,902	2,632,495	2,853,516

Note 1: The financial statements for each year have been audited and attested by CPAs.

Note 2: The proposal for 2021 earnings distribution has not yet been approved by the shareholders' meeting; therefore, the value after the distribution is listed according to the resolution of the Board of Directors' meeting.

Note 3: The information for each year is based on the data in the consolidated financial report after IFRS were adopted.

2. Condensed balance sheets (parent only)

Unit: NT$ thousand

Item \ Year		Financial information for the past 5 fiscal years				
		2017	2018	2019	2020	2021
Current assets		2,502,184	2,335,511	2,082,386	2,077,243	3,030,501
Property, plant and equipment		267,905	264,587	283,949	281,534	279,621
Intangible assets		0	0	0	497	475
Other assets		10,538	675	1,791	1,783	9,338
Total assets		2,863,577	3,416,361	3,327,382	3,279,806	4,334,359
Current liabilities	Before distribution	590,737	1,158,086	607,236	543,859	1,475,288
	After distribution	696,723	1,193,415	695,558	641,013	1,475,288
Non-current liabilities		9,583	82,089	79,951	6,316	5,572
Total liabilities	Before distribution	600,320	1,240,175	687,187	550,175	1,480,860
	After distribution	706,306	1,275,504	775,509	647,329	1,480,860
Equity attributable to owners of parent		2,263,257	2,176,186	2,640,195	2,729,631	2,853,499
Share capital		1,766,433	1,766,433	1,766,433	1,943,076	2,079,091
Additional paid-in capital		17,346	21,597	23,014	26,557	30,454
Retained earnings	Before distribution	502,863	359,071	665,056	602,994	425,079
	After distribution	396,877	323,742	576,734	505,838	371,023
Other equity		0	52,470	209,077	180,389	342,260
Treasury stocks		(23,385)	(23,385)	(23,385)	(23,385)	(23,385)
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	2,263,257	2,176,186	2,640,195	2,729,631	2,853,499
	After distribution	2,157,271	2,140,857	2,551,873	2,632,477	2,853,499

Note 1: The financial statements for each year have been audited and attested by CPAs.

Note 2: The proposal for 2021 earnings distribution has not yet been approved by the shareholders' meeting; therefore, the value after the distribution is listed according to the resolution of the Board of Directors' meeting.

Note 3: The information for each year is based on the data in the parent only financial report after IFRS were adopted.

(II) 1. Condensed statements of comprehensive income (consolidated)

Unit: NT$ thousand

Item \ Year	Financial information for the past 5 fiscal years (Note 2)				
	2017	2018	2019	2020	2021
Operating income	88,624	455,869	1,302,273	666,812	5,650
Operating profit	88,611	41,296	428,388	260,665	3,807
Operating profit or loss	36,925	(17,699)	378,928	210,779	(44,438)
Non-operating income and expenditures	93,574	39,491	30,027	41,544	41,702
Income before tax	130,499	21,792	408,955	252,323	(2,736)
Net profit of continuing operations for the period	122,954	21,282	339,639	204,618	(7,362)
Loss from discontinued operations	0	0	0	0	0
Net profit (loss) for the period	122,954	21,282	339,639	204,618	(7,362)
Other comprehensive income for the period (net after tax)	(3,642)	(10,180)	158,270	(30,414)	161,716
Total comprehensive income for the period	119,312	11,102	497,909	174,204	154,354
Net profit attributable to owners of parent	122,956	21,301	339,651	204,629	(7,361)
Net profit attributable to non-controlling interests	(2)	(19)	(12)	(11)	(1)
Total comprehensive income attributable to owners of parent	119,314	11,121	497,921	174,215	154,355
Total comprehensive income attributable to non-controlling interests	(2)	(19)	(12)	(11)	(1)
Earnings per share	0.73	0.13	1.82	1.03	(0.04)

Note 1: The financial statements for each year have been audited and attested by CPAs.

Note 2: The information for each year is based on the data in the consolidated financial report after the IFRSs were adopted.

2. Condensed statements of comprehensive income (parent only)

Unit: NT$ thousand

Item \ Year	Financial information for the past 5 fiscal years (Note 2)				
	2017	2018	2019	2020	2021
Operating income	88,744	455,989	1,302,393	666,932	5,770
Operating profit	87,455	65,599	439,451	273,546	(2,212)
Operating profit or loss	43,574	14,583	397,548	234,939	(37,177)
Non-operating income and expenditures	86,927	7,228	11,419	17,395	34,442
Income before tax	130,501	21,811	408,967	252,334	(2,735)
Net profit of continuing operations for the period	122,956	21,301	339,651	204,629	(7,361)
Loss from discontinued operations	0	0	0	0	0
Net profit (loss) for the period	122,956	21,301	339,651	204,629	(7,361)
Other comprehensive income for the period (net after tax)	(3,642)	(10,180)	158,270	(30,414)	161,716
Total comprehensive income for the period	119,314	11,121	497,921	174,215	154,355
Net profit attributable to owners of parent	122,956	21,301	339,651	204,629	(7,361)
Net profit attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of parent	119,314	11,121	497,921	174,215	154,355
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share	0.73	0.13	1.82	1.03	(0.04)

Note 1: The financial statements for each year have been audited and attested by CPAs.

Note 2: The information for each year is based on the data in the parent only financial report after the IFRSs were adopted.

(III) CPAs and their audit opinions for the past 5 fiscal years

Year	Name of accounting firm	Name of the CPA	Auditor’s opinion
2017	EY	Lin Su-Wen, Hung Mao-I	Unqualified opinion
2018	EY	Yang Chih-Hui, Hsu Hsin-Min	Unqualified opinion
2019	EY	Yang Chih-Hui, Hsu Hsin-Min	Unqualified opinion
2020	EY	Yang Chih-Hui, Hsu Hsin-Min	Unqualified opinion
2021	EY	Yang Chih-Hui, Hsu Hsin-Min	Unqualified opinion

II. Financial analyses for the past 5 fiscal years

(I) Consolidated financial analysis under IFRS

Unit: NT$ thousand

Analysis items			Financial analyses for the past 5 fiscal years (Note 2) 2017	2018	2019	2020	2021
Financial structure (%)	Debt to assets ratio (%)		20.59	36.00	21.20	17.68	34.75
	Long-term capital to property, plant and equipment ratio		701.51	703.51	799.69	805.88	847.60
Solvency (%)	Liquidity ratio (%)		440.51	202.90	332.05	395.50	200.22
	Quick ratio (%)		195.60	40.81	109.55	88.71	78.44
	Times interest earned (times)		3,262,575	1,729	6,155	5,477	11
Operating capacity	Turnover of receivables (per time)		0	0	0	0	0
	Average collection days for receivables		0	0	0	0	0
	Inventory turnover (per time)		0	0.25	0.54	0.27	0
	Payables turnover (per time)		0	9	18	11	0
	Average days for sale		0	1,460	676	1,352	0
	Turnover of property, plant, and equipment (per time)		0.27	1.41	3.93	1.96	0.02
	Total assets turnover (per time)		0.03	0.15	0.39	0.20	0
Profitability	Return on assets (%)		4.70	0.72	10.22	6.25	-0.13
	Return on equity (%)		5.51	0.96	14.10	7.62	-0.26
	over paid-in capital Price-earning ratio %	Operating income	2.09	-1.00	21.45	10.85	-2.14
		Net income before tax	7.39	1.23	23.15	12.99	-0.13
	Net profit rate (%)		138.74	4.67	26.08	30.69	-130.30
	Earnings per share (NT$)		0.73	0.13	1.82	1.10	-0.04
Cash flows	Cash flow ratio (%)		-50.26	-32.34	124.05	-10.38	-11.88
	Cash flow adequacy ratio (%)		25.45	-1.27	-36.59	-12.07	-7.06
	Cash reinvestment ratio (%)		-14.82	-20.33	26.77	-5.18	-9.35
Leverage	Operating leverage		1.06	0.88	1.01	1.01	0.95
	Financial leverage		1.00	0.93	1.02	1.02	0.94

Changes in financial ratios over the past 2 fiscal years (analysis is not required if changes are less than 20%)

1. The long-term capital to property, plant and equipment ratio increased by 41.72%, and it was mainly due to the increase of valuation adjustment of the investments in equity instruments measured at fair value through other comprehensive income.
2. The current ratio decreased by 159.28 %, and it was mainly due to the increase in short-term

borrowings in 2021.

3. The net profit margin decreased by 160.99%, and it was mainly due to the there was no income recognition on the project construction completion and house delivery in 2021, such that the net profit margin decreased significantly.

Note 1: The financial information for each year has been audited and attested by CPAs.

Note 2: The information for each year is based on the data in the consolidated financial report after the IFRSs were adopted.

(II) Parent only financial analysis under IFRS

Unit: NT$ thousand

Analysis items		Year	Financial analyses for the past 5 fiscal years (Note 2)				
			2017	2018	2019	2020	2021
Financial structure (%)	Debt to assets ratio (%)		20.96	36.30	20.65	16.77	34.17
	Long-term capital to property, plant and equipment ratio		844.80	850.26	955.70	969.56	1,020.49
Solvency (%)	Liquidity ratio (%)		423.57	201.67	342.93	381.95	205.42
	Quick ratio (%)		188.04	39.49	112.81	93.18	79.95
	Times interest earned (times)		4,350,133	1,734	6,169	5,646	4
Operating capacity	Turnover of receivables (per time)		0	0	0	0	0
	Average collection days for receivables		0	0	0	0	0
	Inventory turnover (per time)		0	0.237	0.522	0.263	0.0046
	Payables turnover (per time)		0	6	14	13	0
	Average days for sale		365,000	1,540	699	1,390	79,348
	Turnover of property, plant, and equipment (per time)		0.33	1.71	4.75	2.36	0.02
	Total assets turnover (per time)		0.03	0.15	0.39	0.20	0
Profitability	Return on assets (%)		4.68	0.71	10.23	6.30	-0.13
	Return on equity (%)		5.51	0.96	14.10	7.62	-0.26
	over paid-in capital Price-earning ratio %	Operating income	2.47	0.83	22.51	12.09	-1.79
		Net income before tax	7.39	1.23	23.15	12.99	-0.13
	Net profit rate (%)		138.55	4.67	26.08	30.68	-127.57
	Earnings per share (NT$)		0.73	0.13	1.82	1.10	-0.04
Cash flows	Cash flow ratio (%)		-47.42	-31.94	129.11	-8.45	-10.96
	Cash flow adequacy ratio (%)		29.98	-0.52	-30.52	-9.66	-4.33
	Cash reinvestment ratio (%)		-14.80	-20.71	27.11	-4.83	-8.91
Leverage	Operating leverage		1.04	1.13	1.00	1.01	0.95
	Financial leverage		1.00	1.10	1.02	1.02	0.93

Changes in financial ratios over the past 2 fiscal years (analysis is not required if changes are less than 20%)

1. The long-term capital to property, plant and equipment ratio increased by 41.72%, and it was mainly due to the increase of valuation adjustment of the investments in equity instruments measured at fair value through other comprehensive income.
2. The current ratio decreased by 159.28 %, and it was mainly due to the increase in short-term borrowings in 2021.

3. The net profit margin decreased by 160.99%, and it was mainly due to the there was no income recognition on the project construction completion and house delivery in 2021, such that the net profit margin decreased significantly.

Note 1: The financial information for each year has been audited and attested by CPAs.

Note 2: The information for each year is based on the data in the parent only financial report after the IFRSs were adopted.

Note 3:

1. Financial structure
   (1) Debt-to-asset ratio = Total liabilities / total assets.
   (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + non-current liabilities) / net worth of property, plant, and equipment.
2. Solvency
   (1) Liquidity ratio = Current assets / current liabilities.
   (2) Quick ratio = (Current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = Income before income tax and interest expenses / current interest expenses.
3. Operating capacity
   (1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = Net sales amount / average receivables (including accounts receivable and notes receivable arising from business operations) for each period.
   (2) Average collection days for receivables = 365 / turnover of receivables.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = Cost of goods sold / average payables (including accounts payable and notes payable arising from business operations) for each period.
   (5) Average days of sale = 365 / inventory turnover.
   (6) Turnover of property, plant, and equipment = Net sales amount / average net worth of property, plant, and equipment.
   (7) Total assets turnover = Net sales amount / average total assets.
4. Profitability
   (1) Return on assets = [Net income + interest expenses x (1 - tax rate)] / average total assets.
   (2) Return on equity = Net income / average total equity.
   (3) Net profit margin = Net income / net sales.
   (4) Earnings per share = (Profit and loss attributable to owners of the parent - dividends on preferred shares) / weighted average number of issued shares.
5. Cash flows
   (1) Cash flow ratio = Net cash flow from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividends) for the most recent five years.
   (3) Cash re-investment ratio = (Net cash flow from operating activities – cash dividends) / (gross property, plant, and equipment value + long-term investment + other non-current assets + working capital).
6. Leverage
   (1) Operating leverage = (Net operating revenue - variable operating costs and expenses) / operating income.
   (2) Financial leverage = Operating income / (Operating income - interest expenses).

Note 4: For the above formula for calculating earnings per share, special attention should be paid to the following when measuring:

1. Based on the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.
2. Where there is a cash replenishment or treasury stock trading, the weighted average number of shares shall be calculated during the period of circulation.
3. Where there is a surplus to capital increase or capital surplus to capital increase, the calculation of the earnings per share for the previous year and half year should be adjusted by the proportion of capital increase, rather than the period the capital increase is issued.
4. If the preferred shares are non-convertible accumulative shares, their annual dividend (whether or not it is issued) shall be deducted from the net income after tax or added to net loss after tax. If the preferred shares are non-cumulative, then in the case of having a net profit after tax, the preferred dividend should be deducted from the net profit after tax; in the case of loss, no adjustments are required.

Note 5: Special attention should be paid to the following when analyzing cash flows:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow of capital flows.
3. The increase in inventories shall only be credited when the balance at the end of the period is greater than them balance at the beginning of the period. If the inventory is reduced at the end of the year, then the inventory amount should be accounted at zero.
4. Cash dividends include cash dividends for common stock and special shares.
5. Gross property, plant, and equipment value means the total amount of property , plant and equipment before deducting accumulated depreciation.

Note 6: The issuer shall distinguish between the operating costs and operating expenses being fixed or variables. When estimation or subjective judgments are involved, one should pay attention to their rationality and consistency.

Note 7: If the Company's shares are no par or not in a denomination of NT$10 per share, the calculation of the ratio of the paid in capital shall be calculated based on the equity ratio of the balance sheet attributable to the owners of the parent company.

III. Audit Committee's review report for the most recent year's financial statement

Sunfon Construction Co., Ltd. Audit Committee Review Report

Please approve

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements (including consolidated and parent only statements), and proposal for distribution of earnings. The Company's Financial Statements have been audited and certified by CPA Yang, Chih-Hui and CPA Hsu, Hsin-Min of Ernst & Young, Taiwan, and an audit report related thereto has been issued. The aforementioned report and statements have been reviewed and considered to be compliant with relevant rules by the undersigned, the Audit Committee of the Company. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for review.

Submitted to

The Company's 2022 Annual General Meeting

Audit Committee Convener: Huang Tse-Jen

March 8, 2022

IV. Consolidated financial statements of the most recent year: Please refer to page 120 to page 189.

V. Parent only financial statements of the most recent year: Please refer to page 190 to page 254.

VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year and up to the date of publication of the annual report, the impact on the financial position of the company: None.

Chapter 7. Review and Analysis of Financial Position and Financial Performance and Risks

I. Financial position

Comparative analysis of financial position

Unit: NT$ thousand

Item \ Year	2020	2021	Difference	
			Amount	%
Current assets	$2,067,656	$3,022,075	$954,419	46.16
Financial assets measured at fair value through other comprehensive income – non-current	905,060	1,002,737	97,677	10.79
Property, plant and equipment	45,051	44,417	(634)	(1.41)
Investment property	295,037	293,458	(1,579)	(0.54)
Intangible assets	497	475	(22)	(4.43)
Other non-current assets	2,538	10,058	7,520	296.30
Total assets	3,315,839	4,373,220	1,057,381	31.89
Current liabilities	575,150	1,509,390	934,240	162.43
Other non-current liabilities	11,040	10,314	(726)	(6.58)
Total liabilities	586,190	1,519,704	933,514	159.25
Share capital	1,943,076	2,079,091	136,015	7.00
Additional paid-in capital	26,557	30,454	3,897	14.67
Retained earnings	602,994	425,079	(177,915)	(29.51)
Treasury stocks	(23,385)	(23,385)	0	0.00
Other equity	180,389	342,260	161,871	89.73
Non-controlling interests	18	17	(1)	(5.56)
Total equity	2,729,649	2,853,516	123,867	4.54

If the amount difference reaches 20% or more or the change in amount reaches NT$10,000 thousand, see below:

1. The increase of the current assets and total assets was mainly due to the factors of the increase of the real estate value trust fund and increase of the commission contract additional cost for the pres-sale Yun Ji Project, and the ongoing investment in the construction of the City Meeting Pont Project, such that the overall current assets and total assets were increased.
2. The increase of the current liabilities and total liabilities was mainly due to the factors of the increase of financing loan for construction investment and the increase of advance receipt from the pre-sale Yun-Ji Project as well as the income tax liabilities for sale of stocks and increase of investment, such that the current liabilities and total liabilities were increased.
3. The increase of other equity was mainly due to the increase of adjustment of unrealized gain or loss from stock investments in the current period.

II. Financial performance

Comparative analysis of operating results

Unit: NT$ thousand

Subject	Amount in 2020	Amount in 2021	Increase/decrease amount	Change in percentage %
Net operating income	$666,812	$5,650	$(661,162)	(99.15)
Operating costs	406,147	1,843	(404,304)	(99.55)
Operating profit	260,665	3,807	(256,858)	(98.54)
Operating expenses	49,886	48,245	(1,641)	(3.29)
Operating profit or loss	210,779	(44,438)	(255,217)	(121.08)
Non-operating income and expenditures	41,544	41,702	158	0.38
Net profit (loss) before income tax	252,323	(2,736)	(255,059)	(101.08)
Income tax (expense) benefit	(47,705)	(4,626)	(43,079)	(90.30)
Profit or loss for the period	204,618	(7,362)	(211,980)	(103.60)
Other comprehensive income for the period	(30,414)	161,716	192,130	(631.72)
Total comprehensive income for the period	174,204	154,354	(19,850)	(11.39)

Note 1. Analysis of changes in the increase/decrease percentage:

1. The decrease of operating income, operating cost, operating profit and profit/loss for the current period was mainly due to that there were no project construction and house delivery recognized but only rental income was recognized, such that the profit/loss of the current period significantly decreased.
2. The increase of other comprehensive income was mainly due to the increase of adjustment of unrealized gain or loss from stock investments in the current period.

Note 2. Reasons for the change of the Company's primary business: Not applicable.

Note 3. Expected sales volumes for the coming year and its basis, and key factors affecting the company's ability to continue growth or decline in expected sales volume:

1. The base for the "City Meeting Point" project located at Chang'an West Road is 119.14 *ping* (393.8 m^2), with 49 residential units planned. The project was launched in the fourth quarter of 2019, with a 100% sales rate by the end of 2021.
2. The base for the "Chongqing North No.138" project located at No. 138, Section 3, Chongqing North Road is 108.6 *ping* (359 m^2), planned to be built as a social and educational facility building, which was 100% sold out at the end of 2020.
3. The base for the "Yun Ji" project located near Minsheng West Road and Chongqing North

Road and Ningxia Night Market is 668.83 *ping* (2,211 m^2), with 5 general shops and 207 residential units planned. The project is to be launched in the third quarter of 2021 and the sales rate is expected to reach 100% by the end of 2022.

4. The base for the "Minle Street" project located at Guisui Street and Minle Street is 346.67 *ping* (1,146 m^2), with 8 general shops and 104 residential units planned. The project is to be launched in the second quarter of 2022 and the sales rate is expected to reach 60% by the end of 2022.
5. The estimated sales volume for 2022 was based on the expectation that the construction industry will remain stable in 2022.

III. Cash flows

Cash flow analysis table

Unit: NT$ thousand

Opening cash balance	Expected net cash flow from operating activities for the entire year	Estimated cash outflows for the entire year	Remaining (insufficient) cash	Remedies for insufficient cash	
				Investment plans	Financial plans
608,603	902,163	(1,298,326)	212,440	-	-

1. Analysis of current year cash flow change:
   (1) Operating activities: The cash outflow amount was increased by NT$119,668 thousand, and the change rate was 200.46% from last year.
   (2) Investment activities: The cash inflow amount was increased by NT$128,469 thousand, and he change rate was 378.18% from last year.
   (3) Financing activities: The cash inflow amount was increased by NT$440,165 thousand, and the change rate was 209.67% from last year.

   The change in the operating activities was mainly due to the increase of investment in the construction fee and joint construction development cost of the City Meeting Point Project, leading to increase of inventory. In addition, the pre-sale of Yun Ji Project also caused increase in the pre-sale real estate value trust and commission contract cost, such that other current assets and contract acquisition additional costs increased. As a result, the cash outflow of operating activities increased from the same period of last year. The change in the investment activities was mainly due to the increase of the cash inflow of the sale of stock investments in the current period from the same period of last year. The change in the financing activities was mainly due to the increase of the bank borrowings in the current period, such that the cash outflow of financing activities increased from the same period of last year.
2. Expected remedies for cash deficits and liquidity analysis: Not applicable.
3. Cash liquidity analysis for the coming year:
   (1) We expect to buy more land and promote new projects.
   (2) Investment activities and financing activities: We expect to finance the acquisition of land and pay for construction projects.

IV. The effect upon financial operations of any major capital expenditures during the most recent fiscal year: None.

V. The company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year: None.

VI. Risks and assessment during the most recent fiscal year and up to the date of publication of the annual report

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

The Company's short-term borrowings are "benchmark interest rate" and "fixed markup" interest-bearing debt. The current benchmark interest rate of the financial institution does not change significantly as the Company is a customer that financial institutions strive for. Also, as the Company does not have foreign-currency assets, interest rate changes pose no impact on the Company's profit or loss. Domestic inflation is moderate so the Company's profit or loss is not significantly affected by inflation.

(II) 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 or losses generated thereby, and response measures to be taken in the future:

We dedicate ourselves to the development of the industry and do not engage in high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions.

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

The Company does not have a dedicated R&D department but has a Development Department responsible for collecting market information and planning and designing integrated building products. Based on the fact that the construction industry is not like general manufacturing industries or high-tech industries that require R&D and design for new products, the Company does not have related R&D expenditures.

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

We keep a close eye on domestic and international political and economic developments as well as statutory changes. Moreover, we are fully capable of responding to them in an appropriate fashion and have always complied with relevant government laws, while upholding the principle of stable operation to strive for sustainable development. Recent important policy and regulatory changes in both Taiwan and abroad did not pose any significant impact on the Company's financial operations.

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

To respond to changes in science and technology as well as industry, we grasp market changes at all times and proactively obtain industrial information through a variety of methods to expand our business. There is currently no effect on the Company's financial operations due to scientific, technological or industrial changes.

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

We became a public company in April 1990 and began trading on TPEx in December 1998. We adhere to the business motto of "integrity, quality, service" to shape an exceptional corporate image. There has been no change in the Company's corporate image.

(VII) Expected benefits and possible risks associated with any mergers and acquisitions, and measures to be taken in response: None.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures to be taken in response: None.

(IX) Risks associated with any consolidation of sales or procurement operations, and measures to be taken in response:

Due to the characteristics of the industry and to control the quality standards of new construction projects, our construction works are contracted to our affiliate, who has sound construction technology standards and financial position. Because of this, we are able to avoid the risk of consolidation of procurement by enhancing the company's construction quality control. Not only do we buy land from general landowners, we also acquire land for construction through joint construction and allocation of housing units. Therefore, land acquisition transactions are specific and different, and there be have no procurement risk. Furthermore, we mostly sell construction projects to the general public, so there is no issue of consolidation of sales.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding more than a 10 percent stake in the company is transferred or otherwise changes hands, and measures to be taken in response:

Please refer to VIII on page 45 of the annual report.

(XI) Effect upon and risk to company due to changes in management rights, and measures to be taken in response: None.

(XII) Litigious and non-litigious matters

1. List major litigious, non-litigious or administrative disputes that involve the company and have been concluded by means of a final and unappealable judgment, or are still under litigation, where such a dispute could materially affect shareholders' equity or the prices of the company's securities: None.
2. List major litigious, non-litigious or administrative disputes that involve the company and/or any company director, supervisor, the president, person with actual responsibility, major shareholder holding a stake of more than 10 percent, or any companies controlled by the company that have been concluded by means of a final and unappealable judgment, or are still under litigation, where such a dispute could materially affect shareholders' equity or the prices of the company's securities: None.

(XIII) Other significant risks and measures to be taken in response:

1. Risk management policy:

   The Company has set up risk control operations in all departments and regularly reports to the Board of Directors.

2. Organizational structure of risk management:

   All levels and departments are responsible for risk. In the event of an irregular situation, the Audit Office or senior management must be quickly notified and seek early solutions to address the issue. Meanwhile, the decision-maker should take action within the shortest time.

   The Company's organization structure of risk management is as follows:

Organization name	Responsibility scope
Board of Directors	Ensures the efficiency of the risk management mechanism and allocates resources
Senior management	Carries out risk management decisions of the Board of Directors Coordinates risk management affairs between departments
Audit Office	Performs daily risk control inspection Supervises risk management activities and reports to the Board of Directors and supervisors of the implementation situation.
Other departments	Carry out daily risk control management

3. For liquidity risk management and credit risk management, please refer to "the most recent financial statements."

4. Disclosure of the types, objectives, means, effectiveness and accounting treatment of hedging transactions of applicable financial products (including financial derivatives):

   Not applicable as the Company is not involved in derivative transactions and does not adopt hedge accounting.

5. Cyber security risk:

   (1) Cyber security framework and policy: Cyber security risk management is our priority and to ensure the cyber security of our operations and customers, we have formulated the Internal Control Operating Procedures for Computerized Information System Operations in 2007, which is evaluated on a regular basis.

   (2) Concrete management plan: Our internal audit is performed once a year targeting cyber security, organization and authority, asset classification control, personnel management and education and training, computer system security management, and network security management to ensure the sustainable operation of the Company's business.

VII. Other important matters: None.

Chapter 8. Special Items to Be Included

I. Information related to the affiliate

(I) Consolidated business report of the affiliate

1. Organization chart of the affiliate

Name of the affiliate	Shareholding or fund contribution ratio
Controlling company and subordinate company	
Jinyuan Construction Co., Ltd. (Note)	99.929%
Mutually invested company	
Jinyuan Construction Co., Ltd.	4.01%
Subordinate company and subordinate company	
None	

Note:

Same executive shareholders/directors	Shareholding or fund contribution ratio
Hung Min-Fu (legal person representative of Sunfon Construction)	99.929%

2. Basic information of the affiliate

Unit: NT$ thousand

Name of company	Date of establishment	Address	Paid-in Capital	Major line of business or production
Controlling company: Sunfon Construction Co., Ltd.	1988.01.21	7F., No. 173, Section 2, Chang'an East Road, Taipei City	2,079,091	Contracted construction company to build public housing and commercial buildings for lease and sale.
Subordinate company: Jinyuan Construction Co., Ltd.	1980.09.03	7F., No. 173, Section 2, Chang'an East Road, Taipei City	100,000	Civil construction project contracting

3. Information on the presumed reasons and personnel presumed to have a controlling and subordinate relationship: None
4. The industries covered by the business operated by the affiliate
   (1) Construction industry.
   (2) Construction works of Sunfon Construction Co., Ltd. are mostly contracted to Jinyuan Construction Co., Ltd. to build.

5. The names of the directors, supervisors, and general manager of each affiliate

March 28, 2022

Name of company	Title	Name	Date of assumption of office	Term of office	Number of shares held	
					Number of shares	Shareholding ratio
Controlling company:						
Sunfon Construction Co., Ltd.	Chairperson	Hung Min-Fu (representative, Don Tai Development Co., Ltd.)	2021.07.23	3 years	13,429,500	6.46%
	Director	Lin I-Wei (representative, Don Tai Development Co., Ltd.)	2021.07.23	3 years	13,429,500	6.46%
	Director	Chuang Yu-Te (representative, Yo-Li Investment Co., Ltd.)	2021.07.23	3 years	14,000,100	6.73%
	Director	Jean Jyi-Dean (representative, Yo-Li Investment Co., Ltd.)	2021.07.23	3 years	14,000,100	6.73%
	Director	Golden Plaza Cultural & Education Foundation Representative: Huang Cheng-Yuan	2021.07.23	3 years	2,118,600	1.02%
	Director	Chen Tsung-Jen	2021.07.23	3 years	299,540	0.14%
	Independent Director	Huang Tse-Jen	2021.07.23	3 years	0	0%
	Independent Director	Lin Wen-Fang	2021.07.23	3 years	0	0%
	Supervisor	Wu Chen-Chi	2021.07.23	3 years	0	0%
Subordinate company: Jinyuan Construction Co., Ltd.	Chairperson	Hung Min-Fu (representative, Sunfon Construction Co., Ltd.)	2019.06.28	3 years	99,929	99.929%
	Director	Lin I-Wei (representative, Sunfon Construction Co., Ltd.)	2019.06.28	3 years	99,929	99.929%
	Director	Chuang Yu-Te (representative, Sunfon Construction Co., Ltd.)	2019.06.28	3 years	99,929	99.929%
	Supervisor	Yen Kuo-Lung	2019.06.28	3 years	0	0

6. Operating overview of the affiliate (individual financial information)

Unit: NT$ thousand

Name of company	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit or loss	Profit or loss for the period (after tax)	Earnings per share (NT$) (after tax)
Sunfon Construction Co., Ltd.	2,079,091	4,334,359	1,480,860	2,853,499	5,770	(37,177)	(7,361)	(0.04)
Jinyuan Construction Co., Ltd.	100,000	265,530	61,946	203,584	74,480	(3,344)	1,975	19.75

(II) Consolidated financial statements of the affiliate

The Company does not prepare separate consolidated financial statements of the affiliate but only issues a statement (please refer to page 118); for the consolidated financial statements of the parent and subsidiary, please refer to pages 120–189 of this report.

(III) The affiliate's report

It is not required to prepare a report of the affiliate.

Statement

In 2021 (from January 1 to December 31, 2021), all companies that should be included in the consolidated financial statements of affiliated enterprises in accordance with the "Regulations Governing the Preparation of Consolidated Financial Statements of Affiliated Enterprises and Reports of Affiliated Enterprises" and IFRS 10 are the same. The consolidated financial statements of affiliated enterprises have been disclosed in the parent and subsidiary consolidated financial statements; therefore, separate consolidated financial statements of the affiliate will not be prepared.

Hereby declared

Company name: Sunfon Construction Co., Ltd.

Chairperson: Hung Min-Fu

March 8, 2022

II. Private placement of securities during the most recent fiscal year and up to the date of publication of the annual report: None.

III. Holding or disposal of shares in the company by the company's subsidiary during the most recent fiscal year and up to the date of publication of the annual report

Unit: NT$ thousand; shares; %

Name of the subsidiary	Paid-in capital	Funding sources	Shareholding ratio of the Company	Acquisition or disposal date	No. of shares acquired and amount	No. of shares disposed of and amount	Investment gain or loss (NT$ thousand)	No. of shares held and amount as of April 20, 2022	Setting of pledge	The amount of endorsement/gaurantee provided to the subsidiary by the Company	The amount loaned to the subsidiary by the Company
Jinyuan Construction Co., Ltd.	100,000	Self-funded	99.929%	-	-	-	-	8,345,404 shares NT$173,584 thousand	None	-	-

IV. Any of the situations listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act which might materially affect shareholders' equity or the price of the company's securities that have occurred during the most recent fiscal year and up to the date of publication of the annual report: None.

V. Other matters that require additional description: None.

English Translation of Auditors' Report Originally Issued in Chinese

Report of Independent Auditors

To SUNFON CONSTRUCTION CO., LTD.

Opinion

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

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly in all material respects, the financial position of the Group as of December 31, 2021 and 2020, and financial performance and its cash flows for the years ended December 31, 2021 and 2020, 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 Financial Supervisory Commission.

Basis for Opinions

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Inventories

The primary business of the Group is the construction of residential and commercial buildings. The inventories of the Group consist principally of land held for construction site, construction in progress, and land and buildings held for sale. As of December 31, 2021, the net amount of the inventories was NTD 1,837,463 thousand, which accounted for 42% of the consolidated total assets and was considered material to the consolidated financial statements. In addition, the real estate development is subject to political influence, general economy, market prospect, and property tax system reforms, which added to the difficulties and risks in management's assessment over the value of the inventories. As the valuation of inventories had significant impact on the consolidated financial statements, we considered this a key audit matter.

For the valuation of inventories, we have conducted audit procedures including but not limited to obtaining the appraisal reports concerning net realizable value of inventories and analysis of the land development, to evaluate and test the reasonableness of net realizable value estimated by management. In addition, we analyzed the report based on the industry development trends and the expected demands of the market, also inquired the most recent closing price and transaction price of similar construction projects in nearby areas (including public information from the Department of Land Administration, Ministry of Interior and real estate agents), in order to evaluate whether declines in inventory value did occur.

As of December 31, 2021, the inventory of Sunfon Construction Co., Ltd. and its subsidiaries has been disclosed and presented in Notes 4, 5 and 6 in the consolidated financial statements.

Non-current financial assets at fair value through other comprehensive income

As of December 31, 2021, the net amount of the non-current financial assets at fair value through other comprehensive income of the Group amounted to NTD 1,002,737 thousand, which accounted for 23% of the consolidated total assets and were domestic listed stocks and funds investments mainly. In addition, the net amount of the unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income amounted to NTD 161,871 thousand, and the net amount of the dividends revenue was NTD 43,080 thousands which were the major source of income for the year ended December 31, 2021. In conclusion, the transaction of the non-current financial assets at fair value through other comprehensive income had significant impact on the consolidated financial statements, we considered this a key audit matter.

For the ownership and existence of non-current financial assets at fair value through other comprehensive income, we have conducted audit procedures including but not limited to check the passbook of Taiwan Depository & Clearing Corporation and send confirmation letters to securities companies. We checked the bank statements and securities companies' statements to verify the authenticity of trading and the accuracy of gains or losses from selling financial assets measured at fair value through other comprehensive income.We verified the accuracy of valuation gains or losses of financial assets measured at fair value through other comprehensive income in the end of period by checking investment's market price at end of period and calculating its valuation gain or loss. We also checked the relevant information of dividend statements to verify the authenticity and accuracy of recognition of dividends revenue.

As of December 31, 2021, the non-current financial assets measured at fair value through other comprehensive income of Sunfon Construction Co., Ltd. and its subsidiaries have been disclosed and presented in Note 6, Note 12 and Attachment 2 in the consolidated financial statements.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Group, 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 audit committee, are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.

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 ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 the consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

We have audited and expressed unqualified opinions in the parent company only financial statements of the Company for the years ended December 31, 2021 and 2020.

Yang Chih-Hui

Hsu Hsin-Min

Ernst & Young, Taiwan
March 8, 2022

Taipei, Taiwan
Republic of China

English translation of consolidated financial statements originally issued in Chinese

SUNFON CONSTRUCTION CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheet

December 31, 2021 and December 31, 2020

(Exprssed in Thousands of New Taiwan Dollars)

Assests		December 31,2021		December 31,2020	
Accounts	Notes	Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4、6	$608,603	14	$395,292	12
Inventory	4、5、6、8	1,837,463	42	1,557,223	47
Prepayments		615	-	243	-
Other current assets		430,435	10	87,024	3
Current assets recognised as incremental costs to obtain contract with customers	6	144,959	3	27,874	1
Total current assets		3,022,075	69	2,067,656	63
Non-current assets					
Financial assets at fair value through other comprehensive income, non-current	4、6、8	1,002,737	23	905,060	27
Property, plant and equipment	4、6、8	44,417	1	45,051	1
Investment property, net	4、5、6、8	293,458	7	295,037	9
Intangible assets	4、6	475	-	497	-
Deferred tax assets	4	715	-	715	-
Other non-current assets		9,343	-	1,823	-
Total non-current assets		1,351,145	31	1,248,183	37
Total assests		$4,373,220	100	$3,315,839	100

Liabilities and Equity		December 31,2021		December 31,2020	
Accounts	Notes	Amount	%	Amount	%
Current liabilities					
Short-term loans	4、6、8	$492,991	11	$363,190	11
Short-term notes and bills payable, net	4、8	200,000	5	-	-
Contract liabilities	4、6	759,307	17	122,725	4
Notes payable		17,601	-	5,911	-
Accounts payable		22,075	1	19,742	1
Other payables		11,411	1	14,212	1
Current tax liabilities	4	3,697	-	44,868	1
Other current liabilities-other		2,308	-	4,502	-
Total current liabilities		1,509,390	35	575,150	18
Non-current liabilities					
Net defined benefit liabilities, non-current	4、6	9,724	-	10,450	-
Other non-current liabilities-other		590	-	590	-
Total non-current liabilities		10,314	-	11,040	-
Total liabilities		1,519,704	35	586,190	18
Equity attributable to the parent company					
Share capital					
Ordinary share	6	2,079,091	48	1,943,076	59
Additional paid in capital	6	30,454	1	26,557	1
Retained earnings	6				
Legal reserve		353,297	8	333,007	10
Speccial reserve		9,733	-	9,733	-
Unappropriated earnings		62,049	1	260,254	8
Total retained earnings		425,079	9	602,994	18
Other equities		342,260	8	180,389	5
Treasury stock	4、6	(23,385)	(1)	(23,385)	(1)
Non-controlling interest	6	17	-	18	-
Total equity		2,853,516	65	2,729,649	82
Total liabilities and equity		$4,373,220	100	$3,315,839	100

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

English translation of consolidated financial statements originally issued in Chinese

SUNFON CONSTRUCTION CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Exprssed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	For the years ended			
		December 31, 2021	%	December 31, 2020	%
Operating revenues	4、6	$5,650	100	$666,812	100
Operating costs	6	(1,843)	(33)	(406,147)	(61)
Gross profit		3,807	67	260,665	39
Operating expenses	6				
Selling and marketing expenses		(115)	(2)	(737)	-
Administrative expenses		(48,130)	(851)	(49,149)	(7)
Total operating expenses		(48,245)	(853)	(49,886)	(7)
Operating (loss) income		(44,438)	(786)	210,779	32
Non-operating income and expenses	6				
Interest income		1,220	22	1,733	-
Other income		44,829	793	42,827	7
Other gains and losses, net		(1,288)	(23)	1,677	-
Finance costs, net		(3,059)	(54)	(4,693)	(1)
Total non-operating income and expenses		41,702	738	41,544	6
(Loss) income from continuing operations before income tax		(2,736)	(48)	252,323	38
Income tax expense	4、5、6	(4,626)	(82)	(47,705)	(7)
Net (loss) income		(7,362)	(130)	204,618	31
Other comprehensive income (loss)	6				
Items that will not be reclassified subsequently to profit or loss					
Gains (losses) on remeasurements of defined benefit plans		(155)	(3)	(1,726)	-
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income		161,871	2,865	(28,688)	(5)
Total other comprehensive income (loss)		161,716	2,862	(30,414)	(5)
Total comprehensive income		$154,354	2,732	$174,204	26
Net (loss) profit attributable to:					
Parent		$(7,361)		$204,629	
Non-controlling interests		(1)		(11)	
		$(7,362)		$204,618	
Total comprehensive income attributable to:					
Parent		$154,355		$174,215	
Non-controlling interests		(1)		(11)	
		$154,354		$174,204	
Earnings per share (in dollars)	6				
Basic earnings per share					
Net (loss) income		($0.04)		$1.03	
Diluted earnings per share	6				
Net (loss) income		($0.04)		$1.02	

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

English translation of consolidated financial statements originally issued in Chinese

SUNFON CONSTRUCTION CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Exprssed in Thousands of New Taiwan Dollars)

Item	Equity attributable to owners of parent									
			Retained earnings							
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) on financial assests measured at fair value through other comprehensive income	Treasury stock	Total	Non-controlling interests	Total equity
Balance as of January 1, 2020	$1,766,433	$23,014	$298,876	$9,733	$356,447	$209,077	$(23,385)	$2,640,195	$29	$2,640,224
Appropriation and distribution of 2019 retained earnings :										
Legal reserve appropriated	-	-	34,131	-	(34,131)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(88,322)	-	-	(88,322)	-	(88,322)
Stock dividends of ordinary share	176,643	-	-	-	(176,643)	-	-	-	-	-
Change in other additional paid in capital										
Adjustment of additional paid in capital by dividends paid to subsidiaries	-	3,543	-	-	-	-	-	3,543	-	3,543
Net income for 2020	-	-	-	-	204,629	-	-	204,629	(11)	204,618
Other comprehensive income, net of tax, for 2020	-	-	-	-	(1,726)	(28,688)	-	(30,414)	-	(30,414)
Total comprehensive income (loss)	-	-	-	-	202,903	(28,688)	-	174,215	(11)	174,204
Balance as of December 31, 2020	$1,943,076	$26,557	$333,007	$9,733	$260,254	$180,389	$(23,385)	$2,729,631	$18	$2,729,649
Appropriation and distribution of 2020 retained earnings :										
Legal reserve appropriated	-	-	20,290	-	(20,290)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(97,154)	-	-	(97,154)	-	(97,154)
Stock dividends of ordinary share	136,015	-	-	-	(136,015)	-	-	-	-	-
Change in other additional paid in capital										
Adjustment of additional paid in capital by dividends paid to subsidiaries	-	3,897	-	-	-	-	-	3,897	-	3,897
Other equty										
Disposal of equity instruments invetments measured at fair value through other comprehensive income	-	-	-	-	62,770	-	-	62,770	-	62,770
Net income for 2021	-	-	-	-	(7,361)	-	-	(7,361)	(1)	(7,362)
Other comprehensive income, net of tax, for 2021	-	-	-	-	(155)	161,871	-	161,716	-	161,716
Total comprehensive income (loss)	-	-	-	-	(7,516)	161,871	-	154,355	(1)	154,354
Balance as of December 31, 2021	$2,079,091	$30,454	$353,297	$9,733	$62,049	$342,260	$(23,385)	$2,853,499	$17	$2,853,516

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

English translation of consolidated financial statements originally issued in Chinese
SUNFON CONSTRUCTION CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020
(Exprssed in Thousands of New Taiwan Dollars)

Item	For the years ended	
	December 31,2021	December 31,2020
Cash flows from operating activities :		
Net (loss) income before tax	$(2,736)	$252,323
Adjustments :		
Income and expenses		
Depreciation expense	2,213	2,137
Amortization expense	107	17
Interest expense	3,059	4,693
Interest revenue	(1,220)	(1,733)
Dividend revenue	(43,080)	(40,431)
Losses on disposals of investment property	-	11
Reversal of impairment loss recognised in profit or loss, non-financial assets	-	(2,047)
Changes in operating assets and liabilities :		
Decrease in inventories	(276,898)	(164,329)
(Increase) decrease in prepayments	(372)	2,250
Increase in other current assests costs to obtain contract with customers	(343,405)	(47,434)
Increase in current assets recognised as incremental	(117,085)	(13,854)
Increase in contract liabilities	636,582	25,629
Increase (decrease) in notes payables	11,690	(1,964)
Increase (decrease) in accounts payables	2,333	(9,986)
Decrease in other payables	(2,895)	(2,706)
(Decrease) increase in other current liability, others	(2,194)	1,537
Decrease in net defined benefit liabilities, non-current	(881)	(1,500)
Cash (outflow) inflow generated from operations	(134,782)	2,613
Interest received	1,214	1,908
Income tax paid	(45,797)	(64,218)
Net cash flows used in operating activities	(179,365)	(59,697)
Cash flows from (used in) investing activities :		
Acquisition of financial assets at fair value through other comprehensive income	(6,634)	(4,802)
Disposal of financial assets at fair value through other comprehensive income	133,598	-
Acquisition of property, plant and equipment	-	(1,117)
Acquisition of intangible assets	(85)	(514)
Increase in other non-current assets	(7,520)	(28)
Dividend received	43,080	40,431
Net cash flows from investing activities	162,439	33,970
Cash flows from (used in) financing activities :		
Increase in short-term loans	129,801	54,190
Increase in bonds payable	200,000	-
Decrease in bonds payable	-	(100,000)
Repayments of long-term loans	-	(73,500)
Decrease in other non-current liabilities, others	-	(140)
Cash dividends paid	(93,257)	(84,779)
Interest paid (Including capitalized interests)	(6,307)	(5,699)
Net cash flows from (used in) financing activities	230,237	(209,928)
Net Increase (decrease) in cash and cash equivalents	213,311	(235,655)
Cash and cash equivalents at beginning of period	395,292	630,947
Cash and cash equivalents at end of period	$608,603	$395,292

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

English translation of consolidated financial statements originally issued in Chinese

SUNFON CONSTRUCTION CO., LTD.

AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. History and organization

Sunfon Construction Co., Ltd. (the "Company") was established and commenced business in January 1988. The Company primarily engaged in the development of public housing, and lease/sale of commercial buildings. The Company's common shares were listed on the Taipei Exchange (TPEx) in December 1998. The Company's registered address and main operating site are located at 7F., No. 173, Section 2, Chang'an East Road, Taipei, Taiwan.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended December 31, 2021 and 2020 were recommended and authorized for issue by the Company's board of directors on March 8, 2022.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2021. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022

A. Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

(a) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. In addition, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

(b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

(c) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

(d) Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1
The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments
The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases
The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee’s leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2022. The new standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 "Insurance Contracts"	January 1, 2023
C	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
D	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
E	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
F	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

A. IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Disclosure Initiative – Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

E. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

F. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under A., C., D. and E., it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), IFRSs, IASs, IFRIC and SIC, which and endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NTD") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
B. exposure, or rights, to variable returns from its involvement with the investee, and
C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

A. the contractual arrangement with the other vote holders of the investee
B. rights arising from other contractual arrangements
C. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary
B. derecognizes the carrying amount of any non-controlling interest
C. recognizes the fair value of the consideration received
D. recognizes the fair value of any investment retained
E. recognizes any surplus or deficit in profit or loss
F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss

The consolidated entities are listed as follows:

			Percentage of ownership (%)	
Name of the investors	Name of subsidiaries	Nature of Business	December 31, 2021	December 31, 2020
The Company	Gin Yuang Construction CO., Ltd.	Undertaking Construction and Civil Engineering Projects, Operations and Investment	99.929%	99.929%

(4) Current and non-current classification standard for assets and liabilities

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
B. The Group holds the asset primarily for the purpose of trading.
C. The Group expects to realize the asset within twelve months after the reporting period.
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. The Group expects to settle the liability in its normal operating cycle.
B. The Group holds the liability primarily for the purpose of trading.
C. The liability is due to be settled within twelve months after the reporting period.
D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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 engages in the development of public housings and commercial buildings, while the subsidiary is primarily engaged in the construction of civil engineering projects. The period from construction to completion is generally 2 to 3 years. Therefore, the classification of current and non-current assets and liabilities related to construction business is based on business cycle.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 “Financial Instruments“ are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial assets: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) The Group's business model for managing the financial assets and
(b) The contractual cash flow characteristics of the financial asset

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable, financial assets at amortized cost and other receivables etc., on balance sheet as of the reporting date:

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as follows:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
    (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
    (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Moreover, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial assets at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit loss on debt instrument investments measured at fair value through other comprehensive income and financial assets measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit loss of a financial instrument in a way that reflects:

(a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
(b) The time value of money
(c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

The loss allowance is measures as follows:

(a) At an amount equal to 12-month expected credit loss: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit loss in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(b) At an amount equal to the lifetime expected credit loss: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit loss.
(d) For lease receivables arising from transactions within the scope of IFRS 16 the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired.
(b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
(c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification of liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of *IFRS 9 Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(7) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants handle in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(8) Inventories

Inventories are stated at acquisition or construction costs. The allocation of construction cost to land and buildings sold and unsold is based on relative price. The interests paid prior to the completion of construction projects are capitalized as cost of inventories in accordance with IFRS 23, *Borrowing Cost*.

Inventories are valued at lower of cost and net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Abnormal spoilage of inventories, losses on inventory valuation and obsolescence, and gains from price recovery should be recognized in the period incurred. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(9) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5-55 years
Transportation equipment	5 years
Other equipment	5-8 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(10) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	50-55 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers properties to or from investment properties according to the actual use of the properties.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(11) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of an identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
C. amounts expected to be payable by the lessee under residual value guarantees
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. The amount of the initial measurement of the lease liability
B. any lease payments made at or before the commencement date, less any lease incentives received
C. any initial direct costs incurred by the lessee
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Group has applied the practical expedient to all rent concessions that meet the conditions for it.

Company as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(12) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (5 years).

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer software
Useful lives	Finite
Amortization method used	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Externally acquired

(13) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of *IAS 36 Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(14) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(15) Post-employment benefit

All regular employees of the Group are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Group. Therefore, fund assets are not included in the Group's parent company only financial statements.

For the defined contribution plan, the Group will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Group recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment; and
B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(16) Treasury stock

The Group's own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(17) Revenue recognition

Recognition of gain or loss on sale of land and buildings

The Group constructs and sells residential and commercial buildings by presales. Sales are recognized when control of the assets is transferred to the customers. The assets, subject to the restrictions prescribed in the presale contracts, are not under control of the Group. However, the Group has the legally enforceable right to payment only after the transfer of the ownerships to the customers. Therefore, the Group recognizes revenue when the transfer of the ownerships is completed and receive payments from customers based on the contract terms specified in the abovementioned presales contracts. Consideration received from customers prior to the Group having satisfied its performance obligations are accounted for as contract liabilities which are transferred to revenue after the performance obligations are satisfied.

Where the contract explicitly or implicitly contains a financing component which provided a significant financial benefit to the Group, the Group adjusts the transaction price to reflect the time value of money. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component.

Commissioned construction income

The Group is engaged in the contracting business of residential real estate and commercial buildings. As the assets are controlled by the customers at the time of construction, revenue is recognized gradually over a period of time based on the percentage of contracted project costs incurred to date to the estimated total contract costs. The contracts include both fixed and variable consideration. The customer pays a fixed amount according to the agreed schedule. Certain variable consideration (e.g., penalties based on the number of days past due, price adjustment subsidy) is estimated using expected values based on past experience. Other changes in consideration (e.g., early completion incentive payments) are estimated at the most likely amount. The Group's rights to the consideration received for goods or services transferred to customers are recognized as contract assets. When an unconditional right is represented to the consideration, the contract assets are transferred to accounts receivable.

When the degree of the completion to performance obligation of construction contract cannot be reasonably estimated, the contract revenue is recognized only to the extent of expected recoverable contract costs incurred.

If circumstances change, revenues, costs and completion will be revised and the changes will be reflected in gains and losses in the period of the change in which the management is informed of.

The Group expects that the time interval between the transfer of a good or service from all customer contracts to customers and when customers pay for the goods or services will not exceed one year. Therefore, the transaction price is not adjusted for the effects of a significant financing component.

(18) Income tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current Income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss
B. In respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. <u>Significant accounting judgements, estimates and assumptions</u>

The preparation of the Group’s consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgment

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

A. Investment properties

Certain properties of the Group comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Group accounts for the portions separately as investment properties and property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is under 5% of the total property.

B. Operating lease commitments – Group as the lessor

The Group has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Post-employment benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

B. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for disclosure on unrecognized deferred tax asset of the Group as of December 31, 2021.

C. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2021	2020
Cash on hand	$70	$60
Demand and check deposits	106,533	107,232
Time deposits	502,000	288,000
Total	$608,603	$395,292

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

	As of December 31,	
	2021	2020
Equity instrument investments measured at fair value through other comprehensive income – non-current:		
Listed stocks	$987,391	$895,713
Unlisted stocks	15,346	9,347
Total	$1,002,737	$905,060

The Group classifies part of its financial assets as financial assets at fair value through other comprehensive income. For provisions of guarantees, please refer to Note 8 for more details.

The Group's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2021 and 2020 are as follows:

	As of December 31,	
	2021	2020
Related to investments held at the end of the reporting period		
Dividends recognized during the period	$43,080	$40,431

In consideration of the Group's investment strategy, the Group disposed of and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the year ended December 31, 2021 is as follows:

	For the years ended December 31,
	2021
The fair value of the investments at the date of derecognition	$133,598
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	$62,770

(3) Inventories

	As of December 31,	
	2021	2020
Land and Buildings held for sale	$33,026	$33,026
Land held for construction site	295,941	757,575
Construction in progress	1,469,330	750,991
Prepayment for land purchases	39,166	15,631
Total	$1,837,463	$1,557,223

A. Details of land and buildings held for sale were as follows:

	As of December 31,					
	2021			2020		
Item	Land held for sale	Buildings held for sale	Total	Land held for sale	Buildings held for sale	Total
He Ti	$15,628	$10,622	$26,250	$15,628	$10,622	$26,250
Sunfon						
Jin Cheng	4,066	2,010	6,076	4,066	2,010	6,076
Zhong Zheng						
Xue Fu	73	627	700	73	627	700
Total	$19,767	$13,259	$33,026	$19,767	$13,259	$33,026

B. Details of land held for construction site were as follows:

Construction project	Land location	As of December,31 2021	2020
Luzhu Township	Kengzi Section, Luzhu Township, Taoyuan County	$7,385	$7,385
Bao’an Project	Yanping Section, Datong District, Taipei City	6,144	6,144
Changji Project	Qiaobei Section, Datong District, Taipei City	32,856	24,575
Yanping Chang’an Project	Yuquan Section, Datong District, Taipei City	18,746	18,746
Yunji Project	Shuanglian Section, Datong District, Taipei City	-	247,734
Yuanhuan Section, Taiyuan Road	Yuanhuan Section, Datong District, Taipei City	22,061	22,062
Heping West Road Project	Nanhai Section, Zhongzheng District, Taipei City	809	809
No. 138, Sec. 3, Chongqing North Road	Datong Section, Datong District, Taipei City	6,332	-
Ba’an Teample	Qiaobei Section, Datong District, Taipei City	-	264,863
Section 4, Nanjing East Road Project	Meiren Section, Songshan District, Taipei City	-	480
Yundi Project	Yanping Section, Datong District, Taipei City	46,683	35,825
No.16, Section 1, Nanchang Road	Nanhai Section, Zhongzheng District, Taipei City	22,096	3,168
Lane 175, Section 1, Kangning Road	Kangning Section, Neihu District, Taipei City	132,796	125,751
Tianmu-Tianyu Street Project	Tianmu Section, Tianmu District, Taipei City	33	33
Total		$295,941	$757,575

C. Details of construction in progress were as follows:

Item	Detail	As of December 31, 2021	As of December 31, 2020	Construction Method
City Meeting Point	Cost of Land	$19,912	$16,775	Joint construction and allocation of housing units
	Cost of Construction	100,851	33,692	
Chengde I Project	Cost of Land	625,266	608,085	Joint construction and allocation of housing units
	Cost of Construction	61,935	35,911	
Yunji Project	Cost of Land	283,198	-	Joint construction and allocation of housing units
	Cost of Construction	49,491	-	
Bao'an Temple	Cost of Land	264,863	-	Joint construction and allocation of housing units
	Cost of Construction	9,516	-	
Others	Cost of Construction	54,298	56,528	
Total		$1,469,330	$750,991	

D. Capitalized interests of construction in progress were as follows:

	As of December 31, 2021	As of December 31, 2020
Capitalized interests	$3,342	$1,047
Interest rate	1.06%~1.85%	1.2%~2.4%

E. Additional disclosures of important construction projects were as follows:

Item	Total price for construction contract (budgeted cost, excluding land payment)	Percentage of completion	Scheduled completion year
City Meeting Point	$200,000	54%	2022

F. Details of Prepayment for land purchases were as follows:

Item	As of December 31, 2021	As of December 31, 2020
City Meeting Point	$4,104	$4,059
Changji Project	16,008	-
No. 101, Chang'an West	15,446	-
Others	3,608	11,572
Total	$39,166	$15,631

G. Cost incurred on inventories for the years ended December 31,2021 and 2020 were as follows:

	As of December 31,	
	2021	2020
Cost of Construction	$564	$402,116
Cost of Commissioned Construction	-	2,747
Cost of Rent	1,279	1,284
Total	$1,843	$406,147

H. Please refer to Note 8 for more details on inventories pledged as loan guarantee.

(4) Property, plant and equipment

Changes in property, plant and equipment were as follows:

	Land	Buildings	Transportation equipment	Miscellaneous equipment	Total
Cost:					
As of January 1, 2020	$35,855	$15,312	$1,610	$637	$53,414
Additions	-	902	-	215	1,117
Transfers	-	-	-	-	-
As of December 31, 2020	$35,855	$16,214	$1,610	$852	$54,531
Additions	-	-	-	-	-
Transfers	-	-	-	-	-
As of December 31, 2021	$35,855	$16,214	$1,610	$852	$54,531
Depreciation and impairment:					
As of January 1, 2020	$-	$(7,462)	$(957)	$(459)	$(8,878)
Depreciation	-	(306)	(268)	(28)	(602)
Transfers	-	-	-	-	-
As of December 31, 2020	-	(7,768)	(1,225)	(487)	(9,480)
Depreciation	-	(456)	(116)	(62)	(634)
Transfers	-	-	-	-	-
As of December31, 2021	$-	$(8,224)	$(1,341)	$(549)	$(10,114)
Net carrying amount as of:					
December 31, 2021	$35,855	$7,990	$269	$303	$44,417
December 31, 2020	$35,855	$8,446	$385	$365	$45,051

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(5) Investment property

A. Changes in investment properties were as follows:

	Land	Buildings	Total
Cost:			
As of January 1, 2020	$249,483	$89,142	$338,625
Additions	-	-	-
Transferred from inventory	(1,244)	(413)	(1,657)
Disposals or Sales	-	(285)	(285)
As of December 31, 2020	248,239	88,444	336,683
Additions	-	-	-
Transferred to inventory	-	-	-
Disposals or Sales	-	-	-
As of December 31, 2021	$248,239	$88,444	$336,683
Depreciation and impairment:			
As of January 1, 2020	$(2,431)	$(40,012)	$(42,443)
Depreciation	-	(1,535)	(1,535)
Transferred to property, plant and equipment	-	11	11
Disposals or Sales	-	221	221
Reversal of impairment	2,100	-	2,100
As of December 31, 2020	(331)	(41,315)	(41,646)
Depreciation	-	(1,579)	(1,579)
Transferred to property, plant and equipment	-	-	-
Disposals or Sales	-	-	-
Reversal of impairment	-	-	-
As of December 31, 2021	$(331)	$(42,894)	$(43,225)
Net carrying amount as of:			
December 31, 2021	$247,908	$45,550	$293,458
December 31, 2020	$247,908	$47,129	$295,037

B. For the years ended 2021 and 2020, the rental income generated from investment properties held by the Group amounted to $7,138 thousand and $7,735 thousand, respectively. No significant direct operating expenses incurred for investment properties which generated rental income during the period.

C. The investment property held by the Group was not measured at fair value, but only disclosed information on its fair value, and the fair value measurement is categorized within Level 3 of the fair value hierarchy. Both the fair value of the investment property held by the Group amounted to $367,886 thousand and $374,047 thousand on December 31, 2021 and December 31, 2020. The Group evaluates the market price of similar real estate in the vicinity of the relevant assets (including the Real Estate Actual Transaction Price Inquiry Website and websites of real estate agents). The recent real estate market was also used as the fair value of the investment property at each reporting date.

D. Please refer to Note 8 for more details on investment property under pledge.

(6) Intangible assets

	Computer software	Total
Cost:		
As of January 1, 2021	$514	$514
Additions	85	85
As of December 31, 2021	$599	$599
As of January 1, 2020	$-	$-
Additions	514	514
As of December 31, 2020	$514	$514
Amortization and impairment:		
As of January 1, 2021	$(17)	$(17)
Amortization	(107)	(107)
As of December 31, 2021	$(124)	$(124)
As of January 1, 2020	$-	$-
Amortization	(17)	(17)
As of December 31, 2020	$(17)	$(17)
Net carrying amount as of:		
December 31,2021	$475	$475
December 31,2020	$497	$497

Amortization expense of intangible assets under the statement of comprehensive income:

	For the periods ended December 31,	
	2021	2020
Operating expenses	$107	$17

(7) Short-term loans

		As of December 31,	
	Interest Rates (%)	2021	2020
Unsecured bank loans	1.058%~1.50%	$49,700	$4,900
Secured bank loans	1.06%~1.85%	443,291	358,290
Total		$492,991	$363,190

A. The Group's unused short-term lines of credits amount were $2,485,346 thousand and $1,325,147 thousand, as of December 31, 2021 and December 31, 2020, respectively.

B. Please refer to Note 8 for more details on land and buildings pledged as security for short-term loans.

(8) Post-employment benefits

Defined contribution plan

The Group adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

For the years ended December 31, 2021 and 2020, the expenses related to defined contribution plan amounted to $1,186 thousand and $1,157 thousand, respectively.

Defined benefits plan

The Group adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Group contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Group assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Group will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute $1,107 thousand to its defined benefit plan during the 12 months beginning after December 31, 2021.

The defined benefits plan obligation is expected to mature in 7 and 8 years as of December 31, 2021 and 2020.

Pension costs recognized in profit or loss for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	2020
Current period service cost	$209	$265
Net interest on the net defined benefit liabilities (assets)	25	65
Others	(6)	5
Total	$228	$335

Changes in the defined benefit obligation and fair value of plan assets were as follows:

	As of		
	December 31, 2021	December 31, 2020	January 1, 2020
Defined benefit obligation	$30,740	$30,003	$27,248
Plan assets at fair value	(21,078)	(19,621)	(17,086)
Others	62	68	62
Net defined benefit liabilities, non-current	$9,724	$10,450	$10,224

Reconciliations of liabilities (assets) of the defined benefit plan were as follows:

	Defined benefit obligation	Plan assets at fair value	Benefit Liabilities (assets)
As of January 1, 2020	$27,248	$(17,024)	$10,224
Current period service cost	265	-	265
Interest expense (income)	180	(115)	65
Subtotal	27,693	(17,139)	10,554
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographics assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	1,921	-	1,921
Experience adjustments	389	(584)	(195)
Subtotal	30,003	(17,723)	12,280
Pay benefits	-	-	-
Contributions by employer	-	(1,835)	(1,835)
Others	-	5	5
As of December 31, 2020	30,003	(19,553)	10,450
Current period service cost	209	-	209
Interest expense (income)	77	(52)	25
Subtotal	30,289	(19,605)	10,684
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographics assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(520)	-	(520)
Experience adjustments	971	(296)	675
Subtotal	30,740	(19,901)	10,839
Pay benefits	-	-	-
Contribution by employer	-	(1,109)	(1,109)
Others	-	(6)	(6)
As of December 31, 2021	$30,740	$(21,016)	$9,724

The following significant actuarial assumptions were used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2021	2020
Discount rate	0.41~0.52%	0.19~0.27%
Expected rate of salary increases	3.00%	3.00%

A sensitivity analysis for significant assumption was shown below:

	For the years ended December 31,			
	2021		2020	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increased by 0.5%	$-	$(999)	$-	$(1,100)
Discount rate decreased by 0.5%	1,073	-	1,186	-
Future salary increased by 0.5%	1,041	-	1,148	-
Future salary decreased by 0.5%	-	(980)	-	(1,077)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(9) Equity

A. Ordinary share

As of December 31, 2021 and 2020, the Company's authorized capital was both $3,000,000 thousand; the paid-in capital were $2,079,091 thousand and $1,943,076 thousand, respectively, each at a par value of NT$10, resulting in 207,909 thousand shares and 194,307 thousand shares. Each share has one voting right and right to receive dividends.

On July 23, 2021, the shareholders meeting resolved to distribute earnings for 2020. 13,601 thousand shares with a par value of $10 per share were issued in the form of dividends as bonuses to shareholders. As of the date of this report, the case was approved and deemed effective by the Securities and Futures Bureau, Financial Supervisory Commission, on August 16, 2021, and September 10, 2021 was set as the ex-dividend date. The relevant statutory procedures for changes have been completed.

B. Capital surplus

	As of December 31,	
	2021	2020
Treasury share transactions	$3,830	$3,830
Treasury share transactions – other	26,610	22,713
Gains on disposal of assets	14	14
Total	$30,454	$26,557

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserve related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury stock

The Company's shares held by the Company's subsidiary, Gin Yuang Construction Co., Ltd., amounted to NT$23,385 thousand for both years ended December 31, 2021 and 2020. The purpose for the subsidiary to hold the Company's shares was due to financial operations. For the years ended December 31, 2021 and 2020, the number of shares held by the subsidiary totaled 8,345 thousand shares and 7,799 thousand shares, respectively.

Treasury stock held by the Company may not be pledged as required by the Securities and Exchange Act, and is not entitled to dividend distribution or voting rights. However, if a subsidiary holds shares of the parent company, they are treated as treasury stock, which is entitled to shareholders' equity. According to the Company Act amended in June 2005, treasury stock of the parent company held by a subsidiary is not entitled to voting rights.

D. Retained earnings and dividend policies

According to the Company Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues
b. Offset prior years' operation losses
c. Set aside 10% of the remaining amount after deducting items A and B as legal reserve
d. Set aside or reverse special reserve in accordance with law and regulations
e. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Company's board of directors shall make the distribution proposal annually and present it at the shareholders' meeting. The Group's Articles of Incorporation further provide the percentage of the dividends range from 0% to 90% to shareholders, if any, could be paid in the form of share dividends. Accordingly, the percentage of the dividends range from 10% to 100% must be paid in the form of cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

According to Jin-Guan-Zheng-Fa-Zi Order No. 1090150022 issued by the Financial Supervisory Commission on March 31, 2021, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the Company elects to transfer to retained earnings are recorded as a special reserve in the same amount as the proportion of retained earnings by application of the exemption under IFRS 1 "First-time Adoption of International Financial Reporting Standards". After adopting the IFRSs, when allocating distributable earnings, a special reserve shall be set aside for the difference between the balance of the special reserve provided when the IFRSs were first adopted and the net decrease in other equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

Details of the 2020 and 2019 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on March 8, 2022 and July 23, 2021, respectively, are as follows:

	Appropriation of earnings		Dividends per share (NTD$)	
	2021	2020	2021	2020
Legal reserve	$5,525	$29,290	$-	$-
Common stock – cash dividend	-	97,154	0.25	0.5
Common stock – stock dividend	54,056	136,015	0.26	0.7

As of the date of report, the Company's 2021 earnings distribution and dividends were not proposed to be disclosed by shareholders' meeting. Information on the board of directors' and shareholders' resolution regarding the earnings distribution can be obtained from the "Market Observation Post System".

Please refer to Note 6.12 for details on employees' compensation and remuneration to directors and supervisors.

E. Stock dividends distributed from capital surplus

The Company's board of directors resolved to distribute the stock dividends of $29,107 thousand from the treasury stock trading of capital reserve on March 8, 2022, for which 14 shares were allotted per thousand shares. As of the report date, the stock dividends distribution from capital reserve of 2021 was not proposed to be disclosed by shareholders' meeting.

F. Non-controlling interests

	As of December 31,	
	2021	2020
Beginning balance	$18	$29
Profit (loss) attributed to non-controlling interests	(1)	(11)
Ending balance	$17	$18

(10) Operating revenue

	For the years ended December 31,	
	2021	2020
Revenue from contracts with customers		
Sale of land and buildings	$-	$657,103
Sale of commissioned construction	-	3,462
Subtotal	-	660,565
Rental revenue	5,650	6,247
Total	$5,650	$666,812

Analysis of revenue from contracts with customers as of December 31, 2021 and 2020 are as follows:

A. Disaggregation of revenue

	As of December 31,	
	2021	2020
	Construction Sector	Construction Sector
Sale of land and buildings	$-	$657,103
Sale of commissioned construction	-	3,462
Total	$-	$660,565
Timing of revenue recognition:		
At a point in time	$-	$657,103
Over time	-	3,462
Total	$-	$660,565

B. Contract balances

	For the years ended December 31,	
	2021	2020
Current contract liabilities		
Sales of land and buildings	$757,113	$120,524
Sales of lease	2,194	2,201
Total	$759,307	$122,725

C. Contract cost

	For the years ended December 31,	
	2021	2020
Assts recognized as incremental costs to obtain contract with customers	$144,959	$42,746
Less: Accumulated amortization	-	(14,872)
Accumulated impairment	-	-
Total	$144,959	$27,874

As the Group expected to recover the commission expenses paid to the agent for the sales of construction projects, the Company recognized the commission expenses as assets, which were amortized upon recognizing revenue from the sales of real estate. The Company recognized amortization expenses of $0 thousand and $14,872 thousand as operating costs for the years ended December 31, 2021 and 2020, respectively.

(11) Leases

Company as a lessor

Please refer to Note 6(5) for details on the Group's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	As of December 31,	
	2021	2020
Lease income for material operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$5,650	$6,247

Please refer to Note 6(5) for relevant disclosure of property, plant and equipment for operating leases. For operating leases entered into by the Group, the undiscounted lease payments to be received and a total of the amounts (tax included) for the remaining years for the years ended December 31, 2021 and 2020 are as follows:

	For the years ended December 31,	
	2021	2020
Not later than one year	$4,204	$4,704
Later than one year but not later than five years	3,684	2,611
Total	$7,888	$7,315

(12) Summary statement of employee benefits, depreciation and amortization expenses byfunction was as follows:

By function / By feature	For the years ended December 31,					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Wages and salaries	$939	$27,394	$28,333	$2,093	$27,770	$29,863
Labor and health insurance	89	2,349	2,438	174	1,995	2,169
Pension	52	1,362	1,414	110	1,382	1,492
Others	29	702	731	60	676	736
Depreciation	1,278	935	2,213	1,284	853	2,137
Amortization	-	107	107	-	17	17

According to the Articles of Incorporation, 1% of profit of the current year is distributable as employees’ compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Group's accumulated losses shall have been covered. The Group may, by a resolution adopted by a majority vote at a board meeting attended by two-thirds of the total number of directors, have the profit distributable as employees’ compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders’ meeting. Information on the board of directors’ resolution regarding the employees’ compensation and remuneration to directors and supervisors can be obtained from the “Market Observation Post System” on the website of the TWSE.

There was no estimated amounts of the employees’ compensation and numeration to directors for the year ended December 31, 2021 because of net losses before tax.

The Group distributed $2,575 thousand both in cash as employees' compensation and remuneration to directors of 2020. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2020.

(13) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2021	2020
Interest income		
Financial assets measured at amortized cost	$1,220	$1,733

B. Other income

	For the years ended December 31,	
	2021	2020
Rental income	$1,488	$1,488
Dividend income	43,080	40,431
Other income – others	261	908
Total	$44,829	$42,827

C. Other gains and losses

	For the years ended December 31,	
	2021	2020
Loss on Disposal of Investment Property	$-	$(11)
Gain on Reversal of Impairment – Non-financial Asset	-	2,047
Miscellaneous Disbursements	(1,288)	(359)
Total	$(1,288)	$1,677

D. Finance costs

	For the years ended December 31,	
	2021	2020
Interest on borrowings from bank		
(balance after deducting capitalization of interest)	$3,059	$4,693

(14) Components of other comprehensive income

	For the years ended December 31, 2021				
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans	$(155)	$-	$(155)	$-	$(155)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	161,871	-	161,871	-	161,871
Total	$161,716	$-	$161,716	$-	$161,716

	For the years ended December 31,2020				
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans	$(1,726)	$-	$(1,726)	$-	$(1,726)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(28,688)	-	(28,688)	-	(28,688)
Total	$(30,414)	$-	$(30,414)	$-	$(30,414)

(15) Tax income

A. The major components of income tax expense (income) were as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31,	
	2021	2020
Current income tax expense (income):		
Current income tax charge	$3,706	$44,950
Adjustments in respect of current income tax of prior periods	19	(21)
Land value increment tax	901	2,776
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	-	-
Total income tax expense (income)	$4,626	$47,705

B. A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the years ended December 31,	
	2021	2020
Accounting profit before tax from continuing operations	$(2,736)	$252,323
Tax at the domestic rates applicable to profits in the country concerned	$(547)	$50,465
Adjustments in respect of effects on income tax of construction benefits	(180)	30
Tax effect of expenses not deductible for tax purposes	991	3,686
Tax effect of revenues exempt from taxation	(8,615)	(10,851)
Corporate income surtax on undistributed retained earnings	-	2,111
Adjustments in respect of current income tax of prior periods	19	(21)
Land value increment tax	901	2,776
Alternative minimum tax payable	3,706	-
Others	8,351	(491)
Total income tax expense recognized in profit or loss	$4,626	$47,705

C. As part of the Group’s primary operating activities are tax-exempt (e.g., land transactions and investments in shares of domestic listed companies), no deferred income tax asset (liability) benefit was recognized for temporary differences that are not deductible for tax purposes.

D. The following table contains information of the unused tax losses of the Group:

Year	Tax losses for the period	Unused tax losses as at As of December 31, 2021	Unused tax losses as at As of December 31, 2020	Expiration year
2014	$ 8,036	$3,864	$3,864	2024
2016	28,302	28,302	28,302	2026
2017	6,008	6,008	6,008	2027
2019	21,991	21,991	21,991	2029
2020	23,554	23,554	23,554	2030
Total		$83,719	$83,719	

E. Unrecognized deferred tax assets

As of December 31, 2021 and 2020, deferred tax assets have not been recognized in respect of unused tax losses, unused tax credits and deductible temporary differences amounting both $16,743 thousand, respectively, as the future taxable profit may not be available.

F. The assessment of income tax returns

The assessment of the income tax returns of the Company was approved up to December 31, 2021.

	The assessment of income tax returns	Remark
The Company	Assessed and approved up to 2019	-
Subsidiary-Gin Yuang Construction Co., Ltd.	Assessed and approved up to 2019	-

(16) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2021	2020 after retrospective application
(1) Basic earnings per share		
Profit attributable to ordinary equity owners of the Company (in thousand NT$)	$(7,361)	$204,629
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	199,564	199,564
Basic earnings per share (NT$)	$(0.04)	$1.03
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$(7,361)	$204,629
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$(7,361)	$204,629
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	$199,564	$199,564
Effect of dilution:		
Employee compensation－stock (in thousands)	-	128
Weighted average number of ordinary shares outstanding after dilution (in thousands)	$199,564	$199,564
Diluted earnings per share (NT$)	$(0.04)	$1.02

Pro forma information on earnings per share assuming that the Company's shares invested by Gin Yuang Construction Co., Ltd. are not treated as treasury stock:

	For the years ended December 31,	
	2021	2020 after retrospective application
Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$(7,361)	$204,629
Weighted average number of ordinary shares outstanding for pro forma earnings per share (in thousands)	207,909	207,909
Pro forma earnings per share (NT$)	$(0.04)	$0.98

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related party transactions

Compensation of key management personnel

	For the years ended December 31,	
	2021	2020
Short-term employee benefits	$9,232	$13,764
Post-employment benefits	372	388
Total	$9,604	$14,152

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

	Carrying amount as of December 31,		
Assets pledged for security	2021	2020	Secured liabilities
Property, plant and equipment－Land	$17,482	$17,482	Short-term loans
Property, plant and equipment－Buildings	6,186	6,438	Short-term loans
Investment property	265,661	267,091	Short-term loans
Inventories	1,003,662	1,003,662	Short-term loans, Long-term loans
Non-current Financial assets at fair value through other comprehensive income	766,260	609,420	Short-term loans, Short-term notes payable
Total	$2,059,251	$1,904,093	

9. Commitments and contingencies

(1) As of December 31, 2020, the Group's commitments and contingencies are as follows:

Name	Margin payable by the Company	Paid amount (Note)	Unpaid amount	Proportion of distributable property by landowners
Chang'an West I Project	$36,745	$6,954	$29,791	60%
Chengde I Project	27,943	12,211	15,732	60%
Yongji-Songxin Project	14,653	4,625	10,028	65%
Yunji Project	7,987	5,593	2,394	60%
No.16, Section 1, Nanchang Road	13,492	9,426	4,066	65%
Nanshan Road, Zhonghe	6,200	1,800	4,400	46%
Bao'an Project	4,232	640	3,592	60%
City Meeting Point	3,000	3,000	-	63%
No. 154, Taiyuan Road	200	200	-	65%
Ganzhou Street Project	800	800	-	62%
Boa' an Temple	2,000	2,000	-	62%
No. 101, Chang'an West	17,500	12,500	5,000	62%
Total	$134,752	$59,749	$75,003	

Note: Guarantee deposits paid were disclosed as other current assets.

(2) A summary of the outstanding balance related to the construction in progress signed by the Company was as follows:

Name of the construction project	Contract amount	Paid amount	Unpaid amount
City Meeting Point	$182,531	$38,587	$143,944

(3) The Group has signed joint construction contracts with landowners for City Meeting Point, Chengde I Project, Yunji Project, Yundi Project, No.16, Section 1, Nanchang Road, and Lane 175, Section 1, Kangning Road. From when the construction licenses were granted until the date of completion and handover, the Company expects to pay $286,683 thousand to landowners for rent subsidies. As of December 31, 2021, the Company paid landowners $98,856 thousand as rent subsidies, which are necessary direct costs for acquiring the land; therefore, these subsidies are recorded as ”Land held for construction site” and “Construction in progress”.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Financial instruments

Financial assets

	As of December 31, 2021	As of December 31, 2020
Financial assets at fair value through other comprehensive income	$1,002,737	$905,060
Current financial assets at amortized cost		
Cash and cash equivalents (excluding cash on hand)	608,533	395,232
Total	$1,611,270	$1,300,292

Financial liabilities

	As of December 31, 2021	As of December 31, 2020
Financial liabilities at amortized cost:		
Short-term borrowings	$492,991	$363,190
Short-term notes and bills payable	200,000	-
Accounts payable (including other payables)	51,087	39,865
Total	$744,078	$403,055

(2) Financial risk management objectives

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group always complies with its financial risk management policies at all time.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk and interest rate risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments with variable interest rates. At the reporting date, an increase or a decrease of 10 basis points of interest rate could cause the profit for the years ended December 31, 2021 and 2020 to decrease or increase by $693 thousand and $363 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial assets at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

For the year ended December 31, 2021 and 2020, a change of 1% in the price of listed equity securities, classified as equity instruments investment measured at fair value through other comprehensive income could have an impact of $9,874 thousand and $8,957 thousand on the equity attributable to the Group, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counterparties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As the Company's main business is selling properties and the Company has a large customer base without having any significant concentration of transactions with a single customer, there is no concern of significant concentration of credit risk or risk of accounts receivable that cannot be recovered.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counterparties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings.

The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2021					
Short-term loans (including interest payable)	$364,175	$135,923	$-	$-	$500,098
Short-term notes and bills payable	200,000	-	-	-	200,000
Accounts payables (including other payables)	51,087	-	-	-	51,087
As of December 31, 2020					
Short-term loans (including interest payable)	$237,629	$133,830	$-	$-	$371,459
Accounts payables (including other payables)	39,865	-	-	-	39,865

(6) Reconciliation of liabilities arising from financing activities

For the year ended December 31, 2021:

	Short-term loans	Short-term notes and bills payable	Total liabilities from financing activities
As of January 1, 2021	$363,190	$-	$363,190
Cash flows	129,801	200,000	329,801
As of December 31, 2021	$492,991	$200,000	$692,991

For the year ended December 31, 2020:

	Short-term loans	Short-term notes and bills payable	Long-term loans	Total liabilities from financing activities
As of January 1, 2020	$309,000	$100,000	$73,500	$482,500
Cash flows	54,190	(100,000)	(73,500)	(119,310)
As of December 31, 2020	$363,190	$-	$-	$363,190

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, accounts receivable (including due from related parties), accounts payable (including payables to related parties), and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates and bonds etc.).

c. Fair value of debt instruments without market quotations, bank loans and other noncurrent liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).

B. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Capital management

The Group's primary objective for capital management is to ensure the maintenance of robust credit ratings and sound capital ratio to support operations and maximize shareholders' equity. The Group manages and adjusts its capital framework depending on economic conditions. The purpose of the maintenance and adjustment of the capital framework may be achieved by adjusting dividend payments, returning capital or issuing new shares.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group assets and liabilities measured at fair value on a recurring basis was as follows:

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity instrument measured at fair value through other comprehensive income				
Stocks	$987,391	$15,346	$-	$1,002,737

As of December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity instrument measured at fair value through other comprehensive income				
Stocks	$895,713	$9,347	$-	$905,060

<u>Transfers between Level 1 and Level 2 during the period</u>

During the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value was disclosed.

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property (Please refer to Note 6(5))	$-	$-	$367,886	$367,886

As of December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property (Please refer to Note 6(5))	$-	$-	$374,047	$374,047

13. Other disclosure

(1) Information at significant transactions

A. Financing provided to others: None.
B. Endorsement/Guarantee provided to others: Please refer to Attachment 1.
C. Securities held at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Attachment 2.
D. Individual securities acquired or disposed of with accumulated amount exceeding $300 million or 20 percent of the capital stock or more: None.
E. Acquisition of real estate with amount exceeding $300 million or 20 percent of the capital stock or more: None.
F. Disposal of real estate with amount exceeding $300 million or 20 percent of the capital stock or more: None.
G. Related party transactions for purchases and sales amounts exceeding $100 million or 20 percent of the capital stock or more: None.
H. Receivables from related parties with amounts exceeding $100 million or 20 percent of capital stock or more: None.
I. Financial instruments and derivative transactions: None.
J. Others: Business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and accounts of any significant transactions between term: Please refer to Attachment 3.

(2) Information on investees: Please refer to Attachment 4.

(3) Information on investments in mainland China: None.

(4) Information on major shareholders: Please refer to Attachment 5.

14. Segment Information

The Group is divided into operating units for management purposes based on different products and services. The following are two reportable operating departments:

(1) Construction and Operation Segment: This department oversees the construction of public housing and rents out and sells commercial buildings.

(2) Building and Operation Segment: This department oversees the contracting, operating and investing in civil construction projects.

These two reportable operating segments are not aggregated into more than one operating segment.

Management supervises the operating results of its business units to make decisions on resource allocation and performance assessment. Segments' performances are assessed based on operating profit or loss. The accounting policies for reportable segments are the same as those described in the Group's significant accounting policies. Nevertheless, non-operating income and expenditures and income taxes in the consolidated financial statements are managed on the basis of the Group, and they are not apportioned to the operating segments.

Transfer pricing between operating segments is based on similar regular transactions with external third parties.

(1) Information on reportable segment profit or loss, assets and liabilities

	For the years ended December 31, 2021					
	Construction Segment	Building Segment	Reportable Segment Subtotal	Other Segments	Reconciliation and Elimination	Group Total
Revenue						
Revenue from external customers	$5,650	$-	$5,650	$-	$-	$5,650
Revenue between segments	120	74,480	74,600	-	(74,600)	-
Total revenue	$5,770	$74,480	$80,250	$-	$(74,600)	$5,650
Interest expense	$(2,848)	$(211)	$(3,059)	$-	$-	$(3,059)
Depreciation and amortization	2,020	300	2,320	-	-	2,320
Segment profit or loss	$(1,523)	$(5,839)	$(7,362)	$(5,838)	$5,838	$(7,362)
Assets						
Investments accounted for using the equity method	$-	$-	$-	$11,687	$(11,687)	$-
Asset/capital expenditure	85	-	85	-	-	85
Segment assets	$4,322,673	$248,052	$4,570,725	$11,687	$(209,192)	$4,373,220
Segment liabilities	$1,480,860	$54,582	$1,535,442	$-	$(15,738)	$1,519,704

	For the years ended December 31, 2020					
	Construction Segment	Building Segment	Reportable Segment Subtotal	Other Segments	Reconciliation and Elimination	Group Total
Revenue						
Revenue from external customers	$666,812	$-	$666,812	$-	$-	$666,812
Revenue between segments	120	46,035	46,155	-	(46,155)	-
Total revenue	$666,932	$46,035	$712,967	$-	$(46,155)	$666,812
Interest expense	$4,550	$143	$4,693	$-	$-	$4,693
Depreciation and amortization	1,903	251	2,154	-	-	2,154
Segment profit or loss	$224,557	$(19,939)	$204,618	$(19,928)	$19,928	$204,618
Assets						
Investments accounted for using the equity method	$-	$-	$-	$13,689	$(13,689)	$-
Asset/capital expenditure	1,631	-	1,631	-	-	1,631
Segment assets	$3,266,117	$224,997	$3,491,114	$13,689	$(188,964)	$3,315,839
Segment liabilities	$550,175	$42,682	$592,857	$-	$(6,667)	$586,190

A. Profit or loss of each operating segment does not include non-operating income and expenditures, such as other income, other gains and losses, finance costs and income tax expenses.

B. Revenue between segments is eliminated on consolidation and is reflected under "Reconciliation and elimination". Other reconciliations and eliminations are disclosed in detail below.

(2) Reconciliation of revenue, profit or loss, assets, liabilities and other significant items of reportable segments

A. Revenue

	For the years ended December 31,	
	2021	2020
Total revenue of reportable segments	$80,250	$712,967
Elimination of revenue between segments	(74,600)	(46,155)
Group revenue	$5,650	$666,812

B. Profit or loss

	For the years ended December 31, 2021	2020
Total profit or loss of reportable segments	$(7,362)	$204,618
Additions (deductions) of profits or loss between segments	-	-
Net income of continuing operations for the period	$(7,362)	$204,618

C. Assets

	As of December 31, 2021	2020
Total assets of reportable segments	$4,582,412	$3,504,803
Elimination of transactions between segments	(209,192)	(188,964)
Group assets	$4,373,220	$3,315,839

D. Liabilities

	As of December 31, 2021	2020
Total liabilities of reportable segments	$1,535,442	$592,857
Elimination of transactions between segments	(15,738)	(6,667)
Group liabilities	$1,519,704	$586,190

E. Other significant items: Not applicable

(3) Geographical information: The Group does not have operating segments overseas.

(4) Major customer information: We do not have major customers as we sell (rent) real estate to general customer.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

ATTACHMENT 1: Endorsements/guarantees provided to others (Unit: thousands of NTD)

No. <Note 1>	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party <Note 3>	Maximum Balance for the period	Ending Balance	Amount Actually Drawn	Amounts of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable <Note 4>	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of relationship <Note 2>										
0	Sunfon Construction Co., Ltd.	Gin Yuan Construction Co., Ltd.	4	$570,700	$180,000	$180,000	$28,000	$180,000	6.31%	$1,426,750	Y	N	N

<Note 1> The numbers filled in for the endorsements/guarantees provided by the group or subsidiaries are as follows:

1. The Company is "0".
2. The subsidiaries are numbered in order starting from "1".

<Note 2> The following code represents the relationship with the company:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

<Note 3> According to the Company's Rules for Management of Endorsement and Guarantees, the amount of endorsements/guarantees provided by the Company for any single entity which holds 100% shares in the Company shall not exceed 20% of the net worth attributed to the parent company in the financial reports for the period.

<Note 4> According to the Company's Rules for Management of Endorsement and Guarantees, the accumulated total amount of endorsements/guarantees provided by the Company shall not exceed 50% of the net worth attributed to the parent company in the financial reports for the period.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

ATTACHMENT 2：Marketable securities held (not including subsidiaries, associates and joint ventures) (Unit: thousands of NTD)

Held Company Name	Marketable Securities Type	Marketable Securities Name	Relationship with the Company	Financial Statement Account	As of December 31 , 2021				Note
					Share/Units	Carrying Value	Percentage of ownership(%)	Fair Value	
Sunfon Construction Co., Ltd.	Stock	Hong Pu Real Estate Development Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	8,100,000	$187,515	2.43	$187,515	
	〃	Yuanta Financial Holding Co., Ltd.	〃	〃	4,270,000	108,031	0.04	108,031	
	〃	Taishin Financial Holding Co., Ltd	〃	〃	10,418,793	197,436	0.09	197,436	
	〃	Shin Kong Financial Holding Co., Ltd.	〃	〃	13,600,000	150,280	0.09	150,280	
	〃	IBF Financial Holdings Co., Ltd.	〃	〃	13,268,700	212,963	0.44	212,963	
	〃	Sinopac Financial Holdings Co., Ltd	〃	〃	5,700,000	92,055	0.05	92,055	
	〃	Taiwan Cooperative Financial Holding Co., Ltd.	〃	〃	382,400	9,732	0.00	9,732	
	〃	Taiwan Business Bank, Ltd.	〃	〃	2,967,580	29,379	0.04	29,379	
	〃	Bestdisc Technology Corp.	〃	〃	1,840,000	15,346	3.06	15,346	
						$1,002,737		$1,002,737	
Gin Yuan Construction Co., Ltd.	Stock	Sunfon Construction Co., Ltd.	<Note 1>	Non-current investments in equity instruments at fair value through other comprehensive income	8,345,404	$23,401		$174,418	<Note 2>
	Add: Gain on Valuation of Financial Assets					151,017			
	Net					$174,418			

<Note 1> They are the marketable securities held at the end of the period by Jinyuan Construction Co., Ltd., a company reinvested by Sunfon Construction Co., Ltd.

<Note 2> They are treated as treasury stocks when the Company prepared its consolidated financial report.

ATTACHMENT 3：The business relationships and significant transactions intercompany between the parent and subsidiaries are as follows : (Unit: thousands of NTD)

No. <Note 1>	Related Party	Counter Party	Relationship with the Company <Note 2>	Transaction Details			
				Account	Amount	Terms	Percentage of consolidated total operating revenues or total assets
0	Sunfon Construction Co., Ltd	Gin Yuan Construction Co., Ltd.	1	Construction work in progress - construction project	$76,190	No significant difference from other general manufacturers	1.74%
0	Sunfon Construction Co., Ltd	Gin Yuan Construction Co., Ltd.	1	Construction work in progress - demolition of building and waste removal	29,908		0.68%
0	Sunfon Construction Co., Ltd	Gin Yuan Construction Co., Ltd.	1	Operating costs	6,656		117.81%

<Note 1> The Company and its subsidiaries are coded as follows:

1. The Company is coded "0".
2. Subsidiaries are coded consecutively starting from "1" in the order presented in the table above. starting from "1".

<Note 2> The relationships between the transaction party and the Company are as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.

<Note 3> In the case of the same transaction between the parent and subsidiaries, duplicate disclosure is not required as the transaction is eliminated in the consolidated statements.

Attachment 4：Names, locations and related information of investees over which the company exercises significant influence (not including information on investments in Mainland China) : (Unit: thousands of NTD)

Investor Company	Investee Company	Region	Major Business	Original Investment Amount		Balance at the End of Period			Net Income (Losses) of The Investee	Share of Profits (Losses) of Investee	Remark
				Ending Balance	Beginning Balance	Shares (in unit)	Percentage of Ownership	Carrying Value			
Sunfon Construction Co., Ltd	Gin Yuan Construction Co., Ltd.	Taipei City	Undertaking Construction and Civil Engineering Projects	$99,858	$99,858	99,929	99.929%	$11,687	$(5,838)	$(5,838)	<Note>

<Note> The transaction is eliminated when preparing the consolidated statements.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Attachment 5：Major shareholders information : Unit: Shares

Name of major shareholders \ Shares	Number of shares held	Shareholding ratio
Da Hong Investment Co., Ltd	19,170,400	9.22%
Yi Sheng Investment Co., Ltd.	18,949,700	9.11%
Yi Fu Investment Co., Ltd.	14,360,400	6.90%
Yo-Li Investment Co., Ltd.	14,000,100	6.73%
Xin Wei Investment Co., Ltd.	13,660,200	6.57%
Don Tai Development Co., Ltd.	13,429,500	6.45%
Xin Wang Development Co., Ltd.	13,404,000	6.44%
Jin Zan Business Development Co., Ltd.	12,000,400	5.77%

<Note 1> The attachment disclosing the information on major shareholders is provided by the Taiwan Depository & Clearing Corp. based on the calculation of shareholders with over 5% ownership of the Company's total common stock delivered without physical registration on the last business day at the end of each quarter. The number of shares recorded in the Company’s financial statements and the actual number of shares delivered without physical registration may be different due to the basis of preparation.

<Note 2> The information above is disclosed by the individual trustee’s trust account opened by the trustee if the shareholder is delivered to the trust by the shareholder. For shareholders holding more than 10% of their shares in accordance with the Securities and Exchange Act, their shareholdings include their own shares plus their shares delivered to the trust and have the right to exercise the use of the trust property. Please refer to the MOPS for information on the reporting of insider shares.

English Translation of Auditors' Report Originally Issued in Chinese

Report of Independent Auditors

To SUNFON CONSTRUCTION CO., LTD.

Opinion

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

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

Basis for Opinions

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 parent company only financial statements. 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, and we do not provide a separate opinion on these matters.

Valuation of Inventories

The primary business of the Company is the construction of residential and commercial buildings. The inventories of Company consist principally of land held for construction site, construction in progress, and land and buildings held for sale. As of December 31, 2021, the net amount of the inventories was NTD 1,850,618 thousands, which accounted for 43% of the parent company only total assets and was considered material to the parent company only financial statements. In addition, the real estate development is subject to political influence, general economy, market prospect, and property tax system reforms, which added to the difficulties and risks in management's assessment over the value of the inventories. As the valuation of inventories had significant impact on the parent company only financial statements, we considered this a key audit matter.

For the valuation of inventories, we have conducted audit procedures including but not limited to obtaining the appraisal reports concerning net realizable value of inventories and analysis of the land development, to evaluate and test the reasonableness of net realizable value estimated by management. In addition, we analyzed the report based on the industry development trends and the expected demands of the market, also inquired the most recent closing price and transaction price of similar construction projects in nearby areas (including public information from the Department of Land Administration, Ministry of Interior and real estate agents), in order to evaluate whether declines in inventory value did occur.

As of December 31, 2021, the inventory of the Company has been disclosed and presented in Notes 4, 5 and 6 in the Parent Company only Financial Statements.

Non-current financial assests at fair value through other comprehensive income

As of December 31, 2021, the net amount of the non-current financial assets at fair value through other comprehensive income of the Company amounted to NTD 1,002,737 thounsands, which accounted for 24% of the parent company only total assets and were domestic listed stocks and funds investments mainly. In addition, the net amount of the unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income amounted to NTD 161,871 thousand, and the net amount of the dividends revenue was NTD 43,977 thousand, which were the major source of income for the year ended December 31,2021. In conclusion, the transaction of the non-current financial assets at fair value through other comprehensive income had significant impact on the parent company only financial statements, we considered this a key audit matter.

For the ownership and existence of non-current financial assets at fair value through other comprehensive income, we have conducted audit procedures including but not limited to check the passbook of Taiwan Depository & Clearing Corporation and send confirmation letters to securities companies. We checked the bank statements and securities companies' statements to verify the authenticity of trading and the accuracy of gains or losses from selling financial assets measured at fair value through other comprehensive income. We verified the accuracy of valuation gains or losses of financial assets measured at fair value through other comprehensive income in the end of period by checking investment's market price at end of period and calculating its valuation gain or loss. We also checked the relevant information of dividend statements to verify the authenticity and accuracy of recognition of dividends revenue.

As of December 31, 2021, the non-current financial assets measured at fair value through other comprehensive income of Sunfon Construction Co., Ltd. has been disclosed and presented in Note 6(2),Note 12 and Attachment 2 in the Parent Company only Financial Statements.

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

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Yang Chih-Hui

Hsu Hsin-Min

Ernst & Young, Taiwan
March 8, 2022

Taipei, Taiwan
Republic of China

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants 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, Ernst & Young 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.

English translation of parent company only financial statements originally issued in Chinese

SUNFON CONSTRUCTION CO., LTD. AND SUBSIDIARIES

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2021 and December 31, 2020

(Exprssed in Thousands of New Taiwan Dollars)

	Notes	December 31,2021 Amount	%	December 31,2020 Amount	%
Current assets					
Cash and cash equivalents	4、6	$604,177	14	$391,875	12
Inventory	4、5、6、8	1,850,618	43	1,570,227	48
Prepayments		318	-	243	-
Other current assets		430,429	10	87,024	3
Current assets recognised as incremental costs to obtain contract with customers	6	144,959	3	27,874	1
Total current assets		3,030,501	70	2,077,243	64
Non-current assets					
Financial assets at fair value through other comprehensive income, non-current	4、6、8	1,002,737	24	905,060	28
Investments accounted for under the equity method	4、6	11,687	-	13,689	-
Property, plant and equipment	4、6、8	44,417	1	45,051	1
Investment property, net	4、5、6、8	235,204	5	236,483	7
Intangible assets	4、6	475	-	497	-
Other non-current assets		9,338	-	1,783	-
Total non-current assets		1,303,858	30	1,202,563	36
Total assests		$4,334,359	100	$3,279,806	100

	Notes	December 31,2021 Amount	%	December 31,2020 Amount	%
Current liabilities					
Short-term loans	4、6、8	$464,991	11	$350,190	11
Short-term notes and bills payable, net	4、8	200,000	5	-	-
Contract liabilities	6	759,302	18	122,714	4
Notes payable		12,366	-	1,133	-
Accounts payable		8,650	-	2,423	-
Accounts payable-related parties	7	15,238	-	6,667	-
Other payables		8,915	-	11,576	-
Current tax liabilities	4	3,697	-	44,868	2
Other current liabilities-other		2,129	-	4,288	-
Total current liabilities		1,475,288	34	543,859	17
Non-current liabilities					
Net defined benefit liabilities, non-current	4、6	5,233	-	5,977	-
Other non-current liabilities-other		339	-	339	-
Total non-current liabilities		5,572	-	6,316	-
Total liabilities		1,480,860	34	550,175	17
Equity attributable to the parent company					
Share capital					
Ordinary share	4、6	2,079,091	48	1,943,076	59
Additional paid in capital	6	30,454	1	26,557	1
Retained earnings	6				
Legal reserve		353,297	8	333,007	10
Speccial reserve		9,733	-	9,733	-
Unappropriated earnings		62,049	1	260,254	8
Total retained earnings		425,079	9	602,994	18
Other equities		342,260	9	180,389	6
Treasury stock	4、6	(23,385)	(1)	(23,385)	(1)
Total equity		2,853,499	66	2,729,631	83
Total liabilities and equity		$4,334,359	100	$3,279,806	100

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

English translation of parent company only financial statements originally issued in Chinese

SUNFON CONSTRUCTION CO., LTD. AND SUBSIDIARIES

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended Decemberr 31, 2021 and 2020

(Exprssed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	For the years ended			
		December 31, 2021	%	December 31, 2020	%
Operating revenues	4、5、6	$5,770	100	$666,932	100
Operating costs	6	(7,982)	(138)	(393,386)	(59)
Gross (loss) profit		(2,212)	(38)	273,546	41
Operating expenses	6				
Selling and marketing expenses		(115)	-	(737)	-
Administrative expenses		(34,850)	(604)	(37,870)	(6)
Total operating expenses		(34,965)	(604)	(38,607)	(6)
Operating (loss) income		(37,177)	(642)	234,939	35
Non-operating income and expenses	6				
Interest income		1,219	20	1,731	-
Other income		43,197	749	40,499	6
Other gains and losses, net		(1,288)	(22)	(357)	-
Finance costs, net		(2,848)	(49)	(4,550)	-
Share of profit or loss of associates and joint ventures accounted for using equity method, net		(5,838)	(101)	(19,928)	(3)
Total non-operating income and expenses		34,442	597	17,395	3
(Loss) income from continuing operations before income tax		(2,735)	(48)	252,334	38
Income tax expense	4、5、6	(4,626)	(80)	(47,705)	(7)
Net (loss) income		(7,361)	(128)	204,629	31
Other comprehensive income (loss)	6				
Items that will not be reclassified subsequently to profit or loss					
Gains (losses) on remeasurements of defined benefit plans		(94)	(2)	(1,490)	-
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income		161,871	2,805	(28,688)	(5)
Share of other comprehensive income of subsidiaries, associate and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(61)	-	(236)	-
Total other comprehensive income (loss)		161,716	2,803	(30,414)	(5)
Total comprehensive income		$154,355	2,675	$174,215	26
Earnings per share (in dollars)	6				
Basic earnings per share					
Net (loss) income		($0.04)		$1.03	
Diluted earnings per share	6				
Net (loss) income		($0.04)		$1.02	

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

English translation of parent company only financial statements originally issued in Chinese
SUNFON CONSTRUCTION CO., LTD. AND SUBSIDIARIES
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended Decemberr 31, 2021 and 2020
(Exprssed in Thousands of New Taiwan Dollars)

			Retained earnings					
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) on financial assests measured at fair value through other comprehensive income	Treasury stock	Total equity
Balance as of January 1, 2020	$1,766,433	$23,014	$298,876	$9,733	$356,447	$209,077	$(23,385)	$2,640,195
Appropriation and distribution of 2019 retained earnings :								
Legal reserve appropriated	-	-	34,131	-	(34,131)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(88,322)	-	-	(88,322)
Stock dividends of ordinary share	176,643	-	-	-	(176,643)	-	-	-
Change in other additional paid in capital								
Adujustment of additional paid in capital by dividends paid to subsidiaries	-	3,543	-	-	-	-	-	3,543
Net income for 2020	-	-	-	-	204,629	-	-	204,629
Other comprehensive income, net of tax, for 2020	-	-	-	-	(1,726)	(28,688)	-	(30,414)
Total comprehensive income (loss)	-	-	-	-	202,903	(28,688)	-	174,215
Balance as of December 31, 2020	$1,943,076	$26,557	$333,007	$9,733	$260,254	$180,389	$(23,385)	$2,729,631
Appropriation and distribution of 2020 retained earnings :								
Legal reserve appropriated	$-	$-	$20,290	$-	$(20,290)	$-	$-	$-
Cash dividends of ordinary share	-	-	-	-	(97,154)	-	-	(97,154)
Stock dividends of ordinary share	136,015	-	-	-	(136,015)	-	-	-
Change in other additional paid in capital								
Adujustment of additional paid in capital by dividends paid to subsidiaries	-	3,897	-	-	-	-	-	3,897
Other equity								
Disposal of equity instruments invetments measured at fair value through other comprehensive income	-	-	-	-	62,770	-	-	62,770
Net income for 2021	-	-	-	-	(7,361)	-	-	(7,361)
Other comprehensive income, net of tax, for 2021	-	-	-	-	(155)	161,871	-	161,716
Total comprehensive income (loss)	-	-	-	-	(7,516)	161,871	-	154,355
Balance as of December 31, 2021	$2,079,091	$30,454	$353,297	$9,733	$62,049	$342,260	$(23,385)	$2,853,499

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

English translation of parent company only financial statements originally issued in Chinese
SUNFON CONSTRUCTION CO., LTD. AND SUBSIDIARIES
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended Decemberr 31, 2021 and 2020
(Exprssed in Thousands of New Taiwan Dollars)

Item	For the years ended	
	December 31,2021	December 31,2020
Cash flows from operating activities :		
Net (loss) income before tax	$(2,735)	$252,334
Adjustments :		
Income and expenses		
Depreciation expense	1,913	1,886
Amortization expense	107	17
Interest expense	2,848	4,550
Interest revenue	(1,219)	(1,731)
Dividend revenue	(43,077)	(40,429)
Share of loss (profit) of associates and joint ventures	5,838	19,928
Changes in operating assets and liabilities :		
Increase in inventories	(277,049)	(171,241)
(Increase) decrease in prepayments	(75)	844
Increase in other current assests costs to obtain contract with customers	(343,399)	(47,434)
Increase in current assets recognised as incremental	(117,085)	(13,854)
Increase in contract liabilities	636,588	25,623
Increase in notes payables	11,233	435
Increase in accounts payables	6,227	2,408
Increase (decrease) in accounts payables-related partites	8,571	(14,057)
Decrease in other payables	(2,766)	(2,987)
Decrease in net defined benefit liabilities, non-current	(838)	(1,485)
(Decrease) increase in other current liability, others	(2,159)	1,522
Cash (outflow) inflow generated from operations	(117,077)	16,329
Interest received	1,213	1,906
Income tax paid	(45,797)	(64,218)
Net cash flows used in operating activities	(161,661)	(45,983)
Cash flows from (used in) investing activities :		
Acquisition of financial assets at fair value through other comprehensive income	(6,634)	(4,802)
Disposal of financial assets at fair value through other comprehensive income	133,598	-
Acquisition of property, plant and equipment	-	(1,117)
Acquisition of intangible assets	(85)	(514)
Increase in other non-current assets	(7,555)	-
Decrease in other non-current assets	-	8
Dividend Received	43,077	40,429
Net cash flows from investing activities	162,401	34,004
Cash flows from (used in) financing activities :		
Increase in short-term loans	114,801	41,190
Increase in bonds payable	200,000	-
Decrease in bonds payable	-	(100,000)
Repayments of long-term loans	-	(73,500)
Decrease in other non-current liabilities, others	-	(140)
Cash dividends paid	(97,154)	(88,322)
Interest paid (Including capitalized interests)	(6,085)	(5,567)
Net cash flows from (used in) financing activities	211,562	(226,339)
Net Increase (decrease) in cash and cash equivalents	212,302	(238,318)
Cash and cash equivalents at beginning of period	391,875	630,193
Cash and cash equivalents at end of period	$604,177	$391,875

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

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. History and organization

Sunfon Construction Co., Ltd. (the "Company") was established and commenced business in January 1988. The Company primarily engaged in the development of public housing, and lease/sale of commercial buildings. The Company's common shares were listed on the Taipei Exchange (TPEx) in December 1998. The Company's registered address and main operating site are located at 7F., No. 173, Section 2, Chang'an East Road, Taipei, Taiwan.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements of the Company for the years ended December 31, 2021 and 2020 were recommended and authorized for issue by the Company's board of directors on March 8, 2022.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2021. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022

A. Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

(a) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. In addition, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

(b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

(c) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

(d) Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1
The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments
The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases
The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee’s leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2022. The new standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 “Insurance Contracts”	January 1, 2023
C	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
D	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
E	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
F	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. Disclosure Initiative – Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

E. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

F. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under A., C., D. and E., it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. Summary of significant accounting policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The financial statements are expressed in thousands of New Taiwan Dollars ("NTD") unless otherwise stated.

(3) Current and non-current classification standard for assets and liabilities

An asset is classified as current when:

A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
B. The Company holds the asset primarily for the purpose of trading.
C. The Company expects to realize the asset within twelve months after the reporting period.
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. The Company expects to settle the liability in its normal operating cycle.
B. The Company holds the liability primarily for the purpose of trading.
C. The liability is due to be settled within twelve months after the reporting period.
D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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 engages in the development of public housings and commercial buildings, while the subsidiary is primarily engaged in the construction of civil engineering projects. The period from construction to completion is generally 2 to 3 years. Therefore, the classification of current and non-current assets and liabilities related to construction business is based on business cycle.

(4) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(5) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 “Financial Instruments“ are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial assets: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) The Company’s business model for managing the financial assets and
(b) The contractual cash flow characteristics of the financial asset

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable, financial assets at amortized cost and other receivables etc., on balance sheet as of the reporting date:

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
(b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as follows:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
    (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
    (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Moreover, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial assets at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit loss on debt instrument investments measured at fair value through other comprehensive income and financial assets measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit loss of a financial instrument in a way that reflects:

(a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
(b) The time value of money
(c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

The loss allowance is measures as follows:

(a) At an amount equal to 12-month expected credit loss: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit loss in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(b) At an amount equal to the lifetime expected credit loss: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit loss.
(d) For lease receivables arising from transactions within the scope of IFRS 16 the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired.
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification of liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of *IFRS 9 Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(d) a group of financial, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(6) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants handle in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(7) Inventories

Inventories are stated at acquisition or construction costs. The allocation of construction cost to land and buildings sold and unsold is based on relative price. The interests paid prior to the completion of construction projects are capitalized as cost of inventories in accordance with IFRS 23, *Borrowing Cost*.

Inventories are valued at lower of cost and net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Abnormal spoilage of inventories, losses on inventory valuation and obsolescence, and gains from price recovery should be recognized in the period incurred. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(8) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. The Company made such adjustments by debiting or crediting accounts such as investments accounted for using equity method, share of profit (loss) of associates and joint ventures accounted for using equity method, or share of other comprehensive income of associates and joint ventures accounted for using equity method, unrealized gains (losses), considering the accounting method used for the investments in subsidiaries in the consolidated financial statements in accordance with IFRS 10 Consolidated Financial Statements and the differences of application of IFRS between different consolidated entities.

(9) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5-55 years
Transportation equipment	5 years
Other equipment	5-8 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(10) Investment property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	50-55 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company transfers properties to or from investment properties according to the actual use of the properties.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(11) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of an identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
C. amounts expected to be payable by the lessee under residual value guarantees
D. the exercise price of a purchase option if the Company is reasonably certain to
E. exercise that option
F. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. The amount of the initial measurement of the lease liability
B. any lease payments made at or before the commencement date, less any lease incentives received
C. any initial direct costs incurred by the lessee
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Company has applied the practical expedient to all rent concessions that meet the conditions for it.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(12) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (5 years).

A summary of the policies applied to the Company's intangible assets is as follows:

	Computer software
Useful lives	Finite
Amortization method used	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Externally acquired

(13) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of *IAS 36 Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(14) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(15) Post-employment benefit

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Remeasurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment; and
B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(16) Treasury stock

The Company's own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(17) Revenue recognition

Recognition of gain or loss on sale of land and buildings

The Company constructs and sells residential and commercial buildings by presales. Sales are recognized when control of the assets is transferred to the customers. The assets, subject to the restrictions prescribed in the presale contracts, are not under control of the Company. However, the Company has the legally enforceable right to payment only after the transfer of the ownerships to the customers. Therefore, the Company recognizes revenue when the transfer of the ownerships is completed and receive payments from customers based on the contract terms specified in the abovementioned presales contracts. Consideration received from customers prior to the Company having satisfied its performance obligations are accounted for as contract liabilities which are transferred to revenue after the performance obligations are satisfied.

Where the contract explicitly or implicitly contains a financing component which provided a significant financial benefit to the Company, the Company adjusts the transaction price to reflect the time value of money. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component.

Commissioned construction income

The Company is engaged in the contracting business of residential real estate and commercial buildings. As the assets are controlled by the customers at the time of construction, revenue is recognized gradually over a period of time based on the percentage of contracted project costs incurred to date to the estimated total contract costs. The contracts include both fixed and variable consideration. The customer pays a fixed amount according to the agreed schedule. Certain variable consideration (e.g., penalties based on the number of days past due, price adjustment subsidy) is estimated using expected values based on past experience. Other changes in consideration (e.g., early completion incentive payments) are estimated at the most likely amount. The Company’s rights to the consideration received for goods or services transferred to customers are recognized as contract assets. When an unconditional right is represented to the consideration, the contract assets are transferred to accounts receivable.

When the degree of the completion to performance obligation of construction contract cannot be reasonably estimated, the contract revenue is recognized only to the extent of expected recoverable contract costs incurred.

If circumstances change, revenues, costs and completion will be revised and the changes will be reflected in gains and losses in the period of the change in which the management is informed of.

The Company expects that the time interval between the transfer of a good or service from all customer contracts to customers and when customers pay for the goods or services will not exceed one year. Therefore, the transaction price is not adjusted for the effects of a significant financing component.

(18) Income tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current Income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for on undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders’ meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss
B. In respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Company's parent company only financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgment

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

A. Investment properties

Certain properties of the Company comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Company accounts for the portions separately as investment properties and property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is under 5% of the total property.

B. Operating lease commitments – Company as the lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Post-employment benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Please refer to Note 6 for more details. 6.

B. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

C. Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2021	2020
Cash on hand	$30	$30
Demand and check deposits	102,147	103,845
Time deposits	502,000	288,000
Total	$604,177	$391,875

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

	As of December 31,	
	2021	2020
Equity instrument investments measured at fair value through other comprehensive income – non-current:		
Listed stocks	$987,391	$895,713
Unlisted stocks	15,346	9,347
Total	$1,002,737	$905,060

The Company classifies part of its financial assets as financial assets at fair value through other comprehensive income. For provisions of guarantees, please refer to Note 8 for more details.

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2021 and 2020 are as follows:

	For the years ended December 31,	
	2021	2020
Related to investments held at the end of the reporting period		
Dividends recognized during the period	$43,077	$40,429

In consideration of the Company's investment strategy, the Company disposed of and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the year ended December 31, 2021 is as follows:

	For the years ended December 31,
	2021
The fair value of the investments at the date of derecognition	$133,598
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	$62,770

(3) Inventories

	As of December 31,	
	2021	2020
Land and Buildings held for sale	$33,026	$33,026
Land held for construction site	295,941	757,575
Construction in progress	1,482,485	763,995
Prepayment for land purchases	39,166	15,631
Total	$1,850,618	$1,570,227

A. Details of land buildings held for sale were as follows:

	As of December 31,					
	2021			2020		
Item	Land held for sale	Buildings held for sale	Total	Land held for sale	Buildings held for sale	Total
He Ti	$15,628	$10,622	$26,250	$15,628	$10,622	$26,250
Sunfon Jin Cheng	4,066	2,010	6,076	4,066	2,010	6,076
Zhong Zheng Xue Fu	73	627	700	73	627	700
Total	$19,767	$13,259	$33,026	$19,767	$13,259	$33,026

B. Details of land held for construction site were as follows:

Construction project	Land location	As of December 31, 2021	2020
Luzhu Township	Kengzi Section, Luzhu Township, Taoyuan County	$7,385	$7,385
Bao'an Project	Yanping Section, Datong District, Taipei City	6,144	6,144
Changji Project	Qiaobei Section, Datong District, Taipei City	32,856	24,575
Yanping Chang'an Project	Yuquan Section, Datong District, Taipei City	18,746	18,746
Yunji Project	Shuanglian Section, Datong District, Taipei City	-	247,734
Yuanhuan Section, Taiyuan Road	Yuanhuan Section, Datong District, Taipei City	22,061	22,062
Heping West Road Project	Nanhai Section, Zhongzheng District, Taipei City	809	809
No. 128, Sec. 3, Chengde Road	Datong Section, Datong District, Taipei City	6,332	-
Bao'an Temple	Qiaobei Section, Datong District, Taipei City	-	264,863
Section 4, Nanjing East Road Project	Meiren Section, Songshan District, Taipei City	-	480
Yundi Project	Yanping Section, Datong District, Taipei City	46,683	35,825
No.16, Section 1, Nanchang Road	Nanhai Section, Zhongzheng District, Taipei City	22,096	3,168
Lane 175, Section 1, Kangning Road	Kangning Section, Neihu District, Taipei City	132,796	125,751
Tianmu Tianyu Street Project	Tianmu Section, Tianmu District, Taipei City	33	33
Total		$295,941	$757,575

C. Details of Construction in progress were as follows:

Item	Detail	As of December 31, 2021	2020	Construction Method
City Meeting Point	Cost of Land	$19,912	$16,775	Joint construction and allocation of housing units
	Cost of Construction	114,676	35,233	
Chengde I Project	Cost of Land	625,266	608,085	Joint construction and allocation of housing units
	Cost of Construction	61,790	41,040	
Yunji Project	Cost of Land	283,198	-	Joint construction and allocation of housing units
	Cost of Construction	50,103	-	
Bao'an Temple	Cost of Land	264,863	-	Joint construction and allocation of housing units
	Cost of Construction	9,586	-	
Others	Cost of Construction	53,091	62,862	
Total		$1,482,485	$763,995	

D. Capitalized interests of Construction in progress were as follows:

	As of December 31,	
	2021	2020
Capitalized interests	$3,342	$1,047
Interest rate	1.06%~1.85%	1.2%~2.4%

E. Additional disclosures of important construction projects were as follows:

Item	Total price for construction contract (budgeted cost, excluding land payment)	Percentage of completion	Scheduled completion year
City Meeting Point	200,000	54%	2022

F. Details of Prepayment for land purchases were as follows:

	As of December 31,	
Item	2021	2020
City Meeting Point	$4,104	$4,059
Changji Project	16,008	-
No.101, Chang'an West	15,446	-
Others	3,608	11,572
Total	$39,166	$15,631

G. Cost incurred on inventories for the years ended December 31,2021 and 2020 were as follows:

	As of December 31,	
	2021	2020
Cost of Construction	$6,703	$389,355
Cost of Commissioned Construction	-	2,747
Cost of Rent	1,279	1,284
Total	$7,982	$393,386

H. Please refer to Note 8 for more details on inventories pledged as loan guarantee.

(4) Investment accounted for using equity method

Investee companies	As of December 31, 2021 Carrying amount	2021 Percentage of (%)	2020 Carrying amount	2020 Percentage of (%)
Subsidiaries:				
Gin Yuang Construction CO., Ltd.	$11,687	99.929%	$13,689	99.929%

Investments in subsidiaries is represented as "Investments accounted for using equity method" and adjusted for the valuation if necessary.

(5) Property, plant and equipment

Changes in property, plant and equipment were as follows:

	Land	Buildings	Transportation equipment	Miscellaneous equipment	Total
Cost:					
As of January 1,2020	$35,855	$15,312	$1,610	$637	$53,414
Additions	-	902	-	215	1,117
Transfers	-	-	-	-	-
As of December 31,2020	35,855	16,214	1,610	852	54,531
Additions	-	-	-	-	-
Transfers	-	-	-	-	-
As of December 31,2021	$35,855	$16,214	$1,610	$852	$54,531
Depreciation and impairment:					
As of January 1,2020	$-	$(7,462)	$(957)	$(459)	$(8,878)
Depreciation	-	(306)	(268)	(28)	(602)
Transfers	-	-	-	-	-
As of December 31,2020	-	(7,768)	(1,225)	(487)	(9,480)
Depreciation	-	(456)	(116)	(62)	(634)
Transfers	-	-	-	-	
As of December 31,2021	$-	$(8,224)	$(1,341)	$(549)	$(10,114)
Net carrying amount as of:					
December 31,2021	$35,855	$7,990	$269	$303	$44,417
December 31,2020	$35,855	$8,446	$385	$365	$45,051

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(6) Investment property

A. Changes in investment properties were as follows:

	Land	Buildings	Total
Cost:			
As of January 1, 2020	$200,370	$71,769	$272,139
Additions	-	-	-
Transferred from inventory	(1,244)	(413)	(1,657)
As of December 31, 2020	199,126	71,356	270,482
Additions	-	-	-
Transferred to inventory	-	-	-
As of December 31, 2021	$199,126	$71,356	$270,482
Depreciation and impairment:			
As of January 1, 2020	$-	$(32,726)	$(32,726)
Depreciation	-	(1,284)	(1,284)
Transferred to property, plant and equipment	-	11	11
As of December 31, 2020	-	(33,999)	(33,999)
Depreciation	-	(1,279)	(1,279)
Transferred to property, plant and equipment	-	-	-
As of December 31, 2021	$-	$(35,278)	$(35,278)
Net carrying amount as of:			
December 31, 2021	$199,126	$36,078	$235,204
December 31, 2020	$199,126	$37,357	$236,483

B. For the years ended 2021 and 2020, the rental income generated from investment properties held by the Company amounted to $5,770 thousand and $6,267 thousand, respectively. No significant direct operating expenses were incurred for investment properties which generated rental income during the period.

C. The investment property held by the Company was not measured at fair value, but only disclosed information on its fair value, and the fair value measurement is categorized within Level 3 of the fair value hierarchy. Both the fair value of the investment property held by the Company amounted to $250,304 thousand on December 31, 2021 and December 31, 2020. The Company evaluates the market price of similar real estate in the vicinity of the relevant assets. (including the Real Estate Actual Transaction Price Inquiry Website and websites of real estate agents). The recent real estate market was also used as the fair value of the investment property at each reporting date.

D. Please refer to Note 8 for more details on investment property under pledge.

(7) Intangible assets

	Computer software	Total
Cost:		
As of January 1, 2021	$514	$514
Additions	85	85
As of December 31, 2021	$599	$599
As of January 1, 2020	$-	$-
Additions	514	514
As of December 31, 2020	$514	$514
Amortization and impairment:		
As of January 1, 2021	$(17)	$(17)
Amortization	(107)	(107)
As of December 31, 2021	$(124)	$(124)
As of January 1, 2020	$-	$-
Amortization	(17)	(17)
As of December 31, 2020	$(17)	$(17)
Net carrying amount as of:		
December 31,2021	$475	$475
December 31,2020	$497	$497

Amortization expense of intangible assets under the statement of comprehensive income:

	For the periods ended December 31,	
	2021	2020
Operating expenses	$107	$17

(8) Short-term loans

		As of December 31,	
	Interest Rates (%)	2021	2020
Unsecured bank loans	1.058%~1.85%	$49,700	$4,900
Secured bank loans	1.06%~1.85%	415,291	345,290
Total		$464,991	$350,190

The Company’s unused short-term lines of credits amount were $2,363,346 thousand and $1,288,146 thousand, as of December 31, 2021 and 2020, respectively.

Please refer to Note 8 for more details on land and buildings pledged as security for short-term loans.

(9) Post-employment benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

For the years ended December 31, 2021 and 2020, the expenses related to defined contribution plan amounted to $597 thousand and $592 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 15% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute $1,062 thousand to its defined benefit plan during the 12 months beginning after December 31, 2021.

The defined benefits plan obligation is expected to mature in 7 and 8 years as of December 31, 2021 and 2020.

Pension costs recognized in profit or loss for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	2020
Current period service cost	$209	$265
Net interest on the net defined benefit liabilities (assets)	16	41
Total	$225	$306

Changes in the defined benefit obligation and fair value of plan assets were as follows:

	As of		
	December 31, 2021	December 31, 2020	January 1, 2020
Defined benefit obligation	$25,601	$24,946	$22,474
Plan assets at fair value	(20,368)	(18,969)	(16,502)
Net defined benefit liabilities, non-current	$5,233	$5,977	$5,972

Reconciliations of liabilities (assets) of the defined benefit plan were as follows:

	Defined benefit obligation	Plan assets at fair value	Benefit Liabilities (assets)
As of January 1, 2020	$22,474	$(16,502)	$5,972
Current period service cost	265	-	265
Interest expense (income)	153	(112)	41
Subtotal	22,892	(16,614)	6,278
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	1,743	-	1,743
Experience adjustments	311	(564)	(253)
Subtotal	24,946	(17,178)	7,768
Contributions by employer	-	(1,791)	(1,791)
As of December 31, 2020	24,946	(18,969)	5,977
Current period service cost	209	-	209
Interest expense (income)	67	(51)	16
Subtotal	25,222	(19,020)	6,202
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	(474)	-	(474)
Experience adjustments	853	(286)	567
Subtotal	25,601	(19,306)	6,295
Contribution by employer	-	(1,062)	(1,062)
As of December 31, 2021	$25,601	$(20,368)	$5,233

The following significant actuarial assumptions were used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2021	2020
Discount rate	0.52%	0.27%
Expected rate of salary increases	3.00%	3.00%

A sensitivity analysis for significant assumption was shown below:

	For the years ended December 31,			
	2021		2020	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.5%	$-	$(900)	$-	$(995)
Discount rate decrease by 0.5%	965	-	1,070	-
Future salary increased by 0.5%	936	-	1,036	-
Future salary decreased by 0.5%	-	(883)	-	(974)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(10)Equity

A. Ordinary share

As of December 31, 2021 and 2020, the Company’s authorized capital were both $3,000,000 thousand. The Company’s issued capital were $2,079,091 thousand and $1,943,076 thousand as of December 31, 2021 and 2020, respectively, each at a par value of $10, equivalent to 207,909 thousand shares and 194,307 thousand shares, respectively. Each share has one voting right and right to receive dividends.

On July 23, 2021, the Company's general meeting of shareholders passed a resolution to withdraw shareholders distributable bonus $136,015 thousand from retained earnings of 2020 to issue new shares for capital increase 13,601 thousand shares, with a par value of $10. As of the date of this report, the case was authorized and deemed effectively by the Securities and Futures Bureau on August 16, 2021, and to set the ex-dividend date on September 10, 2021. The relevant statutory procedures for changes have been completed.

B. Capital surplus

	As of December 31,	
	2021	2020
Treasury share transactions	$3,830	$3,830
Treasury share transactions – other	26,610	22,713
Gains on disposal of assets	14	14
Total	$30,454	$26,557

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserve related to the income derived from the issuance of new shares at a premium or income from endowments received by the Company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury stock

As of December 31, 2021 and 2020, the Company's shares held by the subsidiary, Gin Yuang Construction CO., Ltd., was both $23,385 thousand. These shares held by Gin Yuang Construction CO., Ltd. were acquired for the purpose of financing. And as of December 31, 2021 and 2020, the number of the Company's shares held by Gin Yuang Construction CO., Ltd. was 8,345 thousand shares and 7,799 thousand shares, respectively.

Under the Securities and Exchange Act, the Company shall neither pledge treasury nor exercise shareholders' rights on these shares, such as the rights to dividends and vote. However, the subsidiary's holdings of treasury shares are still entitled to shareholders' equity. In addition, according to the Company Act amended in June 2005, the Company's treasury shares held by the subsidiary is not entitled to voting rights.

D. Retained earnings and dividend policies

According to the Company Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues
b. Offset prior years' operation losses
c. Set aside 10% of the remaining amount after deducting items A and B as legal reserve
d. Set aside or reverse special reserve in accordance with law and regulations
e. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Company's board of directors shall make the distribution proposal annually and present it at the shareholders' meeting. The Company's Articles of Incorporation further provide the percentage of the dividends range from 0% to 90% to shareholders, if any, could be paid in the form of share dividends. Accordingly, the percentage of the dividends range from 10% to 100% must be paid in the form of cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

The FSC on March 31, 2021 issued Order No. Jin-Guan-Cheng-Fa-Zi-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

Details of the 2021 and 2020 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on March 8, 2022 and July 23, 2021, respectively, are as follows:

	Appropriation of earnings		Dividends per share (NTD$)	
	2021	2020	2021	2020
Legal reserve	$5,525	$20,290	$-	$-
Common stock – cash dividend	-	97,154	0.25	0.5
Common stock –stock dividend	54,056	136,015	0.26	0.7

As of the date of report, the Company's 2021 earnings distribution and dividends were not proposed to be disclosed by shareholders' meeting. Information on the board of directors' and shareholders' resolution regarding the earnings distribution can be obtained from the "Market Observation Post System".

Please refer to Note 6.13 for details on employees' compensation and remuneration to directors and supervisors.

E. Stock dividends distributed from capital surplus

The Company's board of directors resolved to distribute the stock dividends of $29,107 thousand from the treasury stock trading of capital reserve on March 8, 2022, for which 14 shares were allotted per thousand shares. As of the report date, the stock dividends distribution from capital reserve of 2021 was not proposed to be disclosed by shareholders' meeting.

(11)Operating revenue

	For the years ended December 31,	
	2021	2020
Revenue from contracts with customers		
Sale of land and buildings	$-	$657,103
Sale of commissioned construction	-	3,462
Subtotal	-	660,565
Rental revenue	5,770	6,367
Total	$5,770	$666,932

Analysis of revenue from contracts with customers as of December 31, 2021 and 2020 are as follows:

A. Disaggregation of revenue

	As of December 31,	
	2021	2020
	Construction Sector	Construction Sector
Sale of land and buildings	$-	$657,103
Sale of commissioned construction	-	3,462
Total	$-	$660,565
Timing of revenue recognition:		
At a point in time	$-	$657,103
Over time	-	3,462
Total	$-	$660,565

B. Contract balances

	For the years ended December 31,	
	2021	2020
Contract liabilities–Current		
Sales of land and buildings	$757,112	$120,524
Sales of lease	2,190	2,190
Total	$759,302	$122,714

C. Contract cost

	For the years ended December 31,	
	2021	2020
Assts recognized as incremental costs to obtain contract with customers	$144,959	$42,746
Less: Accumulated amortization	-	(14,872)
Accumulated impairment	-	-
Total	$144,959	$27,874

As the Company expected to recover the commission expenses paid to the agent for the sales of construction projects, so the Company recognized the commission expenses as assets, which were amortized upon recognizing revenue from the sales of real estate. The Company recognized amortization expenses of $0 thousand and $14,872 thousand as operating costs for the years ended December 31, 2021 and 2020, respectively.

(12)Leases

Company as a lessor

Please refer to Note 6(6) for details on the Company's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	As of	
	December 31, 2021	December 31, 2020
Lease income for material operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$5,770	$6,367

Please refer to Note 6(6) for relevant disclosure of property, plant and equipment for operating leases. For operating leases entered into by the Company, the undiscounted lease payments to be received and a total of the amounts (tax included) for the remaining years for the years ended December 31, 2021 and 2020 are as follows:

	For the years ended December 31,	
	2021	2020
Not later than one year	$4,204	$4,704
Later than one year but not later than five years	3,684	2,611
Total	$7,888	$7,315

(13) Summary statement of employee benefits, depreciation and amortization expenses by function was as follows:

By function / By feature	For the years ended December 31,					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Wages and salaries	$-	$17,612	$17,612	$-	$19,475	$19,475
Labor and health insurance	-	1,523	1,523	-	1,366	1,366
Pension	-	822	822	-	898	898
Remuneration to directors	-	720	720	-	3,025	3,025
Other employee benefits expense	-	461	461	-	477	477
Depreciation	1,279	634	1,913	1,284	602	1,886
Amortization	-	107	107	-	17	17

A. Both of the current year and the prior year, there were 22 employees working for the Company, of which 6 were non-employee directors.

B. For the current year and prior year, the average employee benefits expenses were $1,276 thousand and $1,388 thousand, respectively, and the average employee salaries expenses were $1,101 thousand and $1,217 thousand, respectively. The adjustment and movement of average employee salaries expenses was (9.53)%.

C. The remuneration of supervisors for the current year and prior year were $140 thousand and $615 thousand, respectively.

D. The Company’s remuneration policy for directors, supervisors and managerial officers is handled in accordance with “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange” and is subject to review by the Salary and Remuneration Committee. The remuneration policy for managerial officers is determined by taking into account the employee’s personal experience, performance, contributions to the Company, the future potential, as well as the Company’s operating performance. The remuneration policy for employees, directors and supervisors is handled in accordance with the Company’s Articles of Incorporation during the Company’s profit-earning year. The employee’s salary includes basic salary, various subsidies, duty allowance, overtime and bonuses. The basic salary is determined based on the employee’s academic background, work experience, professional skills, and the value of the position served, while taking the salary standard of the industry into consideration; bonuses are given depending on the Company’s annual operating surplus, as well as the achievement of the goals set by the department and the employee.

According to the Articles of Incorporation, 1% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a board meeting attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

There was no estimated amounts of the employees' compensation and numeration to directors for the year ended December 31, 2021 because of net losses before tax.

The Company distributed $2,575 thousand both in cash as employees' compensation and remuneration to directors of 2020. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2020.

(14)Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2021	2020
Interest income		
Financial assets measured at amortized cost	$1,219	$1,731

B. Other income

	For the years ended December 31,	
	2021	2020
Dividend income	$43,077	$40,429
Other income – others	120	70
Total	$43,197	$40,499

C. Other gains and losses

	For the years ended December 31,	
	2021	2020
Miscellaneous Disbursements	$(1,288)	$(357)

D. Finance costs

	For the years ended December 31,	
	2021	2020
Interest on borrowings from bank (balance after deducting capitalization of interest)	$2,848	$4,550

(15)Components of other comprehensive income

	For the year ended December 31, 2021				
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(94)	$-	$(94)	$-	$(94)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	161,871	-	161,871	-	161,871
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(61)	-	(61)	-	(61)
Total	$161,716	$-	$161,716	$-	$161,716

	For the year ended December 31, 2020				
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(1,490)	$-	$(1,490)	$-	$(1,490)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(28,688)	-	(28,688)	-	(28,688)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(236)	-	(236)	-	(236)
Total	$(30,414)	$-	$(30,414)	$-	$(30,414)

(16)Tax income

A. The major components of income tax expense (income) were as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31,	
	2021	2020
Current income tax expense (income):		
Current income tax charge	$3,706	$44,950
Adjustments in respect of current income tax of prior periods	19	(21)
Land value increment tax	901	2,776
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	-	-
Total income tax expense (income)	$4,626	$47,705

B. A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the years ended December 31,	
	2021	2020
Accounting profit before tax from continuing operations	$(2,735)	$252,334
Tax at the domestic rates applicable to profits in the country concerned	$(547)	$50,467
Adjustments in respect of effects on income tax of construction benefits	(180)	30
Tax effect of expenses not deductible for tax purposes	1,000	3,689
Tax effect of revenues exempt from taxation	(8,615)	(10,851)
Corporate income surtax on undistributed retained earnings	-	2,111
Adjustments in respect of current income tax of prior periods	19	(21)
Land value increment tax	901	2,776
Alternative minimum tax payable	3,706	-
Others	8,342	(496)
Total income tax expense recognized in profit or loss	$4,626	$47,705

C. Some of the Company’s primary operating activities are tax-exempt (e.g., land transactions and investments in domestic listed companies’ stocks), so regarding the tax related to non-deductible temporary difference, no deferred income tax asset (liability) benefit incurred.

D. The assessment of income tax returns

As of December 31, 2021, the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns	Remark
The Company	Assessed and approved up to 2019	-

(17) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2021	2020 after retrospective application
A. Basic earnings per share		
Profit attributable to ordinary equity owners of the Company (in thousand NT$)	$(7,361)	$204,629
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	199,564	199,564
Basic earnings per share (NT$)	$(0.04)	$1.03
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$(7,361)	$204,629
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$(7,361)	$204,629
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	199,564	199,564
Effect of dilution:		
Employee compensation－stock (in thousands)	-	128
Weighted average number of ordinary shares outstanding after dilution (in thousands)	199,564	199,692
Diluted earnings per share (NT$)	$(0.04)	$1.02

Pro forma information on earnings per share assuming that the Company's shares invested by Gin Yuang Construction Co., Ltd. are not treated as treasury stock:

	For the years ended December 31,	
	2021	2020 after retrospective application
Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$(7,361)	$204,629
Weighted average number of ordinary shares outstanding for pro forma earnings per share (in thousands)	207,909	207,909
Pro forma earnings per share (NT$)	$(0.04)	$0.98

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related party transactions

Information of the related party – Gin Yuang Construction Co., Ltd. that had transactions with the Company during the financial reporting period is as follows:

(1) Rental income

		For the years ended December 31,			
		2021		2020	
Related party	Leasing premises	Terms f the lease	Amount	Terms f the lease	Amount
Subsidiary	7F., No. 173, Section 2, Chang'an East Road	2021.1.1-2021.12.31	$120	2020.1.1-2020.12.31	$120

(2) Construction contract projects and payables to related parties

A. As of December 31, 2021 and 2020, regarding the construction contract already signed by the Company and Gin Yuang Construction Co., Ltd. were as follows:

	As of December 31, 2021			
Item	Total contract price	Accumulated amount paid for construction	Construction project status	Estimated completion year
City Meeting Point	$200,000	$92,000	Unfinished	2022

Item	As of December 31, 2020 Total contract price	Accumulated amount paid for construction	Construction project status	Estimated completion year
City Meeting Point	$200,000	$21,000	Unfinished	2022

B. For the construction contracts mentioned above, the subsidiary requested payments from the Company for the years ended December 31, 2021 and 2020 as follows:

			For the years ended December 31,	
Related party	Nature	Account	2021	2020
Subsidiary	Construction project	Construction in progress – contracted work in progress	$145,504	$39,406

C. For the construction contracts mentioned above, the payables due to related parties for the years ended December 31, 2021 and 2020 are as follows:

			For the years ended December 31,	
Related party	Nature	Account	2021	2020
Subsidiary	Outsourcing project	Notes and Accounts Payable	$15,238	$6,667

D. There is no significant difference between the transaction price and collection terms of the construction contracts mentioned above and the general manufacturers.

E. The operating costs due to the completed additional project payment for the years ended December 31, 2021 and 2020 are as follows:

			For the years ended December 31,	
Related party	Nature	Account	2021	2020
Subsidiary	Additional project payment	Operating costs	$6,656	$-

(3) The Company entered into a lease contract with the Taipei Branch of Chunghwa Post Co., Ltd. of which the terms of the lease commence on August 1, 2017 and ends on July 31, 2022, with Gin Yuang Construction Co., Ltd. as the Company’s joint guarantor.

(4) Key management personnel compensation

	For the years ended December 31,	
	2021	2020
Short-term employee benefits	$6,895	$10,354
Post-employment benefits	227	207
Total	$7,122	$10,561

8. Assets pledged as security

The following table lists assets of the Company pledged as security:

Assets pledged for security	Carrying amount as of December 31, 2021	Carrying amount as of December 31, 2020	Secured liabilities
Property, plant and equipment－Land	$17,482	$17,482	Short-term loans
Property, plant and equipment－Buildings	6,186	6,438	Short-term loans
Investment property	$216,988	$218,132	Short-term loans
Inventories	1,003,662	1,003,662	Short-term loans, Long-term loans
Non-current Financial assets at fair value through other comprehensive income	766,260	609,420	Short-term loans, Short-term notes payable
Total	$2,010,578	$1,855,134	

9. Commitments and contingencies

(1) As of December 31, 2021, the Company's commitments and contingencies are as follows:

Name	Margin payable by the Company	Paid amount (Note)	Unpaid amount	Proportion of distributable property by landowners
Chang'an West I Project	$36,745	$6,954	$29,791	60%
Chengde I Project	27,943	12,211	15,732	60%
Yongji-Songxin Project	14,653	4,625	10,028	65%
Yunji Project	7,987	5,593	2,394	60%
No.16, Section 1, Nanchang Road	13,492	9,426	4,066	65%
Nanshan Road, Zhonghe	6,200	1,800	4,400	46%
Bao'an Project	4,232	640	3,592	60%
City Meeting Point	3,000	3,000	-	63%
No. 154, Taiyuan Road	200	200	-	65%
Ganzhou Street Project	800	800	-	62%
Boa' an Temple	2,000	2,000	-	62%
No. 101, Chang'an West	17,500	12,500	5,000	62%
Total	$134,752	$59,749	$75,003	

Note: Guarantee deposits paid were disclosed as other current assets.

(2) A summary of the outstanding balance related to the construction in progress signed by the Company was as follows:

Name o	Contract price	Paid amount	Unpaid amount
City Meeting Point	$200,000	$92,000	$108,000

(3) The Company had signed the joint construction contracts with landowners for City Meeting Point, Chengde I Project, Yunji Project, Yundi Project, No.16, Section 1, Nanchang Road, and Lane 175, Section 1, Kangning Road. From the approval of the construction licenses to the date of completion and handover, the Company expects to pay $286,683 thousand to landowners for rent subsidies. As of December 31, 2021, the Company paid landowners $98,856 thousand as rent subsidies, which were necessary direct costs for acquiring the land; therefore, these subsidies are recorded as ”Land held for construction site” and “Construction in progress”.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Financial instruments

Financial assets

	As of December 31,	
	2021	2020
Financial assets at fair value through other comprehensive income	$1,002,737	$905,060
Financial assets measured at amortized cost		
Cash and cash equivalents (exclude cash on hand)	604,147	391,845
Total	$1,606,884	$1,296,905

Financial liabilities

	As of December 31,	
	2021	2020
Financial liabilities at amortized cost:		
Short-term borrowings	$464,991	$350,190
Short-term notes and bills payable	200,000	-
Accounts payable (including other payables)	45,169	21,799
Total	$710,160	$371,989

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company always complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2021 and 2020 to increase/decrease by $465 thousand and $350 thousand, respectively.

Equity price risk

The fair value of the Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's board of directors reviews and approves all equity investment decisions.

For the year ended December 31, 2021 and 2020, a change of 1% in the price of listed equity securities, classified as equity instruments investment measured at fair value through other comprehensive income could have an impact of $9,874 thousand and $8,957 thousand on the equity attributable to the Company, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counterparties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

The Company's main business is the sale of real estate. There is a large customer base and no significant concentration of transactions with a single customer. Therefore, the credit risk of accounts receivable is not significantly concentrated and cannot be recovered.

Credit risk from balances with banks is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks with good credit rating. Consequently, there is no significant credit risk for these counterparties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings.

The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2021					
Short-term loans (including Interest to be paid)	$337,485	$135,860	$-	$-	$473,345
Short-term notes and bills payable	200,000	-	-	-	200,000
Accounts payables (including other payables)	45,169	-	-	-	45,169
As of December 31, 2020					
Short-term loans (including interest to be paid)	$224,393	$133,814	$-	$-	$358,207
Accounts payables (including other payables)	21,799	-	-	-	21,799

(6) Reconciliation of liabilities arising from financing activities

For the year ended December 31, 2021:

	Short-term loans	Short-term notes and bills payable	Total liabilities from financing activities
As of January 1, 2021	$350,190	$-	$350,190
Cash flows	114,801	200,000	314,801
As of December 31, 2021	$464,991	$200,000	$664,991

For the year ended December 31, 2020:

	Short-term loans	Short-term notes and bills payable	Long-term loans	Total liabilities from financing activities
As of January 1, 2020	$309,000	$100,000	$73,500	$482,500
Cash flows	41,190	(100,000)	(73,500)	(132,310)
As of December 31, 2020	$350,190	$-	$-	$350,190

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and cash equivalents, accounts receivable (including due from related parties), accounts payable (including payables to related parties), and other current liabilities approximate their fair value due to their short maturities.
(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates and bonds etc.).
(c) Fair value of bank loans is determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company assets and liabilities measured at fair value on a recurring basis was as follows:

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity instrument measured at fair value through other comprehensive income				
Stocks	$987,391	$15,346	$-	$1,002,737

As of December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity instrument measured at fair value through other comprehensive income				
Stocks	$895,713	$9,347	$-	$905,060

<u>Transfers between Level 1 and Level 2 during the period</u>

During the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value was disclosed.

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property (Please refer to Note 6(6))	$-	$-	$250,304	$250,304

As of December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property (Please refer to Note 6(6))	$-	$-	$250,304	$250,304

13. Other disclosure

(1) Information at significant transactions

A. Financing provided to others for the years ended December 31,2021: None.
B. Endorsement/Guarantee provided to others for the years ended December 31,2021: Please refer to Attachment 1.
C. Securities held as of December 31,2021 (excluding subsidiaries, associates and joint ventures): Please refer to Attachment 2.
D. Individual securities acquired or disposed of with accumulated amount exceeding $300 million or 20 percent of the capital stock for the years ended December 31,2021: None.
E. Acquisition of real estate with amount exceeding the lower of $300 million or 20 percent of the capital stock for the years ended December 31,2021: None.
F. Disposal of real estate with amount exceeding the lower of $300 million or 20 percent of the capital stock for the years ended December 31,2021: None.
G. Related party transactions for purchases and sales amounts exceeding the lower of $100 million or 20 percent of the capital stock for the years ended December 31,2021: None.
H. Receivables from related parties with amounts exceeding the lower of $100 million or 20 percent of capital stock for the years ended December 31,2021: None.
I. Financial instruments and derivative transactions: None.
J. Others: Significant transactions between the parent to subsidiary and between subsidiary during the reporting periods: Please refer to Attachment 3.

(2) Information on investees: Please refer to Attachment 4.

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

(4) Information on major shareholders: Please refer to Attachment

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

ATTACHMENT 1: Endorsements/guarantees provided to others (Unit: thousands of NTD)

No. <Note 1>	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party <Note 3>	Maximum Balance for the period	Ending Balance	Amount Actually Drawn	Amounts of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable <Note 4>	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of relationship <Note 2>										
0	Sunfon Construction Co., Ltd.	Gin Yuan Construction Co., Ltd.	4	$570,700	$180,000	$180,000	$28,000	$180,000	6.31%	$1,426,750	Y	N	N

<Note 1> The numbers filled in for the endorsements/guarantees provided by the group or subsidiaries are as follows:

1. The Company is "0".
2. The subsidiaries are numbered in order starting from "1".

<Note 2> The following code represents the relationship with the company:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

<Note 3> According to the Company's Rules for Management of Endorsement and Guarantees, the amount of endorsements/guarantees provided by the Company for any single entity which holds 100% shares in the Company shall not exceed 20% of the net worth attributed to the parent company in the financial reports for the period.

<Note 4> According to the Company's Rules for Management of Endorsement and Guarantees, the accumulated total amount of endorsements/guarantees provided by the Company shall not exceed 50% of the net worth attributed to the parent company in the financial reports for the period.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

ATTACHMENT 2：Marketable securities held (not including subsidiaries, associates and joint ventures)

(Unit: thousands of NTD)

Held Company Name	Marketable Securities Type	Marketable Securities Name	Relationship with the Company	Financial Statement Account	As of December 31 , 2021				Note
					Share/Units	Carrying Value	Percentage of ownership(%)	Fair Value	
Sunfon Construction Co., Ltd.	Stock	Hong Pu Real Estate Development Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	8,100,000	$187,515	2.43	$187,515	
	〃	Yuanta Financial Holding Co., Ltd.	〃	〃	4,270,000	108,031	0.04	108,031	
	〃	Taishin Financial Holding Co., Ltd	〃	〃	10,418,793	197,436	0.09	197,436	
	〃	Shin Kong Financial Holding Co., Ltd.	〃	〃	13,600,000	150,280	0.09	150,280	
	〃	IBF Financial Holdings Co., Ltd.	〃	〃	13,268,700	212,963	0.44	212,963	
	〃	Sinopac Financial Holdings Co., Ltd	〃	〃	5,700,000	92,055	0.05	92,055	
	〃	Taiwan Cooperative Financial Holding Co., Ltd.	〃	〃	382,400	9,732	0.00	9,732	
	〃	Taiwan Business Bank, Ltd.	〃	〃	2,967,580	29,379	0.04	29,379	
	〃	Bestdisc Technology Corp.	〃	〃	1,840,000	15,346	3.06	15,346	
						$1,002,737		$1,002,737	

ATTACHMENT 3：The business relationships and significant transactions intercompany between the parent and subsidiaries are as follows : (Unit: thousands of NTD)

No. <Note 1>	Related Party	Counter Party	Relationship with the Company <Note 2>	Transaction Details			
				Account	Amount	Terms	Percentage of consolidated total operating revenues or total assets
0	Sunfon Construction Co., Ltd	Gin Yuan Construction Co., Ltd.	1	Construction work in progress - construction project	$76,190	No significant difference from other general manufacturers	1.74%
0	Sunfon Construction Co., Ltd	Gin Yuan Construction Co., Ltd.	1	Construction work in progress - demolition of building and waste removal	29,908		0.68%
0	Sunfon Construction Co., Ltd	Gin Yuan Construction Co., Ltd.	1	Operating costs	6,656		117.81%

<Note 1> The Company and its subsidiaries are coded as follows:

1. The Company is coded "0".
2. Subsidiaries are coded consecutively starting from "1" in the order presented in the table above. starting from "1".

<Note 2> The relationships between the transaction party and the Company are as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.

<Note 3> In the case of the same transaction between the parent and subsidiaries, duplicate disclosure is not required.

Attachment 4：Names, locations and related information of investees over which the company exercises significant influence (not including information on investments in Mainland China) : (Unit: thousands of NTD)

Investor Company	Investee Company	Region	Major Business	Original Investment Amount		Balance at the End of Period			Net Income (Losses) of The Investee	Share of Profits (Losses) of Investee	Remark
				Ending Balance	Beginning Balance	Shares (in unit)	Percentage of Ownership	Carrying Value			
Sunfon Construction Co., Ltd	Gin Yuan Construction Co., Ltd.	Taipei City	Undertaking Construction and Civil Engineering Projects	$99,858	$99,858	99,929	99.929%	$11,687	$(5,838)	$(5,838)	

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Attachment 5：Major shareholders information :

Unit: Shares

Shares / Name of major shareholders	Number of shares held	Shareholding ratio
Da Hong Investment Co., Ltd	19,170,400	9.22%
Yi Sheng Investment Co., Ltd.	18,949,700	9.11%
Yi Fu Investment Co., Ltd.	14,360,400	6.90%
Yo-Li Investment Co., Ltd.	14,000,100	6.73%
Xin Wei Investment Co., Ltd.	13,660,200	6.57%
Don Tai Development Co., Ltd.	13,429,500	6.45%
Xin Wang Development Co., Ltd.	13,404,000	6.44%
Jin Zan Business Development Co., Ltd.	12,000,400	5.77%

<Note 1> The attachment disclosing the information on major shareholders is provided by the Taiwan Depository & Clearing Corp. based on the calculation of shareholders with over 5% ownership of the Company's total common stock delivered without physical registration on the last business day at the end of each quarter. The number of shares recorded in the Company’s financial statements and the actual number of shares delivered without physical registration may be different due to the basis of preparation.

<Note 2> The information above is disclosed by the individual trustee’s trust account opened by the trustee if the shareholder is delivered to the trust by the shareholder. For shareholders holding more than 10% of their shares in accordance with the Securities and Exchange Act, their shareholdings include their own shares plus their shares delivered to the trust and have the right to exercise the use of the trust property. Please refer to the MOPS for information on the reporting of insider shares.

Sunfon Construction Co., Ltd.

Chairperson: Hung Min-Fu