

Stock Code:

Shining Building Business Co. Ltd., And Subsidiaries

Consolidated Financial Statements
for the Years Ended December 31, 2021, and 2020 and
Independent Auditors' Report

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Shining Building Business Co. Ltd.**DECLARATION**

The entities that are required to be included in the consolidated financial statements of the Company as of and for the year ended December 31, 2021, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Shining Building Business Co. Ltd. and its subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours

Company: Shining Building Business Co. Ltd.

Chairman: Lai Cheng I

March 30, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Shining Building Business Co. Ltd.

Auditors' Opinions

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021, and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China ("ROC").

Basis for Opinion

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 Auditors' Responsibilities for the Audit of the Consolidated 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the consolidated financial statements of the Group for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of the key audit matter of the Group's consolidated financial statements for the year ended December 31, 2021, is as follows:

1. Revenue recognition

Please refer to Note 4(18) revenue recognition of consolidated financial statements for the accounting policies related to revenue recognition; For the description of revenue recognition, please refer to Note 6(24) revenue of consolidated financial statements.

Description of the key audit:

The Group belongs to the real estate development activities, and the income from real estate sales is the main source of income for operation. The income from real estate sales in 2021 was \$2,790,396 thousand, accounting for 80.33% of the total consolidated revenue; The Group also provides catering and travel services such as room accommodation, catering services, leasing, and operation management services. Therefore, the income from catering and travel services is another major operating income. In 2021, the income from catering and travel services was \$631,557 thousand, accounting for 18.18% of the total consolidated revenue; The timing of recognition of operating revenue and the authenticity of sales have a significant impact on the consolidated financial report.

Revenue from real estate sales is recognized when the real estate transfer is completed and the house is handed over. Due to a large number of sales objects, it is necessary to recognize the sales revenue after examining the ownership transfer and house delivery data one by one, which usually involves many manual operations to determine the correctness of the recognition time point of sales revenue; Due to the large amount and industry characteristics, the product unit price is low, but the number of sales and customers is large, the transaction volume is huge, and the possibility of errors is relatively high, which may lead to material misrepresentation in the consolidated financial statements. Therefore, the recognition of income is one of the important evaluation items for the CPA to perform the audit of the consolidated financial statements of the Group.

Our main audit procedures performed in respect of the key audit matter were as follows:

1. Understand the main income patterns, contract terms, and trading conditions;
2. Understand and test the effectiveness of internal control related to the sales and collection cycle of the Group;

3. Obtain and inspect the detailed sales statement, house purchase and sale contract, house transfer and delivery receipt, house and land ownership certificate of each case, confirm the completion date of transfer registration and house delivery date, and perform the income deadline test to evaluate whether the accounting policy at the time point of income recognition is appropriate and whether the income recognition policy is handled in accordance with the provisions of the relevant provisions.
4. Analyze the housing rate and house price, food and beverage pricing, number of visitors and average consumption, and evaluate the rationality of the amount of meal and travel service income;
5. Confirm that the sales report generated by the sales system is consistent with the recorded amount;
6. Sampling audit the correctness of customer bills, signing records, and recorded amounts.

2. Inventory valuation

Please refer to Note 4(8) of the consolidated financial statements for the accounting policies related to inventory evaluation; Please refer to Note 5(2)(F) of the consolidated financial statements for the accounting estimates and assumptions uncertainty of inventory evaluation; For the description of inventory evaluation, please refer to Note 6(7) to the consolidated financial statements.

Description of the key audit:

The real estate development activities of the Group is an industry with high capital investment and a long payback period, and its inventory is listed at the lower of cost and net realisable value. At present, the real estate industry is affected by overall economic, political factors, tax reform, market supply and demand, and other factors. Therefore, the important assumptions and judgments of net realizable value depend on the subjective judgment and estimation of the management or the evaluation of the changes in relevant parameters of real estate appraisal. Therefore, the evaluation of inventory is one of the important evaluation items for the CPA to perform the audit of the consolidated financial report of the Group.

Our main audit procedures performed in respect of the key audit matter were as follows:

1. Understand the internal operating procedures and accounting treatment of the Group for the subsequent measurement of these real estate premises;
2. Obtain the appraisal data of the net realizable value of the inventory of the Group. Sampling audit sales contracts that have been signed, and refer to the latest current real estate prices announced by the Ministry of the Interior or obtain transaction quotations in neighboring areas. Analyze the gross profit rate of the real estate sold in the year and convert it into the net realizable value of the real estate for sale. Obtain the profit plans of the Group for each case, and evaluate whether there is any significant difference between the profits of the construction

land and the profits of the sold cases, to evaluate whether the net realizable value of the previously disclosed inventory is properly expressed.

Other Matter

We have also audited the parent company only financial statements of Shining Building Business Co. Ltd. as of and for the years ended December 31, 2021, and 2020 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including members of the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Crowe (TW) CPAs

Accountant: Wang Chia Hsiang

Accountant: Wang Jih Chun

No.: Financial-Supervisory-Securities-Auditing-
10200032833

March 30, 2022

Shining Building Business Co. Ltd., And Subsidiaries
CONSOLIDATED BALANCE SHEETS
YEARS ENDED DECEMBER 31, 2021 AND 2020

CODE	ASSETS	NOTE	2021. 12. 31				2020. 12. 31				(In Thousands of New Taiwan Dollars)				
			2021. 12. 31		2020. 12. 31		CODE	LIABILITIES AND EQUITY		NOTE	2021. 12. 31		2020. 12. 31		
			AMOUNT	%	AMOUNT	%					AMOUNT	%	AMOUNT	%	
	CURRENT ASSETS							CURRENT LIABILITIES							
1100	Cash and cash equivalents	6(1)	\$ 1,091,782	3	\$ 906,168	3	2100	Current borrowings	6(11), 6(33), 6(34) and 6(35)		\$ 885,781	3	\$ 3,467,308	11	
1150	Notes receivable, net	6(4)	29,378	-	4,431	-	2110	Short-term notes and bills payable, net	6(12), 6(33), 6(34) and 6(35)		2,258,126	6	777,459	2	
1170	Accounts receivable, net	6(5)	80,113	-	476,091	1	2130	Current contract liabilities	6(24)		906,771	3	781,815	2	
1180	Accounts receivable due from related parties, net	7	65	-	119	-	2150	Notes payables	6(35)		111,869	-	130,995	-	
1200	Other receivables	6(6)	352,450	1	359,655	1	2170	Accounts payables	6(35)		2,022,996	6	1,143,498	4	
1210	Other receivables due from related parties	7	165,428	-	236	-	2180	Accounts payable to related parties	6(35) and 7		14,576	-	18,342	-	
1220	Current tax assets		845	-	2,795	-	2200	Other payables	6(13) and 6(35)		457,766	1	536,879	2	
130X	Current inventories	6(7) and 8	15,050,558	44	14,882,918	47	2220	Other payables to related parties	6(33), 6(35) and 7		1,714,732	5	1,512,934	5	
1410	Prepayments		241,862	1	441,635	1	2230	Current tax liabilities			1,640	-	-	-	
1476	Other current financial assets	8	517,718	-	865,639	3	2250	Current provisions			7,965	-	8,745	-	
1479	Other current assets, others		246,102	1	203,335	1	2280	Current lease liabilities	6(9), 6(33), 6(35) and 7		3,873	-	4,830	-	
	Total current assets		<u>17,776,301</u>	<u>50</u>	<u>18,143,022</u>	<u>57</u>	2320	Long-term liabilities - current portion	6(14), 6(15), 6(33), 6(34) and 6(35)		564,304	2	2,828,447	9	
							2399	Other current liabilities, others			79,995	-	39,374	-	
								Total current liabilities			<u>9,030,394</u>	<u>26</u>	<u>11,250,626</u>	<u>35</u>	
	NON-CURRENT ASSETS							NON-CURRENT LIABILITIES							
1510	Non-current financial assets at fair value through profit or loss	6(2), 6(34) and 6(35)	2,763	-	-	-	2530	Bonds payable	6(14), 6(33), 6(34) and 6(35)		1,183,659	3	1,600,000	5	
1517	Non-current financial assets at fair value through other comprehensive income	6(3), 6(34) and 6(35)	9	-	9	-	2540	Non-current portion of non-current borrowings	6(15), 6(33), 6(34) and 6(35)		13,206,602	37	6,106,637	19	
1600	Property, plant, and equipment	6(8) and 8	10,768,527	31	7,995,766	25	2570	Deferred tax liabilities	6(30)		36,563	-	36,453	-	
1755	Right-of-use assets	6(9) and 8	1,150,972	3	1,230,475	4	2580	Non-current lease liabilities	6(9), 6(33), 6(35) and 7		3,967	-	8,777	-	
1760	Investment properties, net	6(10) and 8	684,569	2	8,245	-	2630	Long-term deferred revenue			251,649	1	271,483	1	
1780	Intangible assets		6,955	-	38,782	-	2640	Net defined benefit liability, non-current	6(16)		23,023	-	22,954	-	
1840	Deferred tax assets	6(30)	606,460	2	441,640	1	2645	Guarantee deposits received	6(17)		33,679	-	102,304	-	
1920	Guaranteee deposits paid	6(34), 7 and 8	4,268,614	12	3,934,398	12	2670	Other non-current liabilities, others	6(33), 6(34) and 6(35)		8,873	-	8,989	-	
1980	Other financial assets - non-current		1,110	-	1,002	-		Total non-current liabilities			<u>14,748,015</u>	<u>41</u>	<u>8,157,597</u>	<u>25</u>	
1995	Other non-current assets	8	-	-	74,847	-		Total liabilities			<u>23,778,409</u>	<u>67</u>	<u>19,408,223</u>	<u>60</u>	
	Total non-current assets		<u>17,489,979</u>	<u>50</u>	<u>13,725,164</u>	<u>42</u>									
								EQUITY ATTRIBUTABLE TO OWNERS OF PARENT							
								3100	Ordinary share	6(18)		9,775,892	28	9,775,892	31
								3200	Capital surplus	6(19)		21,754	-	21,754	-
								3300	Retained earnings	6(20)		1,910,729	6	2,498,400	8
								3400	Other equity interest	6(21)		(971,961)	(3)	(796,700)	(2)
								36XX	Total equity attributable to owners of parent			<u>10,736,414</u>	<u>31</u>	<u>11,499,346</u>	<u>37</u>
								NON - CONTROLLING INTERESTS	6(23)			<u>751,457</u>	<u>2</u>	<u>960,617</u>	<u>3</u>
								Total equity				<u>11,487,871</u>	<u>33</u>	<u>12,459,963</u>	<u>40</u>
TOTAL			<u>\$ 35,266,280</u>	<u>100</u>	<u>\$ 31,868,186</u>	<u>100</u>	TOTAL				<u>\$ 35,266,280</u>	<u>100</u>	<u>\$ 31,868,186</u>	<u>100</u>	

(Please refer to the NOTES TO CONSOLIDATED FINANCIAL STATEMENTS)

Chairman: Lai Cheng I

Manager: Lai Cheng I

Accounting Supervisor:Liao Pei Chi

Shining Building Business Co. Ltd., And Subsidiaries
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

CODE	ITEM	NOTE	(In Thousands of New Taiwan Dollars)				
			2021	2020	AMOUNT	%	AMOUNT
4000	OPERATING REVENUE	6(10), 6(24), 7and14	\$ 3,473,856	100	\$ 5,915,557	100	
5000	OPERATING COSTS	6(7), 6(17), 6(29)and7	(2,514,290)	(72)	(4,255,476)	(72)	
5900	GROSS PROFIT		<u>959,566</u>	<u>28</u>	<u>1,660,081</u>	<u>28</u>	
	OPERATING EXPENSES	6(5), 6(6), 6(9), 6(10), 6(17), 6(29)and 7					
6100	Selling expenses		(601,649)	(17)	(408,127)	(7)	
6200	Administrative expenses		(753,796)	(22)	(832,871)	(14)	
6450	Impairment loss determined in accordance with IFRS 9		(21,203)	(1)	(13,392)	-	
6000	Total operating expenses		<u>(1,376,648)</u>	<u>(40)</u>	<u>(1,254,390)</u>	<u>(21)</u>	
6900	NET OPERATING (LOSS)INCOME				<u>(417,082)</u>	<u>(12)</u>	<u>405,691</u>
	NON-OPERATING INCOME AND EXPENSES						
7100	Interest income	6(25)and14	71,178	1	75,876	1	
7010	Other income	6(26)	106,321		76,759	1	
7020	Other gains and losses	6(27)	87,499	3	222,164	4	
7050	Finance costs	6(28)and7	(711,290)	(19)	(630,232)	(10)	
7000	Total non-operating income and expenses		<u>(446,292)</u>	<u>(15)</u>	<u>(255,433)</u>	<u>(4)</u>	
7900	PROFIT BEFORE INCOME TAX				<u>(863,374)</u>	<u>(24)</u>	<u>150,258</u>
7950	TAX INCOME(EXPENSE)	6(30)			<u>87,346</u>	<u>3</u>	<u>(42,452)</u>
8200	PROFIT(LOSS)				<u>(776,028)</u>	<u>(21)</u>	<u>107,806</u>
	OTHER COMPREHENSIVE INCOME (LOSS)	6(17), 6(30)and6(31)					
8310	Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Gains (losses) on remeasurements of defined benefit plans		(529)	-	(1,194)	-	
8349	Income tax related to components of other comprehensive income that		106	-	239	-	
8360	Components of other comprehensive income that will be reclassified to profit or loss						
8361	Exchange differences on translation		(219,077)	(6)	(133,965)	(2)	
8399	Income tax related to components of other comprehensive income that		43,816	1	26,793	-	
	Other comprehensive income, net		<u>(175,684)</u>	<u>(5)</u>	<u>(108,127)</u>	<u>(2)</u>	
8500	TOTAL COMPREHENSIVE INCOME		<u>\$ (951,712)</u>	<u>(26)</u>	<u>\$ (321)</u>	<u>-</u>	
8600	PROFIT(LOSS), ATTRIBUTABLE TO:	6(32)					
8610	Attributable to owners of parent		\$ (587,020)	(17)	\$ 166,820	3	
8620	Attributable to non-controlling interests		<u>(189,008)</u>	<u>(5)</u>	<u>(59,014)</u>	<u>(1)</u>	
	PROFIT(LOSS)		<u>\$ (776,028)</u>	<u>(22)</u>	<u>\$ 107,806</u>	<u>2</u>	
8700	COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:						
8710	Comprehensive income, attributable to owners of parent		\$ (762,932)	(22)	\$ 58,721	1	
8720	Comprehensive income, attributable to non-controlling interests		<u>(188,780)</u>	<u>(5)</u>	<u>(59,042)</u>	<u>(1)</u>	
	TOTAL COMPREHENSIVE INCOME		<u>\$ (951,712)</u>	<u>(27)</u>	<u>\$ (321)</u>	<u>-</u>	
	EARNINGS PER SHARE:	6(32)					
9750	Basic earnings per share (NT\$)		\$ (0.60)		\$ 0.17		
9850	Diluted earnings per share (NT\$)		<u>\$ (0.60)</u>		<u>\$ 0.17</u>		

(Please refer to the NOTES TO CONSOLIDATED FINANCIAL STATEMENTS)

Chairman: Lai Cheng I

Manager: Lai Cheng I

Accounting Supervisor:Liao Pei Chi

Shining Building Business Co. Ltd., And Subsidiaries
 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ITEM	Equity Attributable to Owners of the Company						Non-controlling Interests	Total	Total Equity
	Ordinary share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Other Equity			
					Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income				
BALANCE, JANUARY 1, 2020	9,824,742	141	1,282,120	445,017	605,369	(688,935)	(593)	-	11,467,861
Appropriation and distribution of retained earnings:									
Legal reserve appropriated				6,571	(6,571)			-	-
Special reserve appropriated				244,511	(244,511)			-	-
Change of associates and joint ventures accounted for using the equity method		13,163			1			13,164	13,164
Net profit for the year					166,820			166,820	(59,014)
Other comprehensive income (loss) for the year					(927)	(107,172)		(108,099)	(28)
Total comprehensive income (loss) for the year					165,893	(107,172)		58,721	(59,042)
Purchase of treasury shares								(40,400)	(40,400)
Retirement of treasury share		(48,850)	8,450					40,400	-
Changes in non-controlling interests									(11,652)
BALANCE, DECEMBER 31, 2020	\$ 9,775,892	\$ 21,754	\$ 1,288,691	\$ 689,528	\$ 520,181	\$ (796,107)	\$ (593)	\$ 11,499,346	\$ 960,617
Appropriation and distribution of retained earnings:									
Legal reserve appropriated				16,589	(16,589)			-	-
Special reserve appropriated				107,172	(107,172)			-	-
Net profit for the year					(587,020)			(587,020)	(189,008)
Other comprehensive income (loss) for the year					(651)	(175,261)		(175,912)	228
Total comprehensive income (loss) for the year					(587,671)	(175,261)		(762,932)	(188,780)
Changes in non-controlling interests									(951,712)
BALANCE, DECEMBER 31, 2021	\$ 9,775,892	\$ 21,754	\$ 1,305,280	\$ 796,700	\$ (191,251)	\$ (971,368)	\$ (593)	\$ 10,736,414	\$ 751,457
									\$ 11,487,871

(Please refer to the NOTES TO CONSOLIDATED FINANCIAL STATEMENTS)

Chairman: Lai Cheng I

Manager: Lai Cheng I

Accounting Supervisor:Liao Pei Chi

Shining Building Business Co. Ltd., And Subsidiaries
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

ITEM	(In Thousands of New Taiwan Dollars)	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before tax	\$ (863,374)	\$ 150,258
Adjustments for:		
Adjustments to reconcile profit (loss)		
Depreciation expense	533,869	480,950
Amortization expense	77,961	65,309
Expected credit loss	21,203	13,392
Interest expenses	711,290	630,232
Interest income	(71,178)	(75,876)
Revenue transferred from long-term deferred revenue	(16,321)	(35,109)
Loss on disposal of property, plan and equipment	32,267	21
Total adjustments to reconcile profit (loss)	<u>1,289,091</u>	<u>1,078,919</u>
Changes in operating assets and liabilities:		
Notes receivable	(24,947)	54,524
Accounts receivable	403,253	(386,643)
Accounts receivable - related parties	54	4,834
Other receivables	31,013	1,412
Other receivables - related parties	(165,192)	89,758
Inventories	(4,021,372)	2,453,633
Prepayments	157,703	142,232
Other current assets	(42,767)	23,624
Contract liabilities	129,588	(460,347)
Notes payable	(19,126)	(64,824)
Accounts payable	879,498	(329,581)
Accounts payable - related parties	(3,766)	14,884
Other payable	(122,652)	(147,808)
Other payable - related parties	99,479	36,081
Provisions	(780)	(3,658)
Other current liabilities	40,621	22,192
Net defined benefit liability	(460)	(1,781)
Cash inflow (outflow) generated from operations	<u>(2,234,136)</u>	<u>2,677,709</u>
Interest received	19,175	89,505
Interest paid	(704,296)	(650,742)
Income tax paid	(29,852)	(65,455)
Net cash flows from operating activities	<u>(2,949,109)</u>	<u>2,051,017</u>

(Please refer to the NOTES TO CONSOLIDATED FINANCIAL STATEMENTS)

Chairman: Lai Cheng I

Manager: Lai Cheng I

Accounting Supervisor:Liao Pei Chi

Shining Building Business Co. Ltd., And Subsidiaries
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

ITEM	(In Thousands of New Taiwan Dollars)	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of financial assets at fair value through profit or loss	(2,763)	-
Acquisition of property, plant and equipment	(191,902)	(416,137)
Increase in refundable deposits	(349,640)	680,644
Increase for intangible assets	(4,664)	(374)
Acquisition of use-of-right assets	-	(1,147)
Decrease (Increase) in other financial assets	315,934	(848,679)
Decrease (Increase) in other non-current assets	73,855	(74,847)
Net cash flows from investing activities	<u>(159,180)</u>	<u>(660,540)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in short-term loans	(2,581,527)	(873,748)
Increase (decrease) in short-term notes and bills payable	1,370,400	(112,100)
(Repayments) proceeds from issuing bonds	(68,841)	140,000
Proceeds (repayments) from long-term debt	4,671,692	(271,553)
Increase(decrease) in guarantee deposits received	(68,625)	12,654
Increase in other payables to related parties	249,131	214,381
Payments of lease liabilities	(5,736)	(3,945)
Payments to acquire treasury shares	-	(40,400)
Net cash flows from financing activities	<u>3,566,494</u>	<u>(934,711)</u>
	<u>(272,591)</u>	<u>(241,527)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>185,614</u>	<u>214,239</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>906,168</u>	<u>691,929</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>\$ 1,091,782</u>	<u>\$ 906,168</u>

(Please refer to the NOTES TO CONSOLIDATED FINANCIAL STATEMENTS)

Chairman: Lai Cheng I

Manager: Lai Cheng I

Accounting Supervisor:Liao Pei Chi

SHINING BUILDING BUSINESS CO. LTD., AND SUBSIDIARIES
Notes to Consolidated Financial Statements
for the Years Ended December 31, 2021, and 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Shining building business Co. Ltd. (hereinafter referred to as the Company) was incorporated on May 29, 1990, with the approval of the Ministry of Economic Affairs. Its registered address is No.408, sec.2, Taiwan Blvd., West Dist., Taichung City, Taiwan, R.O.C. . It is mainly engaged in the business of entrusting construction firms to build commercial buildings, rent, and sell public housings. Please refer to Note 4 (3) B for the description.

The Company was public issued on November 27, 1996, with the approval of the Securities and Futures Bureau, Financial Supervisory Commission, R.O.C. . On 19 June 2001, it was approved to be listed on the OTC. On 31 January 2005, shares of the Company have been listed on the TWSE.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and published by the Company's board of directors on March 30, 2022.

3. APPLICATION OF NEW, AMENDED, AND REVISED STANDARDS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”):

New standards, interpretations, and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations, and Amendments	New Standards, Interpretations, and Amendments
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	June 25, 2020, (Effective immediately upon promulgation)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendments to IFRS 16, ‘Covid-19-related Rent concessions beyond June 30, 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

The above standards and interpretations have no significant impact on the Company's financial condition and financial performance based on the Group's assessment.

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

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

<u>New Standards, Interpretations, and Amendments</u>	<u>New Standards, Interpretations, and Amendments (Note 1)</u>
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022 (Note 2)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 3)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 4)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above new standards, interpretations, amendments, and explanations of IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2 : Group should apply these amendments retrospectively. However, the amendments are applicable to property, plant, and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 3 : The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 4 : The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 5 : The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

A. Amendment to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendment stipulates that the sales price of the project produced in order to make property, plant, and equipment reach the necessary location and state that can meet the expected operation mode of the management is not suitable as a cost reduction of the asset. The

aforementioned items should be measured in accordance with IAS 2 "Inventory", and the sales price and cost should be recognized in profit and loss in accordance with the applicable standards. In addition, the amendment clarifies that the cost of testing the proper functioning of an asset refers to the expenditure of assessing whether the technical and physical properties of the asset are sufficient to enable it to be used for the production or provision of goods or services, leased to others or for management purposes.

The amendment is applicable to factories, property, and equipment that reach the necessary locations and conditions for the management's expected operation mode after January 1, 2021 (the beginning of the earliest expression period). When the Group initially applies the amendments, it will recognize the cumulative effect of the amendments applied initially as an adjustment to the opening balance of the retained earnings (or other components of equity, as appropriate) at the beginning of the earliest expression period, and re-edit the information during the comparison period.

B. Amendment to IAS 37 "Onerous Contract - Cost of Fulfilling a Contract"

The amendment stipulates that when assessing whether the contract is onerous, "Cost of Fulfilling a Contract" should include the incremental cost of fulfilling a contract (for example, direct labor and raw materials) and the allocation of other costs directly related to fulfilling a contract (for example, the depreciation expenses of property, plant and equipment items used in fulfilling a contract are allocated).

C. Amendment to IFRS 3 "Reference to the Conceptual Framework"

The amendment is to update the index of the conceptual framework and add the requirement that the acquirer shall apply IFRIC 21 "Levies" to determine whether there is an obligation to pay levies on the acquisition date.

D. Annual Improvements to IFRS Standards 2018-2020

The annual improvement in the IFRS 2018-2020 includes amendments to certain standards. Among them, the amendment of IFRS 9 "Expenses included in the "10%" test for the purpose of derecognizing financial liabilities" is to assess whether there is a significant difference between the swap of financial liabilities or the modification of terms. When comparing cash flow projections of the new and old contract terms (including the net amount of fees charged for signing a new contract or modifying the contract), whether there is a 10% difference, the aforesaid fees collected should only include the payment between the borrower and the lender paid for.

The above standards and interpretations have no significant impact on the Group's financial condition and financial performance based on the Group's assessment.

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

New standards, interpretations, and amendments issued by IASB but not yet included in the

IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations, and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17, “Initial application of IFRS 17 and IFRS 9 - comparative information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12, “Deferred tax related to assets and liabilities arising from a single transaction”	January 1, 2023

The Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs.

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
 - a. Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - b. Other financial assets at fair value through profit or loss.
 - c. Liabilities of the cash delivery share-based payment agreement at fair value.
 - d. Defined benefit liabilities are recognized based on the net amount of pension fund assets less the present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- a. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- b. Inter-company transactions, balances, and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- c. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- d. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- e. When the Group loses control of a subsidiary, the Group re-measures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost of initial recognition of the associate or joint venture. Any difference between fair value and the carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. The consolidated entities were as follows:

Investee	Subsidiary	Main Businesses	Percentage of Ownership		Description
			December 31, 2021	December 31, 2020	
The Company	Taiyu Construction Co., Ltd	Construction of buildings and civil engineering	86.67%	86.67%	
The Company	Headway Investment Ltd. (Headway)	Investment	66.67%	66.67%	Note 1
The Company	Baihuang Investment Co., Ltd	Investment	100.00%	100.00%	
The Company	Dinglin International Enterprise Co., Ltd	Residential and building development lease and sale business	51.00%	51.00%	
The Company	168 Investment Ltd. (168)	Investment	95.42%	95.42%	Note 9
The Company	Quantum Investment Ltd. (Quantum)	Investment	84.65%	-	Note 2
The Company	Billion Capital Holding Co., Ltd. (Billion)	Investment	-	84.65%	Note 2
The Company	Diamond Overseas Co., Ltd. (Diamond)	Investment	100.00%	100.00%	Note 3
The Company	Fast Growth Limited (Fast)	Investment	100.00%	100.00%	Note 4,8,9
Taiyu Construction Co., Ltd	Worldwide Overseas Corp. (Worldwide)	Engineering Consultant	100.00%	100.00%	
Baihuang Investment Co., Ltd	Dinglin International Enterprise Co., Ltd	Residential and building development lease and sale business	49.00%	49.00%	
Headway	Gold Square Investment Ltd. (Gold Square)	Investment	100.00%	100.00%	
Headway	Qingdao Xiangdu Investment Co., Ltd. (Qingdao)	Investment	100.00%	100.00%	
168	Nanjing Dingzheng Real Estate Co., Ltd (Nanjing)	Operation and construction of hotels and real estate development	100.00%	100.00%	
Quantum	Billion Capital Holding Co., Ltd. (Billion)	Investment	100.00%	-	Note 2
Billion	Chengdu Chunya Business Management Co., Ltd	Business management service	100.00%	-	Note 5
Billion	Chengdu Dingkang Real Estate Co., Ltd (Chengdu)	Operation and construction of hotels and real estate development	-	100.00%	Note 5
Fast	Century Up Ltd. (Fast)	Investment	77.28%	77.28%	
Nanjing Dingzheng Real Estate Co., Ltd	Nanjing Dingzheng Hotel Co., Ltd (Nanjing)	Hotel operation and management	100.00%	100.00%	
Chengdu Chunya Co., Ltd	Chengdu Dingkang Real Estate Co., Ltd (Chengdu)	Real estate development	100.00%	-	Note 5,6
Century Up Ltd.	Qingdao Dinglin International Business Management Co., Ltd (Qingdao)	Hotel operation and management	77.94%	79.94%	

Qingdao Dinglin International Business Management Co., Ltd	Qingdao Dinglin Hotel Co., Ltd (Qingdao)	Hotel operation and management	100.00%	100.00%	
Qingdao Dinglin International Business Management Co., Ltd	Hubei Guangjiang Real Estate Co., Ltd (Hubei)	Real estate development	-	-	Note 7
Qingdao Dinglin International Business Management Co., Ltd	Guangjiang (Hubei) Hotel Co., Ltd (Guangjiang)	Hotel operation and management	-	-	Note 7

Note 1: On April 12, 2021, Headway reduced its capital by US\$ 536 thousand, and its shareholding ratio is still 66.67%.

Note 2: On April 1, 2021, the Company invested and established Quantum with the shares of Cillion held by the Company, and the Company holds 84.65% of the equity.

Note 3: In March 2021, Diamond reduced its capital by US\$ 129 thousand, and its shareholding ratio is still 100%.

Note 4: Fast increased its capital by USD 7,699 thousand, 4,288 thousand, 2,315 thousand, and 3,132 thousand respectively on March 31, June 30, September 30, and December 31, 2021, and its shareholding ratio is still 100%.

Note 5: On April 1, 2021, Billion invested and established Chengdu Chunya Co., Ltd. with the shares of Chengdu Dingkang Real Estate held by it. Billion holds 100% of the equity.

Note 6: On September 21, 2021, the Group's subsidiary, Chengdu Chunya Co., Ltd., signed an equity financing contract with Jiaxing Yuerong business management partnership (limited partnership) and its related enterprises. Although the direct and indirect shareholding of Chengdu Dingkang real estate Co., Ltd. is less than 50%, in essence, the Group can still lead the operation activities of Chengdu Dingkang real estate Co., Ltd., has the right to participate in the variable remuneration and have the ability to affect it. Therefore, it is proposed to continue to include Chengdu Dingkang real estate Co., Ltd. in the consolidated financial statements in accordance with the judgment guidance of IFRS 10 and the special factors of the instruction described in IFRS 10: B18, B19, and B20.

Note 7: Hubei Guangjiang Real Estate Co., Ltd. and Guangjiang Hubei Hotel Co., Ltd. are still under preparation.

Note 8: On March 14, 2022, the board of directors' resolution of the subsidiary Fast to reduce the capital. The record date of capital reduction is March 15, 2022, and the amount of capital reduction is RMB 52,900 thousand.

Note 9: On March 28, 2022, the board of directors' resolution of the subsidiary Fast and 168 to issue a seasoned equity offering, and the amount was US\$ 4,723 thousand and US\$ 50 thousand respectively.

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

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

E. Material restrictions:

Cash and bank deposits of \$52,772 thousand are held in China and subject to local foreign exchange controls which restrict the export of funds outside China (except through normal dividends).

F. Contents of the parent company's securities held by subsidiaries: None.

G. Subsidiaries that have non-controlling interest that are material to the Group:

Name of subsidiary	Non-controlling interest			
	2021.12.31		2020.12.31	
	Shareholding ratio	Amount	Shareholding ratio	Amount
Century Up Ltd.	22.72%	\$ 119,952	22.72%	\$ 288,742

a. For information on the main operation locations and registration countries of the above-mentioned subsidiaries, please refer to Note 13 (2,3).

b. Summarized financial information:

i. Balance sheet:

	Fast and subsidiaries	
	2021.12.31	2020.12.31
Current assets	\$ 3,294,399	\$ 3,644,356
Non-current assets	6,782,556	6,856,754
Current liabilities	(4,588,348)	(4,866,993)
Non-current liabilities	(3,109,548)	(3,322,824)
Interest	\$ 2,379,059	\$ 2,311,293

ii. Statement of comprehensive income:

	Fast and subsidiaries	
	2021.12.31	2020.12.31
Revenue	\$ 514,290	\$ 863,783
Loss for the period	\$ (357,879)	\$ (106,485)
Other comprehensive loss(net after-tax)	-	-
Total comprehensive loss or profit for the period	\$ (357,879)	\$ (106,485)
Net profit attributable to non-controlling interest	\$ (165,504)	\$ (60,983)
Comprehensive loss or profit attributable to non-controlling interest	\$ (165,504)	\$ (60,983)
Dividends paid to non-controlling interest	\$ -	\$ -

iii. Statements of cash flows:

	Fast and subsidiaries	
	2021.12.31	2020.12.31
Net cash provided by operating activities	\$ 283,285	\$ 138,183
Net cash used in investing activities	(515,988)	231,623
Net cash provided by financing activities	241,967	(160,668)
The impact of exchange rate changes on cash and cash equivalents	<u>(4,896)</u>	<u>(341,297)</u>
Net increase (decrease) in cash and cash equivalents	4,368	(132,159)
Cash and cash equivalents at beginning of the period	<u>13,536</u>	<u>145,695</u>
Cash and cash equivalents at end of the period	<u>\$ 17,904</u>	<u>\$ 13,536</u>

(4) Foreign currency translation

- A. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Company's presentation currency.
- B. In preparing the parent company only financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are recognized at the rates of exchange prevailing at the dates of the transactions and are not retranslated.
- C. For the purposes of presenting consolidated financial statements, the assets and liabilities of the foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

(5) Classification of Current and Noncurrent Assets and Liabilities

A. Assets that meet one of the following criteria are classified as current assets:

- a. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- b. Assets held mainly for trading purposes;
- c. Assets that are expected to be realized within twelve months from the balance sheet date;
- d. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Otherwise, they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- a. Liabilities that are expected to be settled within the normal operating cycle;
- b. Liabilities arising mainly from trading activities;
- c. Liabilities that are to be settled within twelve months from the balance sheet date, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial reports are authorized for issue.
- d. Liabilities for which the repayment date cannot be extended unconditionally to over twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification;

Otherwise, they are classified as non-current liabilities.

(6) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. (Including time deposits with original maturities of less than 3 months)

(7) Financial Instruments

Financial assets and liabilities shall be recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to

the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

A. Measurement categories

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets of the Group are classified as financial assets at FVTPL, financial assets not measured at amortized cost, debt instrument investment at FVTOCI, and equity instrument investment at FVTOCI.

(A) Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

- a. Hybrid (combined) contracts; or
- b. They eliminate or significantly reduce a measurement or recognition inconsistency; or
- c. They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Financial assets at FVTPL are subsequently measured at fair value, and their dividends, interest income, and remeasured benefits or losses are recognized in other benefits and losses/dividends generated are recognized in other income, and interest income and remeasured benefits or losses are recognized in other benefits and losses. Fair value is determined in the manner described in Note 6(34).

(B) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- 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 assets give rise on a specified date to cash flow that is solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, which equals to gross carrying amount determined by

the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Except for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

- 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 shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

(C) Investments in debt instruments at FVTOCI

Investment debt instruments that meet the following conditions are classified as financial assets at FVTOCI:

- a. The financial asset is held within a business model whose objective is achieved via collecting contractual cash flows and selling financial assets; and
- b. The contractual terms of the financial assets give rise on a specified date to cash flow that is solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are measured at fair value. Among the changes in book amount, interest income calculated by effective interest method, foreign currency exchange profit or loss, impairment loss or reversal interest are recognized in profit or loss, and the remaining changes are recognized in other comprehensive profit or loss and reclassified as profit or loss at the time of investment disposal.

(D) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Group's right to receive the dividends is established unless the Group's right clearly represents a recovery of part of the cost of the investment.

B. Impairment of financial assets

- a. At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivable, and contract assets.
- b. At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivable, and contract assets.
- c. Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12- month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.
- d. The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

C. De-recognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- a. The contractual rights to receive the cash flows from the financial asset expire.
- b. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- c. The Group has not transferred substantially almost all risks and rewards; however, the Group has not retained control of the financial asset.

On de-recognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On de-recognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on de-recognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Equity instruments

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. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

(A) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except for the following:

- a. Financial liabilities at fair value through profit or loss are financial liabilities held for transactions, or financial liabilities initially recognized at fair value. Those classified into financial liabilities held for trading are derivatives acquired principally for the purpose of repurchasing in the near term or are derivatives other than those designated as hedged items under hedge accounting requirements. According to the Group, financial liabilities are measured at FVTPL upon initial recognition when such financial liabilities meet one of the following criteria:
 - (a) Hybrid (combined) contract; or
 - (b) Eliminating or significantly reducing inconsistency on measurement or recognition.
 - (c) Instruments that are managed on a fair value basis, and are assessed with their performance, in accordance with written risk management policy.
- b. Financial liabilities measured at FVTPL are financial liabilities recognized at fair value, with the relevant transaction costs recognized as profit or loss. Subsequently, the costs of such financial liabilities are measured at fair value, and any changes in fair value are recognized as profit or loss.
- c. For those designated as financial liabilities measured at FVTPL, the changes in fair value due to credit risk variations are recognized in other comprehensive income, without subsequently being reclassified as profit or loss. The remaining change in the fair value of such liabilities is recognized as profit or loss. However, if the aforementioned accounting treatment would incur or accelerate an accounting mismatch, the gains or losses of such liabilities are recognized as profit or loss in its entirety.

(B) De-recognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(8) Inventories

Including the land to be built, the land under construction, and the land for sale, the construction income/loss is recognized according to the completed contract method based on the acquisition cost. The inventory is measured according to the lower of cost and net realizable value. When comparing the cost with the net realizable value, the item by item method is adopted; The net realizable value refers to the balance of the estimated selling price under normal circumstances after deducting the estimated costs and related variable expenses to be invested until completion. The interest on land under construction shall be capitalized in accordance with IAS 23.

The perpetual inventory system is adopted for commodity inventory according to the lower of cost and net realizable value. The cost is calculated by the weighted average method.

(9) Property, plant, and equipment

- A. Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. The cost model is applied to other property, plant, and equipment, and these are depreciated using the straight-line method. The assets' residual values, useful lives, and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the asset's future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant, and equipment are as follows:

<u>Asset item</u>	<u>Useful life</u>
Buildings	3 to 55 years
Other equipment	3 to 10 years

- D. An item of property, plant, and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising from the disposal or retirement of an item of property, plant, and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(10) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains a lease.

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.

A. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use asset

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any re-measurement of the lease liabilities.

Except for the right-of-use assets that meet the definition of investment property, the right-of-use assets are presented as separate items in the consolidated balance sheet. For the recognition and measurement of the right-of-use assets that meet the definition of investment property, please refer to note 4 (11) of accounting policies for investment property.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If the lease transfers ownership of the underlying assets to the Company by the end of the lease terms or if the cost of right-of-use assets reflects that the Group will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments. Lease payments comprise fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If the change of the lease term, the evaluation of the option to purchase the underlying asset, the amount expected to be paid under the residual value guarantee, or the index or rate used to determine the lease payment results in the change of the future lease payment, the Group re-measures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the re-measurement is

recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the re-measurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

For sale and leaseback transactions, if the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale, the Group recognizes only the amount of any gain or loss which relates to the rights transferred to the buyer-lessor and adjusts the off-market terms to measure the sale proceeds at fair value. If the transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, it is accounted for as a financing transaction. The Group continues to recognize the transferred assets and recognize the financial liabilities equal to the transfer price.

B. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease. The lease payments (including any one-time past payment) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed

residual value accruing to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. The Group allocates the financing income to the lease term on a systematic and reasonable basis so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases. For a lease modification that is not accounted for as a separate lease, if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group accounts for the lease modification as a new lease and measures the carrying amount of the house underlying asset as the finance lease receivables immediately before the effective date of the lease modification. Other lease modifications are accounted for by adjusting the finance lease receivables in accordance with IFRS 9.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease negotiations with the lessee shall be treated as new leases on the effective date of the lease amendment.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(11) Investment Properties

Investment properties are properties held for earning rentals and/or for capital appreciation, including property under construction for these purposes. Investment properties also include land held for a currently undetermined future use.

Own investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

The investment properties acquired through lease are measured initially at cost, which includes the initial measured amount of the lease liability, any lease payment paid before the lease commencement date, the initial direct cost, and the estimated cost of restoring the underlying asset to the state required by the terms and conditions of the lease, minus any lease incentives received. The subsequent measurement of such investment properties is based on the amount of cost less accumulated depreciation and accumulated impairment losses, adjusted for remeasurement of the lease liability.

Depreciation is recognized using the straight-line method.

Investment properties under construction are stated at cost less impairment if any. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the construction is completed and the assets are ready for their intended use.

On de-recognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in the profit or loss of the year.

(12) Intangible Assets

Separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization is recognized using the straight-line method over the following estimated useful lives: software and system design costs – 2 to 5 years; cost of issuing corporate bonds - the economic life or contract period. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill and intangible assets with uncertain service life are not amortized and instead are tested for impairment annually.

An item of intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising from the disposal or retirement of an item of intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss of the year.

(13) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less the costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss is reversed within the scope of the amount of loss provided in prior years.

The recoverable amount of goodwill, intangible assets with uncertain life, and intangible assets not yet available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

(14) Provisions

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

(15) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefit that employees will receive on retirement for their services with the Group in the current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).
- ii. Re-measurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Employees' bonus and directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequent actual distributed amounts is accounted for as changes in estimates.

D. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result of either the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after the balance sheet date shall be discounted to their present value.

(16) Share capital & treasury stocks

A. Share capital

Common shares were classified as equity. The classification of preferred shares refers to the definition of substantial contractual agreement, financial liabilities, and equity instruments, and evaluates the specific rights attached to preferred shares. When the basic characteristics of financial liabilities were exhibited, they were classified as liabilities; otherwise, they would be equity. The net increase in costs directly attributable to the issuance of new shares or share warrants after deducting income tax is recorded as the deduction of share prices.

B. Treasury stocks

The Group withdrew the issued outstanding shares and recognized them as "treasury stocks" based on the consideration paid at the time of purchase (including directly attributable costs) as a deduction of equity. Where the price of the disposal of treasury stocks is higher than the carrying amount, the difference was listed as capital surplus-treasury stocks transactions. Where the disposal price is lower than the carrying amount, the difference is offset against the asset surplus generated by the exchange of the same type of treasury stocks. In case of a shortfall, the surplus is debited in the retained earnings. The carrying amount of treasury stocks are taken weighted average and calculated separately according to the reason for recovery.

When treasury stocks are canceled, the capital reserve is debited according to the proportion of equity - share certificates issuance premium and share capital. Where the carrying amount is higher than the face value and the total value of the stock issuance premium, the difference would be offset against the capital generated by the exchange of the same type of treasury stocks. In case of a shortfall, it would be offset against the retained earnings. Where the carrying amount is lower than the face value and the total of the stock issuance premium, the capital reserve generated by the same type of treasury stock exchanges would be credited.

(17) Income tax

- A. The income tax expenses comprise current and deferred income tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the income tax is recognized in other comprehensive income or directly in equity, respectively.
- B. The Group calculates the income tax payable for the current term exactly in accordance with the tax rates that had been enacted or substantially enacted in the countries for the income tax as of the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable relevant laws of income tax, and under the fact of situations, the income tax liabilities estimated shall be paid to the tax collection authority. The unappropriated earnings having been consolidated were charged for the income tax. The income tax expense of unappropriated earnings was recognized based on the actual allocation of the earnings as resolved in the shareholders' meeting in the year ensuing the year in which the

earnings were yielded.

- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the balance sheets. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss). Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and, probably, the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as of the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. The Group's tax incentives-oriented expenditures that comply with the purchase of equipment or technology, research and development expenditure, personnel training expenditure, and equity investment were accounted for with the use of income tax deduction accounting.

(18) Revenue recognition

The Group's revenue recognition principle from customer contracts is to recognize revenue based on the following steps:

- A. Identify the contract with the customer;
- B. Identify the performance obligations in the contract;
- C. Determine the transaction price;
- D. Allocate the transaction price to the performance obligations in the contracts; and
- E. Recognize revenue when the entity satisfies a performance obligation.

The Group identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

In an event where several contracts are signed with the same customer or relative parties of

the customer near the same time, and these contracts are (A) negotiated as a single commercial package, (B) consideration in one contract depends on the other contract, or (C) goods or services (or some of the goods or services) are a single performance obligation, the Group treats these contracts as a single contract.

Contracts of which the time interval between the transfer of goods or services and the consideration is less than one year shall not have its major financial components, such as transaction price, adjusted.

(A) Land development and real estate sales

The Group develops and sells residential real estate and often pre-sells real estate during or before construction. The Group recognizes revenue when the control over real estate is transferred. Due to contractual restrictions, the real estate usually has no other use for the Group. Therefore, the Group shall be subject to the date when the legal ownership of the real estate is transferred to the customer and the premises have been delivered. However, only one of them is completed before the reporting date, but the other one that has been completed in the subsequent period is also recognized as revenue.

However, after the legal ownership of the real estate is transferred to the customer, the Group has enforceable rights over the payment that has been performed so far. Therefore, the Group recognizes revenue when the legal ownership of real estate is transferred to customers.

Revenue is measured at the transaction price of the contract agreement. In most cases, consideration can be collected when the legal ownership of the real estate is transferred. In a few cases, the payment of accounts can be deferred according to the contract agreement. If significant financial components are included, the transaction price shall be adjusted to reflect the impact of significant financial components. In the case of pre-sale of real estate, the payment is usually collected in installments during the period from the signing of the contract to the transfer of the real estate to the customer. If the contract contains significant financial components, the transaction price shall be adjusted according to the project loan interest rate during the period to reflect the impact of the time value of the current. Amounts received in advance are recognized as contractual liabilities, and interest expenses and contractual liabilities are recognized when adjusting the impact of the time value of the current. The amount of accumulated contractual liabilities is transferred to revenue when the real estate is transferred to the customer.

(B) Engineering contract

The Group is engaged in the contracting business of residential real estate and commercial buildings. Since the assets are under the control of the customer at the time of construction, the revenue is gradually recognized over time based on the proportion of the project cost incurred so far in the estimated total contract cost. Contracts include fixed and variable considerations. The customer shall pay a fixed amount according to the agreed schedule. Some variable

consideration (such as fines and price adjustments based on overdue days) is estimated based on the expected value using the experience accumulated in the past. The Group recognizes revenue only to the extent that the accumulated revenue is highly likely not to be significantly reversed. If the amount of revenue recognized has not been paid, it is recognized as contract assets. When there is an unconditional right to the consideration, the contract assets shall be transferred to accounts receivable.

If it is impossible to reasonably measure the completion of the performance obligations of the engineering contract, the contract revenue is recognized only within the range of the expected recoverable cost.

When the Group expects that the inevitable cost of performing the obligations of an engineering contract exceeds the expected economic benefits from the contract, the liability provision for the loss contract shall be recognized.

If the situation changes, the estimates of revenue, cost, and degree of completion will be revised, and the resulting increase or decrease will be reflected in profit or loss during the period when the management is informed of the change.

(19) Borrowing costs

Borrowing costs directly attributable to an acquisition, construction, or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(20) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognized in profit or loss on a systematic basis during the period when the relevant costs intended to be compensated are recognized as expenses by the Group. If the government grants are used to compensate for expenses or losses incurred or to provide immediate financial support to the Group without future related costs, it is recognized in profit or loss during the period in which they can be collected. Government grants related to property, plant, and equipment are recognized as non-current liabilities and are recognized as current profits and losses on a straight-line method according to the estimated useful life of the relevant assets.

The difference between the amount of government loans at the rate lower than the current market interest received by the Group and the fair value of loans calculated at the current market

interest rate is recognized as government grants.

(21) Business combination

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed, and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Yuanta Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. The excess of the consideration transferred and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical judgments, accounting estimates, and assumptions in applying the accounting policies during the preparation of the consolidated financial statement consist of the following:

(1) Critical judgments in applying accounting policies

Revenue recognition

In accordance with IFRS 15, the Group determines whether it has obtained or has not obtained control of specific goods or services before transferring them to customers, and will be the principal or agent in the transaction. When the Group acts as an agent, revenue is recognized on a net basis.

The Group acts as a principal as that it meets one of the following situations:

- A. The Group gains control over the goods from the other party before transferring goods to customers.
- B. The Group controls the right of providing service by the other party in order to control the ability of the party to provide service to customers.
- C. The Group gains control over goods or services from the other party in order to combine with

other goods or services to provide specific goods or services to customers.

The indicators (not limited to) which assist in making a judgment on whether the Group controls the goods or services before transferring goods or services to customers:

- A. The Group has primary responsibilities for the goods or services it provides;
- B. The Group bears inventory risk before transferring the specific goods or services to a customer, or after transferring the control to the customer.
- C. The Group has the discretion to set prices.

(2) Critical accounting estimates and assumptions

A. Revenue Recognition

The income from sales is recognized when the transfer of goods or services is controlled by the customer and the performance obligations are met, and the estimated return, discount, and other similar discounts are deducted. The return and discount of such sales are estimated according to historical experience and other known reasons, and the Group regularly reviews the rationality of the estimates.

B. Estimated impairment of financial assets

The provision for impairment of trade receivables, debt instrument investment, and financial guarantee contract is based on assumptions about the risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

C. Process of fair value measurement and evaluation

When the assets and liabilities at fair value are with no active market, the Group determines whether to use outside appraisal and using proper evaluation techniques based on related regulations or its judgment. If the Level 1 input value is not available while evaluating, the Group refers to the analysis of the investee's financial position and operating outcome, recent trading price, quotes on the non-active market of the same equity instrument, quotes on the active market of a similar equity instrument and evaluation multiples of comparable companies. If the future input value is different from the expectation, the fair value might change. The Group updates input values quarterly according to the market status to monitor if the measurement of fair value is appropriate.

D. Impairment assessment of tangible and intangible assets

The Group assesses impairment based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets, and the future possible

income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes in economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

E. Reliability of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the reliability of deferred income tax assets involves critical accounting judgments and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax-exempt duration, available tax credits, tax planning, etc. Any variations in the global economic environment, industrial environment, laws, and regulations might cause material adjustments to deferred income tax assets.

F. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on the balance sheet date using judgments and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories, or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realizable value.

G. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Group must apply judgments and estimates to determine the actuarial assumptions on the balance sheet date, including discount rates and future salary growth rates. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

H. Tenant's increase in borrowing interest rate

The fair values at the time of the decision to increase the borrowing rate of the lessee used in the lease payment, the risk-free interest rate, and the same currency are used as the reference rate, and the estimated lessee's credit risk sticker and lease specific adjustments (such as asset-specific and secured factors) are taken into account.

I. Estimation of goodwill impairment

When deciding whether or not goodwill has experienced impairment, it is required to estimate the usable value amortized to the cash-generating unit of goodwill. In order to calculate the usable value, the management shall estimate the cash flows in the future expected from the cash-generating unit and decides the suitable discount rate to be adopted when calculating the current value. If the actual cash flows are below expectations, significant impairment loss may result.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

Item	2021.12.31 2021.12.31	2020.12.31 2020.12.31
Cash on hand and petty cash	\$ 8,500	\$ 8,863
Bank deposit	1,083,282	897,305
Total	\$ 1,091,782	\$ 906,168

A. The financial institutions dealing with the Group are creditworthy, and the Group's transactions with a number of financial institutions to diversify credit risk are unlikely to be expected to default.

B. The Group had no cash and cash equivalents pledged to others.

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

	2021.12.31	2020.12.31
Non-derivative financial assets		
Open-end fund	\$ 2,763	\$ -

A. The Group had no financial assets at fair value through profit or loss pledged to others.

B. Please refer to Note 6(34 and 35) for the credit risk management and evaluation method.

(3) Financial assets at fair value through other comprehensive profit or loss – noncurrent

	2021.12.31	2020.12.31
Equity instrument		
Domestic unlisted stock	\$ 750	\$ 750
Valuation adjustment	(741)	(741)
Total	\$ 9	\$ 9

A. The Group invests in the common stock of Laru Network Technology Co., Ltd. for medium and long-term strategic purposes, and expects to make profits through long-term investment. The management of the Group believes that if the short-term fair value fluctuation of such investment is included in the profit and loss, it is inconsistent with the long-term investment planning mentioned above, so they choose to designate such investment as measured by fair value through other comprehensive profit and loss.

B. The Group has no financial assets at fair value through other comprehensive income in its possession provided as collateral or pledged.

C. Please refer to Note 6(34 and 35) for the credit risk management and evaluation method.

(4) Notes receivable, net

Item	2021.12.31	2020.12.31
Notes receivable	\$ 29,378	\$ 4,431
Less: Loss allowance	-	-
Net	\$ 29,378	\$ 4,431

The Group had no notes receivable pledged to others.

(5) Accounts receivable, net

Item	2021.12.31	2021.12.31	2020.12.31	2020.12.31
Accounts receivable	\$ 113,474	\$ 516,727		
Less: Loss allowance	(33,361)	(40,636)		
Net	\$ 80,113	\$ 476,091		

- A. The average credit period of the Group's accounts receivable is 30 to 45 days, which is the credit standard set according to the industrial characteristics, operation scale, and profitability of the counterparty.
- B. The Group had no account receivable pledged to others.
- C. The Group applies the simplified approach to provisions for expected credit losses, which permits the use of a lifetime expected credit losses provision for trade receivables. The expected credit loss on trade receivables is to examine the debtor's past default experience and current financial and industrial conditions, as well as the overall economic and industrial outlook to adjust the loss rate established by historical and current information.

As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on the past due status is not further distinguished according to the different segments of the Group's customer base. Therefore, the provision matrix does not further distinguish the customer segment and only sets the expected credit loss rate based on the overdue days of accounts receivable. The following table details the loss allowance of trade receivables based on the Group's provision matrix.

Aging range	2021.12.31				
	Weighted mean expected credit loss rate	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost	
Not overdue	-	\$ 33,787	\$ -	\$ 33,787	
1-30 days overdue	-	5,842	-	5,842	
31-180 days overdue	-	19,285	-	19,285	
181-365 days overdue	15.91%	3,243	(516)	2,727	
More than 365 days overdue	40.70%	80,695	(32,845)	47,850	
		\$ 142,852	\$ (33,361)	\$ 109,491	

2020.12.31

Aging range	Weighted mean expected credit loss rate	Gross carrying amount	Loss allowance (lifetime ECLs)	Amortized cost
Not overdue	-	\$ 238,873	\$ -	\$ 238,873
1-30 days overdue	-	199,563	-	199,563
31-180 days overdue	1.94%	27,480	(533)	26,947
181-365 days overdue	15.35%	2,502	(384)	2,118
More than 365 days overdue	75.31%	52,740	(39,719)	13,021
		\$ 521,158	\$ (40,636)	\$ 480,522

D. Changes in loss allowance of accounts receivable:

	2021	2020
Beginning balance	\$ 40,636	\$ 33,510
Add: Provision for impairment(reversal) loss	(7,138)	6,866
Foreign currency translation difference	(137)	260
Balance at December 31	\$ 33,361	\$ 40,636

The Group does not hold any collateral or other credit enhancement guarantee for these accounts receivable.

(6) Other receivables

Item	2021.12.31	2020.12.31
Income receivable	\$ 52,003	\$ -
Other receivables – lending funds	237,521	240,735
Other receivables - others	62,926	118,920
Less: Loss allowance	-	-
	\$ 352,450	\$ 359,655

Changes in loss allowance of other accounts receivable:

	2021	2020
Beginning balance	\$ -	\$ -
Add: provision for impairment loss	28,341	6,526
Less: write off due to irrecoverability	(28,195)	(6,679)
Foreign currency translation difference	(146)	153
Balance at December 31	\$ -	\$ -

(7) Inventories and sales costs

Item	2021.12.31	2020.12.31
Buildings and lands held for sale	\$ 3,365,772	\$ 4,557,327
Construction land	857,321	125,333
Construction in progress	918,444	996,499
Other expenses under construction	9,830,820	8,957,900
Prepayment for land purchases	61,525	163,937
Merchandise inventory	16,676	81,922
Total	\$ 15,050,558	\$ 14,882,918

A. Inventory:

(A) Buildings and lands held for sale

Name	2021.12.31	2020.12.31
G21 Headquarters	\$ 2,198,173	\$ 2,868,250
One Except You	749,006	801,930
Living With Nature	187,557	670,456
Forever Young	168,082	210,657
True Life	62,954	-
Lalu Style Aesthetics	-	6,034
Total	\$ 3,365,772	\$ 4,557,327

(B) Land held for sale

Item	2021.12.31	2020.12.31
Yuanlin City, Zhanghua county	\$ 516,280	
Central section, Wanhua District, Taipei	289,433	74,250
Dehui section A, Zhongshan District, Taipei	32,755	32,755
Dehui section B, Zhongshan District, Taipei	18,853	18,328
Total	\$ 857,321	\$ 125,333

(C) Construction in progress

Name	Estimated completion date	2021.12.31	2020.12.31
Lalu Yuan Ding	2024	\$ 71,029	-
Remain Your Heart	2023	461,041	107,012
True Life	2021	-	501,744
Other repair industry		-	1,725
Bulk transfer		386,374	386,018
Total		\$ 918,444	\$ 996,499

(D) Other expenses under construction

Item	2021.12.31	2020.12.31
Nanjing engineering case	\$ 2,427,310	\$ 4,532,923
Qingdao Engineering Case	196,413	286,338
Chengdu project	7,111,443	4,045,827
Prepaid real estate	95,654	92,812
	\$ 9,830,820	\$ 8,957,900

It refers to the construction cost of hotels, shopping malls, offices, hotel apartments, and real estate development in Nanjing, Qingdao, and Chengdu by the Group, and the decoration cost of the related constructions.

(E) Prepayment for land purchases

Item	2021.12.31	2020.12.31
Nong31m street, Zhongshan District, Taipei	\$ 37,159	\$ 36,859
Da6,8 Longquan Section, Taipei	24,366	24,366
Yuanlin Huinong Section, Changhua	-	102,712
	<u>\$ 61,525</u>	<u>\$ 163,937</u>

B. The profits (losses) related to inventories recognized as cost of sales in the current period are as follows:

Item	2021	2020
Inventory cost of houses and lands sold	\$ 2,100,001	\$ 4,163,855
Hotel cost	120,200	40,141
Lease cost	276,555	51,480
Engineering cost	16,931	-
Other	603	-
Total operating costs	<u>\$ 2,514,290</u>	<u>\$ 4,255,476</u>

C. For the capitalized amount of interest on inventories in 2021 and 2020, please refer to Note 6(29) for details.

D. Please refer to Note 8 for details of the Group's guaranteed borrowings for inventories.

(8) Property, plant, and equipment

Item	2021.12.31	2020.12.31
Land	\$ 319,503	\$ 319,503
Buildings	7,752,437	9,036,178
Miscellaneous equipment	1,647,925	227,021
Unfinished construction	<u>3,059,969</u>	-
Total cost	12,779,834	9,582,702
Less: Accumulated depreciation	(1,990,400)	(1,566,029)
Accumulated impairment	(20,907)	(20,907)
Total	<u>\$ 10,768,527</u>	<u>\$ 7,995,766</u>

	Land	Buildings	Miscellaneous equipment	unfinished construction	Total
Cost					
2021.1.1 balance	\$ 319,503	\$ 9,036,178	\$ 227,021	-	\$ 9,582,702
Additions	-	187,345	4,557	-	191,902
Disposals	-	(38,529)	(13,124)	-	(51,653)
Reclassification	-	(1,319,092)	1,431,901	3,059,969	3,172,778
Effect of foreign exchange differences	-	(113,465)	(2,430)	-	(115,895)
2021.12.31 balance	<u>\$ 319,503</u>	<u>\$ 7,752,437</u>	<u>\$ 1,647,925</u>	<u>\$ 3,059,969</u>	<u>\$ 12,779,834</u>

Accumulated depreciation and impairment

	Land	Buildings	Miscellaneous equipment	unfinished construction	Total
Cost					
2021.1.1 balance	\$ 19,570	\$ 1,469,181	\$ 98,185	-	\$ 1,586,936
Depreciation expense	-	282,584	183,087	-	465,671
Disposals	-	(7,152)	(12,234)	-	(19,386)
Reclassification	-	(280,604)	280,604	-	-
Effect of foreign exchange differences	-	(20,229)	(1,685)	-	(21,914)
2021.12.31 balance	<u>\$ 19,570</u>	<u>\$ 1,443,780</u>	<u>\$ 547,957</u>	<u>-</u>	<u>\$ 2,011,307</u>

	Land	Buildings	Miscellaneous equipment	unfinished construction	Total
Cost					
2020.1.1 balance	\$ 319,503	\$ 8,490,248	\$ 210,176	\$ 9,019,927	
Additions	-	411,337	4,800	416,137	
Disposals	-	-	(28)	(28)	
Reclassification	-	-	(9)	(9)	
Effect of foreign exchange differences	-	134,593	12,082	146,675	
2020.12.31 balance	<u>\$ 319,503</u>	<u>\$ 9,036,178</u>	<u>\$ 227,021</u>	<u>\$ 9,582,702</u>	

Accumulated depreciation and impairment

	Land	Buildings	Miscellaneous equipment	unfinished construction	Total
Cost					
2020.1.1 balance	\$ 19,570	\$ 1,055,399	\$ 69,060	\$ 1,144,029	
Depreciation expense	-	387,922	30,141	418,063	
Disposals	-	-	(7)	(7)	
Reclassification	-	-	(1)	(1)	
Effect of foreign exchange differences	-	25,860	(1,008)	24,852	
2020.12.31 balance	<u>\$ 19,570</u>	<u>\$ 1,469,181</u>	<u>\$ 98,185</u>	<u>\$ 1,586,936</u>	

A. No interest capitalization of the Group's property, plant, and equipment.

B. Please refer to Note 8 for details of the collateral provided to financial institutions.

(9) Lease agreement

A. Right-of-use assets

Item	2021.12.31	2020.12.31		
Land	\$ 1,354,683	\$ 1,334,839		
Buildings	Land	Buildings	Transport equipment	Total
Transport equipment		5,650	8,536	
Total cost		1,377,246	1,360,288	
Less: Accumulated depreciation		(226,274)	(129,813)	
Net	\$ 1,150,972	\$ 1,230,475		
Accumulated depreciation	Land	Buildings	Transport equipment	Total
2021.1.1 balance	\$ 1,334,839	\$ 16,913	\$ 8,536	1,360,288
Decrease	-	-	(2,823)	(2,823)
Effect of foreign exchange differences	19,844	-	(63)	19,781
2021.12.31 balance	\$ 1,354,683	\$ 16,913	\$ 5,650	1,377,246
Cost	Land	Buildings	Transport equipment	Total
2021.1.1 balance	\$ 117,565	\$ 6,766	\$ 5,482	129,813
Depreciation expense	57,862	3,382	2,324	63,568
Disposals	-	-	(2,823)	(2,823)
Effect of foreign exchange differences	35,757	-	(41)	35,716
2021.12.31 balance	\$ 211,184	\$ 10,148	\$ 4,942	226,274
Cost	Land	Buildings	Transport equipment	Total
2020.1.1 balance	\$ 1,312,003	\$ 16,913	\$ 6,356	1,335,272
Additions	-	-	1,147	1,147
Effect of foreign exchange differences	22,836	-	1,033	23,869
2020.12.31 balance	\$ 1,334,839	\$ 16,913	\$ 8,536	1,360,288

Accumulated depreciation					
2020.1.1 balance	\$ 57,376	\$ 3,383	\$ 2,639	\$ 63,398	
Depreciation expense	57,000	3,383	2,421	62,804	
Effect of foreign exchange differences	3,189	-	422	3,611	
2020.12.31 balance	\$ 117,565	\$ 6,766	\$ 5,482	\$ 129,813	

The Group's right-to-use assets were not significantly sublet in 2021 and 2020.

B. Lease liabilities

Item	2021.12.31	2020.12.31
Carrying amount of lease liabilities		
current	\$ 3,873	\$ 4,830
noncurrent	\$ 3,967	\$ 8,777

Ranges of discount rates for lease liabilities were as follows:

	2021.12.31	2020.12.31
Buildings	2.80%	2.80%~3.00%
Miscellaneous equipment	2.80%~9.00%	2.80%~9.00%

Please refer to Note 6 (35) for lease liabilities with repayment periods.

C. Other lease information

The current lease relevant expense information was as follows:

	2021	2020
Short-term lease expense	\$ 14,819	\$ 22,672
Low-value asset lease expense	\$ 866	\$ 493
Total cash outflow for leases (Note)	\$ (21,421)	\$ (27,110)

(Note): Including principle paid for current lease liabilities.

(10) Investment properties

Item	2021.12.31	2020.12.31
Land	\$ 334,755	\$ 10,786
Buildings	361,964	4,979
Total cost	696,719	15,765
Less: Accumulated depreciation	(7,065)	(2,435)
Accumulated impairment	(5,085)	(5,085)
Total	\$ 684,569	\$ 8,245

	Land	Buildings	Total
<u>Cost</u>			
2021.1.1 balance	\$ 10,786	\$ 4,979	15,765
Reclassification	323,969	356,985	680,954
2020.12.31 balance	<u>\$ 334,755</u>	<u>\$ 361,964</u>	<u>696,719</u>

Accumulated depreciation and impairment

2021.1.1 balance	\$ 3,761	\$ 3,759	7,520
Depreciation expense	-	4,630	4,630
2020.12.31 balance	<u>\$ 3,761</u>	<u>\$ 8,389</u>	<u>12,150</u>

	Land	Buildings	Total
<u>Cost</u>			
2020.12.31 balance (begging balance)	<u>\$ 10,786</u>	<u>\$ 4,979</u>	<u>15,765</u>

Accumulated depreciation and impairment

2020.1.1 balance	\$ 3,761	\$ 3,676	7,437
Depreciation expense	-	83	83
2020.12.31 balance	<u>\$ 3,761</u>	<u>\$ 3,759</u>	<u>7,520</u>

A. Rent income and direct operating expense of investment properties:

	2021	2020
Rental income of investment properties	<u>\$ 17,587</u>	<u>\$ 1,206</u>
Direct operating expense incurred for the investment properties with current rental income	<u>\$ 4,677</u>	<u>\$ 83</u>
Direct operating expense incurred for the investment properties without current rental income	<u>\$ -</u>	<u>\$ -</u>

B. The fair values of the investment properties held by the Company on December 31, 2021, and 2020 are \$2,257,276 thousand and \$14,572 thousand respectively, which are based on the transaction prices of the neighboring regions.

C. Details of investment properties pledged to others by the Group are shown in note 8.

(11) Short-term loans

Item	2021.12.31	2020.12.31
Collateralized borrowing	<u>\$ 885,781</u>	<u>\$ 3,467,308</u>
Interest rate (%)	<u>1.50%~5.20%</u>	<u>1.78%~4.95%</u>

Please refer to note 8 for details of the transactions between the Group and related parties and the provision of assets as security for short-term loans.

(12) Short-term bills payable

Guarantee Institution	2021.12.31	2020.12.31
Mega Bills Finance Co., Ltd.	\$ 80,000	\$ 80,000
China Bills Finance Corporation	81,400	94,400
International Bills Finance Corporation	2,100,000	604,500
Subtotal	2,261,400	778,900
Less: Discount on commercial papers issued	(3,274)	(1,441)
Net	\$ 2,258,126	\$ 777,459
Interest rate (%)	0.58%~2.89%	0.01%~2.00%

Please refer to note 8 for short-term bills payable and details of assets provided by the Group as a loan guarantee. (13) Other payables

Item	2021.12.31	2020.12.31
Salaries, bonuses and remuneration payable	\$ 48,875	\$ 8,522
Interest payable	43,539	54,292
Other expenses payable	365,352	474,065
Total	\$ 457,766	\$ 536,879

(14) Corporate bonds payable

Item	2021.12.31	2020.12.31
Corporate bonds payable - Secured	\$ 1,531,159	\$ 1,600,000
Less: Long-term liabilities due within one year or one operating cycle	(347,500)	-
Total	\$ 1,183,659	\$ 1,600,000

A. The information on the issuance of secured ordinary corporate bonds by the Group is as follows:

Item	The first domestic secured ordinary corporate bond in 2020
1.Issue amount	The total amount of bonds issued by the Company is NT\$ 1.3 billion, which is divided into A and B bonds according to different issuance conditions. The A bond issuance amount is NT\$ 950 million, and the B bond issuance amount is NT\$ 350 million.
2.Par value	NT\$ 1 million.
3.Issue price	At par on the issue date.
4.Maturity period	The issuance period of each bond is three years, from November 23, 2020, to November 23, 2023.
5.Coupon rate	The coupon rate of each bond is a fixed annual interest rate of 0.85%.
6.Repayment method	The A bonds expire on the 24th, 27th, 30th, 33rd, and 36th months from the date of issuance shall be repaid for 5%, 5%, 7.5%, 7.5%, and 75% of principal respectively. The principal of the B bonds shall be repaid once upon maturity for three years from the date of issue.

Item	The first domestic secured ordinary corporate bond in 2020
7. Interest method	From the date of issue, the A bonds shall bear the interest at the coupon rate, and the simple interest shall be calculated and paid once in the first and second years. Interest shall be calculated and paid every three months from the 24th month (excluding). The calculation method of principal and interest is based on the coupon rate and the par value of the bonds held, and according to the actual holding days, the simple interest is calculated and the interest is paid once. Each NT\$ 1 million bond pays interest up to NT\$ 1, rounded up to the nearest NT\$. If the date of repayment of the principal and interest of the corporate bonds falls on the day when the banking industry of the place of payment ceases business, the principal and interest shall be paid on the business day following the day of suspension of business, and no interest will be calculated for the postponement days. If the principal and interest are received after the principal and interest payment date, no additional deferred interest will be calculated and paid.
8. Redemption right	The Company may exercise the redemption right of the corporate bonds from the date three months after the issuance of the corporate bonds. Each redemption amount shall be calculated as a multiple of NT \$1 million, and the creditor shall not refuse. The company may announce the exercise of the redemption right at a selected time by 7 business days before the redemption date, and notify the creditors of the corporate bonds in other appropriate ways to redeem the corporate bonds according to the par value of the bonds plus the interest payable during the actual holding period.
9. Security method	All securities commissions are performed by EnTie Commercial Bank, Ltd. in accordance with the entrusted guarantee contract to perform the corporate bond security.

Item	The second domestic secured ordinary corporate bond in 2019
1. Issue amount	The total amount of bonds issued is NT\$ 0.3 billion.
2. Par value	NT\$ 1 million. °
3. Issue price	At par on issue date.
4. Maturity period	The issuance period of each bond is three years, from December 20, 2019, to December 20, 2022.
5. Coupon rate	The coupon rate of each bond is a fixed annual interest rate of 0.98%.
6. Repayment method	One repayment at maturity for three years from the date of issue.
7. Interest method	From the date of issue, the bonds shall bear interest at the coupon rate and shall be paid once a year with simple interest. Each NT\$ 1 million bond pays interest up to NT\$ 1, rounded up to the nearest NT\$. If the date of repayment of the principal and interest of the Company's corporate bonds falls on the day when the banking industry of the place of payment ceases

business, the principal and interest shall be paid on the business day following the day of suspension of business, and no interest will be calculated for the postponement days. If the principal and interest are received after the principal and interest payment date, no additional deferred interest will be calculated and paid.

8. Security method All securities commissions are performed by First Commercial Bank Ltd. in accordance with the entrusted security contract to perform the corporate bond security.

B. Please refer to Note 8 for details of the assets provided by the Group as security.

(15) Long-term loans and long-term liabilities due within one year

Item	2021.12.31	2020.12.31
Secured loan	\$ 10,004,856	\$ 8,935,084
Secured loans from non-financial institutions	3,418,550	-
Subtotal	13,423,406	8,935,084
Less: Due within one year	(216,804)	(2,828,447)
Total	\$ 13,206,602	\$ 6,106,637
Interest rate	1.50%~11.50%	0.85%~9.00%

Please refer to Note 8 for the details of the Group and the assets provided as loan guarantees.

(16) Long term deferred income

	2021.12.31	2020.12.31
Deferred income - government grants	\$ 251,649	\$ 271,483

The Group received a government grants of RMB 157,719 thousand in 2010 for hotel construction and real estate development and recognized in deferred income. The construction case was completed in 2019 and transferred to income when the sale of real estate and amortization within the useful life of hotel buildings.

(17) Retirement Benefit Plans

A. Defined contribution plan

(A) The Company and its domestic subsidiaries adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company and its domestic subsidiaries make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(B) Expenses under the defined contribution plan for the years ended December 31, 2021, and 2020 were \$7,428 thousand and \$6,668 thousand, respectively.

(C) The mainland subsidiary of the Company allocates endowment insurance benefits at a

certain rate of the total salary of local employees every month in accordance with the endowment insurance system stipulated by the government of the People's Republic of China. The pension of each employee is managed and arranged by the government. In addition to the monthly appropriation of the Company, the pension of former employees is paid by the relevant departments of the Chinese government. Expenses of the above-mentioned pension regulations for the years ended December 31, 2021, and 2020 were \$23,654 thousand and \$2,731 thousand, respectively.

B. Defined benefit plans

(A) The Company and its domestic subsidiaries have defined retirement benefits in accordance with the provisions of the Labor Standards Act. It is applicable to the service years of all regular employees before the implementation of the Labor Pension Act on July 1, 2005, and the subsequent service years of employees who choose to continue to apply the Labor Standards Act after the implementation of the Labor Pension Act. If an employee meets the retirement conditions, the payment of pension is calculated according to the length of service and the average salary of the six months before retirement. Two bases are given for each full year of service within 15 years (inclusive), and one base is given for each full year of service beyond 15 years, but the cumulative maximum is 45 bases. The Company and its domestic subsidiaries allocate 2% of the total salary to the retirement fund on a monthly basis and deposit it in the Bank of Taiwan in a special account in the name of the labor retirement reserve supervision committee. In addition, the Company and its domestic subsidiaries estimate the balance of the special account for labor retirement reserve referred to in the preceding paragraph before the end of each year. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company and its domestic subsidiaries shall fund the difference in one appropriation that should be made before the end of March of the next year.

(B) Expenses under the defined contribution plan of the Group for the years ended December 31, 2021, and 2020 were \$60 thousand and \$156 thousand, respectively.

C. The amount of obligations incurred by the Group due to the determination of the benefit plan is listed in the consolidated balance sheet as follows:

	2021.12.31	2020.12.31
Present value of defined benefit obligation	\$ 41,543	\$ 42,007
The fair value of plan assets	(18,520)	(19,053)
Net defined benefit liabilities	<u>\$ 23,023</u>	<u>\$ 22,954</u>

D. Movements in net defined benefit liabilities were as follows:

	2021		
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
2021.1.1 balance	\$ 42,007	\$ (19,053)	\$ 22,954
Service cost			-
Interest cost (income)	112	(52)	60
Recognized in profit or loss	112	(52)	60
Remeasurement:			
Return on plan assets (excluding amounts included in net interest)	-	(308)	(308)
Actuarial (gain) loss	39	-	39
Impact of demographic hypothesis change			
Changes in financial assumptions	(893)	-	(893)
Experience adjustments	1,691	-	1,691
Recognized in other comprehensive income	837	(308)	529
Contributions from the employer	-	(520)	(520)
Benefits paid	(1,413)	1,413	-
2021.12.31 balance	\$ 41,543	\$ (18,520)	\$ 23,023

	2020		
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
2020.1.1 balance	\$ 45,326	\$ (21,518)	\$ 23,808
Service cost			
Interest cost (income)	296	(140)	156
Recognized in profit or loss	296	(140)	156
Remeasurement:			
Return on plan assets (excluding amounts included in net interest)	-	(709)	(709)
Actuarial (gain) loss			
Changes in financial assumptions	1,177	-	1,177
Curtailment	(1,657)	-	(1,657)
Experience adjustments	725	-	725
Recognized in other comprehensive income	245	(709)	(464)

Contributions from the employer	-	(546)	(546)
Benefits paid	(3,860)	3,860	-
2020.12.31 balance	<u>\$ 42,007</u>	<u>\$ (19,053)</u>	<u>\$ 22,954</u>

E. Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

(A) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

(B) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

(C) Salary risk

The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

F. The actuarial summary of pensions is as follows: :

	2021	2020
Discount rate	<u>0.60%~0.70%</u>	<u>0.26%~0.30%</u>
Expected rate of salary increase	<u>2.00%</u>	<u>2.00%</u>
The average duration of the defined benefit obligation	5-7 years	6-8 years

(A) Future mortality rate was estimated based on the 4th Taiwan Standard Ordinary Experience Mortality Table.

(B) If the significant actuarial assumptions are reasonably likely to change, and all other assumptions remain unchanged, the amount that will increase (decrease) the present value of the defined benefit obligation is as follows:

	2021.12.31	2020.12.31
Discount rate		
Increase 0.25%	<u>\$ (517)</u>	<u>\$ (719)</u>
Decrease 0.25%	<u>\$ 633</u>	<u>\$ 739</u>

Future salary increases	
Increase 0.25%	\$ 623 \$ 725
Decrease 0.25%	\$ (610) \$ (709)

The sensitivity analysis previously presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

G. Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2022 amount to \$587 thousand

(18) Share capital

As of December 31, 2021, and 2020, the capital stock authorized of the Company is \$15,000,000 thousand, the paid-in capital is \$9,775,892 thousand, the par value of each issued ordinary share is \$10, and the number of issued shares is 977,589 thousand. Each share has one vote and the right to receive dividends.

Movements in the number of the Company's ordinary shares outstanding were as follows:

	2021	2020
Balance at January 1	977,589	982,474
Treasury Stock Retired	-	(4,885)
Balance at December 31	977,589	977,589

(19) Capital surplus

Item	2021.12.31	2020.12.31
Treasury share transactions	\$ 8,450 \$	8,450
Changes in equity of recognized subsidiaries	13,163	13,163
Other	141	141
Total	\$ 21,754 \$	21,754

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and donations can be used to offset deficit or may be distributed as stock dividends or in cash when the company has no accumulated losses. Under the regulations of the Security Exchange Act, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's paid-in capital. Capital surplus can't be used to offset the deficit unless the legal reserve is insufficient. The capital surplus

from long-term investments may not be used for any purpose.

(20) Retained earnings and dividend policy

A. Under the dividends policy as outlined in the Company's Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, and setting aside as a legal reserve 10% of the remaining profit, but when the legal reserve has reached the Company's paid-in capital, it must no longer be listed, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

Considering the balanced and stable dividend policy, the Company will appropriately adopt a stock dividend or cash dividend according to the investment capital demand and the dilution of earnings per share. The cash dividends shall not be less than 10% of the total shareholders' dividends. When the cash dividend per share is less than NT\$ 0.1, when the proportion of liabilities in the Company's financial statements is more than 50%, or when there is a major capital expenditure plan, the board of directors may reduce the percentage of cash dividend or issue stock dividend instead.

B. Legal reserve may be used to offset a deficit and be transferred to capital or distributed in cash. However, the legal reserve can be transferred to capital or distributed in cash only when the legal reserve has exceeded 25% of the Company's paid-in capital.

C. (A) While earning distribution, the earnings can be distributed after appropriation of the equivalent amount of the debit balance of the other equities of the balance sheet

(B) Under Rule No.1010012865 issued by the FSC on 6th April 2012 for the first-time adoption of IFRS, the special reserve can be reversed while the usage, disposal, and reclassification of related assets.

(D) On August 27, 2021, and June 24, 2020, the Company resolved at the shareholders' meeting not to distribute dividends in 2020 and 2019 respectively.

(E) On March 30, 2022, the board of directors of the Company proposed not to distribute surplus in 2021, and the relevant surplus distribution has yet to be decided at the shareholders' meeting held in June 2022.

(F) Information on the earnings appropriation proposed by the Board of Directors and approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(21) Other equity

Item	Exchange differences on translation of foreign operations	Unrealized valuation (loss) of financial assets measured at fair value through other comprehensive income	Total
2021.1.1 balance	\$ (796,107)	\$ (593)	\$ (796,700)
Exchange differences on translation of foreign operations	(175,261)	-	(175,261)
2021.12.31 balance	\$ (971,368)	\$ (593)	\$ (971,961)

Item	Exchange differences on translation of foreign operations	Unrealized valuation (loss) of financial assets measured at fair value through other comprehensive income	Total
2020.1.1 balance	\$ (688,935)	\$ (593)	\$ (689,528)
Exchange differences on translation of foreign operations	(107,172)	-	(107,172)
2020.12.31 balance	\$ (796,107)	\$ (593)	\$ (796,700)

(22) Treasury stock

A. Reason for share reacquisition and movements in the number of treasury shares are as follows:

Reason for reacquisition	2020			
	January 1	Additions	Disposals	December 31
To maintain the Company's credit and shareholders' rights and interests	-	4,885 thousand shares	4,885 thousand shares	-

B. The Company's board of directors resolved on March 18, 2020, to buy back shares from the centralized securities exchange market to maintain the Company's credit and shareholders' rights and interests. The buyback period is from March 19, 2020, to May 15, 2020. The Company bought back 4,885 thousand stocks in total, at a cost of NT\$40,400 thousand. On July 24, 2020, the board of directors decided to retire the total buy-back of 4,885 thousand shares. The capital reduction took effect on August 7, 2020, and the legal change registration procedure was completed on September 11, 2020.

C. Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury shares should not exceed 10% of the number of the Company's issued and outstanding shares, and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.

D. Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and are not entitled to dividends before it is reissued.

E. Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three years are to be retired. In order to maintain the Company's credit and shareholders' rights and interests, the shares bought back shall be registered to retire the shares within six months from the date of the repurchase.

(23) Non-controlling interest

Item	2021	2020
Beginning balance	\$ 960,617	\$ 1,031,311
Shares attributable to non-controlling interest		
Net profit (loss) of the year	(189,008)	(59,014)
Other comprehensive profit and loss of the year	228	(28)
Decrease of non-controlling interest	<u>(20,380)</u>	<u>(11,652)</u>
Ending balance	<u>\$ 751,457</u>	<u>\$ 960,617</u>

(24) Operating revenues

Item	2021	2020
Real estate income	\$ 2,790,396	\$ 5,427,875
Engineering income	6,273	-
Hotel income	333,185	252,636
Hotel Catering income	298,372	233,786
Lease income	17,587	1,260
Other	<u>28,043</u>	-
	<u>\$ 3,473,856</u>	<u>\$ 5,915,557</u>

A. Breakdown of customer contract income

	2021			
	Building Department	Construction Department	Other Department	Total
Major regional markets:				
Taiwan	\$ 2,259,115	\$ 6,273	\$ -	\$ 2,265,388
Mainland China	<u>551,111</u>	-	<u>657,357</u>	<u>1,208,468</u>
	<u>\$ 2,810,226</u>	<u>\$ 6,273</u>	<u>\$ 657,357</u>	<u>\$ 3,473,856</u>
Main products / service lines:				
Real estate sales	\$ 2,790,396	\$ -	\$ -	\$ 2,790,396
Engineering contract	-	6,273	-	6,273
Other	<u>19,830</u>	-	<u>657,357</u>	<u>677,187</u>
	<u>\$ 2,810,226</u>	<u>\$ 6,273</u>	<u>\$ 657,357</u>	<u>\$ 3,473,856</u>

Income recognition time:

Goods transferred at a certain time point	\$ 2,772,731	\$ -	\$ 307,294	\$ 3,080,025
Labor services gradually transferred over time	37,495	-	350,063	387,558
Engineering gradually transferred over time	-	6,273	-	6,273
	<u>\$ 2,810,226</u>	<u>\$ 6,273</u>	<u>\$ 657,357</u>	<u>\$ 3,473,856</u>

2020

	Building Department	Construction Department	Other Department	Total
Major regional markets:				
Taiwan	\$ 3,321,448	\$ -	\$ -	\$ 3,321,448
Mainland China	<u>2,106,427</u>	<u>-</u>	<u>487,682</u>	<u>2,594,109</u>
	<u>\$ 5,427,875</u>	<u>\$ -</u>	<u>\$ 487,682</u>	<u>\$ 5,915,557</u>
Main products / service lines:				
Real estate sales	\$ 5,427,875	\$ -	\$ -	\$ 5,427,875
Engineering contract	<u>-</u>	<u>-</u>	<u>487,682</u>	<u>487,682</u>
	<u>\$ 5,427,875</u>	<u>\$ -</u>	<u>\$ 487,682</u>	<u>\$ 5,915,557</u>
Income recognition time:				
Goods transferred at a certain time point	\$ 5,427,875	\$ -	\$ 233,786	\$ 5,661,661
Labor services gradually transferred over time	<u>-</u>	<u>-</u>	<u>253,896</u>	<u>253,896</u>
	<u>\$ 5,427,875</u>	<u>\$ -</u>	<u>\$ 487,682</u>	<u>\$ 5,915,557</u>

B. Contract balances

	2021.12.31	2020.12.31
Contractual liabilities - construction engineerings	\$ 34,741	\$ -
Contractual liabilities - sale of real estates	688,027	582,713
Contractual liabilities - income received in advance	<u>184,003</u>	<u>199,102</u>
	<u>\$ 906,771</u>	<u>\$ 781,815</u>

C. The amount of contract liabilities from the beginning of the period and performance obligations satisfied in the previous period recognized as income in the current period is as follows:

Item	2021	2020
From the beginning contract liabilities recognized in the current period		
Sales contract	\$ 378,338	\$ 803,023

(25) Interest income

Item	2021	2020
Interest income on financial assets measured at amortised cost	\$ 66,947	\$ 31,473
Bank deposit interest	4,231	44,403
	<u>\$ 71,178</u>	<u>\$ 75,876</u>

(26) Other income

Item	2021	2020
Lease income	\$ 46	\$ 46
Government grants income	2,530	35,109
Transfer of overdue payables to income	49,310	-
Miscellaneous income	<u>54,435</u>	<u>41,604</u>
	<u>\$ 106,321</u>	<u>\$ 76,759</u>

(27) Other gains and losses

Item	2021	2020
Net currency exchange gain	\$ 139,527	\$ 258,713
Loss on disposal of property, plant and equipment	(32,267)	(21)
Other	<u>(19,761)</u>	<u>(36,528)</u>
	<u>\$ 87,499</u>	<u>\$ 222,164</u>

(28) Finance costs

Item	2021	2020
Interest expense:		
Loans	\$ 806,384	\$ 690,021
Bonds payable	13,555	16,107
Interest on lease liabilities	124	511
Less: capitalized amount for qualified assets	<u>(108,773)</u>	<u>(76,407)</u>
Finance costs	<u>\$ 711,290</u>	<u>\$ 630,232</u>

(29) Labor cost, depreciation, and amortization

Item	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Labor cost						
Salaries	\$ 48,478	\$ 394,797	\$ 443,275	\$ 38,946	\$ 349,763	\$ 388,709
Insurance	1,718	29,295	31,013	1,337	20,171	21,508
Pension	1,249	29,893	31,142	566	8,989	9,555
Other employment expenses	3,784	48,830	52,614	3,535	22,861	26,396

Depreciation expense	276,957	256,912	533,869	114,968	365,982	480,950
Amortization	-	77,961	77,961	-	65,309	65,309
Total	<u>\$ 332,186</u>	<u>\$ 837,688</u>	<u>\$ 1,169,874</u>	<u>\$ 159,352</u>	<u>\$ 833,075</u>	<u>\$ 992,427</u>

A. The Company accrued employees' compensation and remuneration to directors at rates not less than 1% and not higher than 1% of net income before income tax, employees' compensation, and remuneration to directors during the period. In 2020, employees' compensation and remuneration to directors are estimated to be \$2,044 thousand and 0 respectively. Due to the loss in 2021, the employees' compensation and remuneration to directors have not been estimated. If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate for next year.

B. The employees' compensation and remuneration to directors for the years ended December 31, 2021, and 2020 had been approved by the Company's Board of Directors meeting held on March 30, 2022, and March 23, 2021, respectively, and the relevant amounts recognized in the consolidated financial statement were as follows:

	2021		2020	
	Employees' compensation	Remuneration to directors	Employees' compensation	Remuneration to directors
Resolution amount of allotment	\$ -	\$ -	\$ 2,044	\$ -
Recognized in financial statements	-	-	2,044	-
Difference	\$ -	\$ -	\$ -	\$ -

The above-mentioned employees' compensation will be paid in cash.

C. Information about the appropriation of employees' compensation and directors' remuneration by the Company as proposed by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" on the website of the Taiwan Stock Exchange.

(30) Income tax

A. Income tax expense (gain):

Item	2021	2020
<u>Current income tax</u>		
Current tax expense	\$ -	\$ -
Surtax on undistributed retained earnings	1,940	-
Land value increment tax	14,683	29,819
Other	16,819	8,321

Deferred income tax

The origination and reversal of temporary differences	(120,788)	4,312
Income tax expense (gain)	\$ (87,346)	<u>42,452</u>

The applicable tax rate used by the Group is 20%. In addition, the tax rate applicable to unappropriated earnings is 5%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

B. Income tax expense recognized in other comprehensive income was as follows:

Item	2021	2020
Re-measurement of defined benefit plans	\$ (106)	\$ (239)
Exchange differences on translation of foreign operations	<u>(43,816)</u>	<u>(26,793)</u>
	<u>\$ (43,922)</u>	<u>\$ (27,032)</u>

C. Reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	2021	2020
Income (loss) before income tax	<u>\$ (863,374)</u>	<u>\$ 150,258</u>
Income tax expense at the statutory rate	<u>\$ (172,674)</u>	<u>\$ 30,052</u>
Tax effect of adjusting items:		
The impact of items not included in the calculation of taxable income	34,410	10,630
Tax-free income	(7,864)	(29,646)
Impact of different tax rates applicable to parent and subsidiary companies	25,340	(6,725)
5% surtax on undistributed retained earnings	1,940	-
Land value increment tax	14,683	29,819
Adjustments for prior year's tax adjustments	5,618	1,087
Other	<u>11,201</u>	<u>7,235</u>
Income tax expense recognized in profit or loss	<u>\$ (87,346)</u>	<u>\$ 42,452</u>

D. Amounts of deferred tax assets or liabilities as a result of temporary difference, loss carryforward, and investment tax credit were as follows:

	2021			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets				
Temporary differences				
Loss on foreign investment on equity method	\$ 206,512	\$ 133,002	\$ 43,816	\$ 383,330
Unrealized impairment loss	1,040	-	111	1,151
Other	81,714	(9,277)	-	72,437
Loss deduction	152,374	(2,832)	-	149,542
Subtotal	<u>\$ 441,640</u>	<u>\$ 120,893</u>	<u>\$ 43,927</u>	<u>\$ 606,460</u>
Unrealized exchange gain	(6,331)	(7,962)	-	(14,293)
Net defined benefit income	-	-	(5)	(5)
Foreign investment income by the equity method	(30,122)	7,857	-	(22,265)
Subtotal	<u>\$ (36,453)</u>	<u>\$ (105)</u>	<u>\$ (5)</u>	<u>\$ (36,563)</u>
Total	<u>\$ 405,187</u>	<u>\$ 120,788</u>	<u>\$ 43,922</u>	<u>\$ 569,897</u>

	2020			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets				
Temporary differences				
Loss on foreign investment on equity method	\$ 187,676	\$ (7,957)	\$ 26,793	\$ 206,512
Unrealized impairment loss	801	-	239	1,040
Other	89,074	(6,559)	-	82,515
Loss deduction	156,222	(4,649)	-	151,573
Subtotal	<u>\$ 433,773</u>	<u>\$ (19,165)</u>	<u>\$ 27,032</u>	<u>\$ 441,640</u>
Foreign investment income by the equity method	(6,331)	-	-	(6,331)
Land financing interest listed as completed housing add back to cost	(44,975)	14,853	-	(30,122)
Subtotal	<u>\$ (51,306)</u>	<u>\$ 14,853</u>	<u>\$ -</u>	<u>\$ (36,453)</u>
Total	<u>\$ 382,467</u>	<u>\$ (4,312)</u>	<u>\$ 27,032</u>	<u>\$ 405,187</u>

E. Items not recognized as deferred income tax assets:

Item	2021.12.31	2020.12.31
Loss deduction	\$ 437,586	\$ 199,067

F. The tax authorities have ratified Company's income tax returns through the Year 2019.

G. The declaration of the Company's undistributed earnings in 2017 was approved by the IRS. The item originally listed as "special reserve which was required to be set aside from distribution of the current year's surplus earnings pursuant to the order given by the competent authority" was not recognized by the IRS on the ground of false listing, and the tribunal approved the

supplementary tax of \$11,889 thousand and the fine of \$4,756 thousand. The Company has filed a review application for the verification results according to law, and the relevant administrative relief procedures are still in progress.

(31) Other comprehensive income (loss)

Item	2021		
	Before-tax	Income tax benefit	Net of tax
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit obligation	\$ (529)	\$ 106	\$ (423)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	\$ (219,077)	\$ 43,816	\$ (175,261)
2020			
Item	Before-tax	Income tax benefit	Net of tax
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit obligation	\$ (1,194)	\$ 239	\$ (955)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	\$ (133,965)	\$ 26,793	\$ (107,172)

(32) Earnings per share

Basic and diluted EPS

	2021	2020
Net profit (loss) attributable to ordinary equity holders of the parent entity	\$ (587,022)	\$ 166,820
Weighted average shares outstanding (in thousands)	977,589	980,507
Basic EPS(after-tax)(NT\$)	\$ (0.60)	\$ 0.17

(33) Reconciliation of liabilities from financing activities

	January 1, 2021	Cash flow	Exchange rate changes	Changes in fair value	Non-cash changes	Other non-cash changes	December 31, 2021
Short-term loans	\$ 3,467,308	\$ (2,581,527)	\$ -	\$ -	\$ -	\$ -	\$ 885,78
Short-term bills payable	777,459	1,370,400	-	110,267	-	-	2,258,12
Corporate bonds payable (including those due within one year)	1,600,000	(68,841)	-	-	-	-	1,531,14
Long-term loans(including those due within one year)	8,935,084	4,671,692	(183,370)	-	-	-	13,423,40
Deposits received	102,304	(68,625)	-	-	-	-	33,67
Other payables - related parties	1,512,934	201,798	-	-	-	-	1,714,71
Lease liabilities	13,607	(5,736)	(31)	-	-	-	7,84
Total liabilities from financing activities	\$ 16,408,696	\$ 3,519,161	\$ (183,401)	\$ 110,267	\$ -	\$ -	\$ 19,854,74

	January 1, 2020	Cash flow	Exchange rate changes	Changes in fair value	Non-cash changes	Other non-cash changes	December 31, 2020
Short-term loans	\$ 4,341,056	\$ (873,748)	\$ -	\$ -	\$ -	\$ -	\$ 3,467,30
Short-term bills payable	889,130	(112,000)	-	329	-	-	777,44
Corporate bonds payable (including those due within one year)	1,460,000	140,000	-	-	-	-	1,600,00
Long-term loans(including those due within one year)	9,206,637	(271,553)	-	-	-	-	8,935,08
Deposits received	89,650	12,654	-	-	-	-	102,30
Other payables - related parties	1,282,133	250,462	(19,661)	-	-	-	1,512,93
Lease liabilities	17,552	(3,945)	-	-	-	-	13,60
Total liabilities from financing activities	\$ 17,286,158	\$ (858,130)	\$ (19,661)	\$ 329	\$ -	\$ -	\$ 16,408,69

(34) Financial instruments

A. Fair value and the carrying amount

The fair value of the Company's non-derivative short-term financial instruments is estimated based on their carrying amount on the balance sheet. Because the maturity date of such financial instruments is very close, the carrying amount should be a reasonable basis for estimating the fair value. This method is applied to financial assets and financial liabilities measured at amortized cost, including cash and equivalent cash, accounts receivable (including related parties), accounts payable (including related parties), other financial assets, and short-term loans.

Except that the above financial instruments and lease liabilities are not required to disclose fair value information according to regulations, the carrying amount and fair value of the remaining financial instruments of the consolidated company on each financial reporting date

are summarized as follows:

	2021.12.31		2020.12.31	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets measured at fair value through profit or loss	\$ 2,763	\$ 2,763	\$ -	\$ -
Financial assets measured at fair value through other comprehensive profit or loss	9	9	9	9
Financial assets measured at amortized cost				
Refundable deposit	4,268,614	4,268,614	3,999,111	3,999,111
Financial liabilities				
Financial liabilities measured at amortized cost				
Long-term loans (including those due within one year)	\$ 13,423,406	\$ 13,423,406	\$ 8,935,084	\$ 8,395,084
Deposits received	33,679	33,679	102,304	102,304
Corporate bonds payable (including those due within one year)	1,531,159	1,531,159	1,600,000	1,600,000

B. Methods and assumptions used to determine fair value

The fair value of financial assets and financial liabilities with standard terms and conditions and trading in the active market is determined by reference to the market quotation respectively. If there is no market price for reference, the evaluation method is adopted for estimation, and the estimation and assumptions used are consistent with the information used by market participants as estimates and assumptions when pricing financial instruments.

The fair value of a foreign exchange forward contract is calculated and evaluated based on the spot exchange rate and the quotation data of exchange points displayed in the Reuters quotation system.

The principal-guaranteed variant wealth management product is estimated by the discounted cash flow method. The main assumption is that the principal and the probability of occurrence are considered to estimate the income received, and the discounted present value is used to estimate.

The fair value of corporate bonds payable is the discounted value of its expected cash flow at the market interest rate.

Since there is no definite maturity date for the deposits received and refundable deposits, the carrying amount is taken as the fair value.

The carrying amount of a long-term loan that pays interest at a floating interest rate is approximately equal to its fair value.

C. Financial instruments measured at fair value

The observability of fair value is divided into the first to third levels

(A)Level 1

Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds, and derivative instruments with quoted market prices is included in Level 1.

(B)Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investments in government bonds, corporate bonds, financial debentures, convertible bonds, and most derivative instruments is included in Level 2.

(C)Level 2

Unobservable inputs for the asset or liability. The fair value of the Group's investments in some derivative instruments and equity instruments without an active market is included in Level 3.

D. The related information at fair value by level

The Group's financial instruments and investment property measured at fair value are measured at fair value based on repeatability. The information on the Group's fair value level is shown in the following table:

Item	2021.12.31			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	\$ 2,763	\$ -	\$ -	\$ 2,763
Financial assets measured at fair value through other comprehensive profit or loss	\$ -	\$ -	\$ 9	\$ 9

Item	2020.12.31			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive profit or loss	\$ -	\$ -	\$ 9	\$ 9

In 2021 and 2020, the Group did not transfer between the first level and the second level of fair value measurement.

E. Valuation techniques of financial instruments valued at fair value:

(A) The fair value of financial assets and liabilities traded in an active market is based on the quoted market prices. The quotation, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Center Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with the open bid. A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis. Otherwise, the market is deemed to be inactive. Normally, a market is considered to be inactive when the bid-ask spread is increasing; or the bid-ask spread varies significantly; or there has been a significant decline in trading volume.

The fair value of the financial instruments held by the Group with an active market are listed as follows by category and attribute:

a. Open-end Fund: net worth.

(B) Except for the above-mentioned financial instruments traded in an active market, the fair value is based on the valuation techniques or the quotation from the counterparty. The fair value refers to the current fair value of the other financial instruments with similar conditions and characteristics, using a discounted cash flow analysis or other valuation techniques, such as calculations of using models (for example, applicable yield curve from Taipei Exchange, or average quoted price on the interest rate of commercial paper from Reuters), based on the information acquired from the market at the balance sheet date.

When the financial instrument of the Company is not traded in an active market, the fair value is determined based on the ratio of the quoted market price of the comparative company, its book value per share, and its operating situation. Also, the fair value is discounted for its lack of liquidity in the market.

(C) The output of the valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using the valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk, etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes valuation adjustment is necessary in order to reasonably represent the fair value of financial and non-financial instruments on the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(D) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect the credit risk of the counterparty and the

Group's credit quality.

(35) Financial risk management

The Group's activities expose to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk, and liquidity risk. To lower the related financial risk, the Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance. The plans for material treasury activities are reviewed by the board of directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Group Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

Significant financial risks and degrees of financial risks

A. Market risk

(A) Foreign exchange rate risk

The Company's activities expose to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk, and liquidity risk. The Company's functional currencies are mainly NTD, as well as RMB and USD. These transactions are mainly denominated in US dollars and RMB. Part of the Company's cash inflow and outflow is in foreign currency, so it has some natural hedging effect; the exchange rate risk of the Company is managed to avoid risks, not to make profits. The exchange rate risk management strategy is to regularly review and manage the net portion of assets and liabilities in various currencies.

The net investment in foreign operations is a strategic investment. Therefore, the Company does not hedge for it.

Foreign currency risk and sensitivity analysis

(Foreign currency: functional currency)	Foreign Currency (in thousands)	Exchange rate	Carrying Value (NTD)	2021.12.31		
				Variation	Profit and Loss Impact	Sensitivity Analysis Equity Impact
Financial assets						
Monetary item						
USD	\$ 55	27.63	\$ 1,520	increase 1%	\$ 15	\$ -
RMB	1,045,420	4.319	4,515,169	increase 1%	45,152	-
HKD	100	3.519	352	increase 1%	4	-

Financial liabilities

Monetary item

USD	\$ (701)	27.63	\$ (19,369)	increase 1%	\$ (194)	\$ -
RMB	(61,922)	4.319	(267,441)	increase 1%	(2,674)	-

(Foreign currency:
functional currency)

Financial assets

Monetary item

USD	559	28.48	15,892	increase 1%	159	\$ -
RMB	538,867	4.38	2,555,588	increase 1%	25,556	-

Financial liabilities

Monetary item

USD	(786)	28.48	(22,393)	increase 1%	(224)	-
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(B) Interest rate risk

The carrying amount of the financial assets and liabilities that exposed to interest rate risk at the reporting date was as follow:

Item	Carrying amount	
	2021.12.31	2020.12.31
Fair value interest rate risk:		
Financial liabilities	\$ (3,789,285)	\$ (2,377,459)
Cash flow interest rate risk:		
Financial assets	\$ 1,573,126	\$ 1,708,096
Financial liabilities	(14,309,187)	(12,402,392)
Net	\$ (12,736,061)	\$ (10,694,296)

a. Sensitivity analysis of fair value interest rate risk tools:

The Group does not classify any fixed-rate instruments as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income and available for sale. In addition, the Group does not designate derivatives (interest rate swaps) as hedge instruments under hedge accounting. Therefore, the change of interest rate at reporting date does not influence net income and other comprehensive income.

b. Sensitivity analysis of cash flow interest rate risk tools:

The Group's financial instruments with variable interest rates are those with floating-rate. If the interest rate increases (decreases) by 1%, the net income will decrease

(increase) by \$127,361 thousand and \$106,943 thousand for the years ended December 31, 2021, and 2020, respectively.

B. Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a contract leading to a financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily accounts receivables, and from investing activities, primarily deposits and other financial instruments. Credit risk is managed separately for business-related and financial-related exposures.

(A) Business related credit risk

To maintain the credit quality of accounts receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed in the consideration of the relevant factors which may affect the customer's paying ability such as financial condition, external and internal credit scoring, historical experience, and economic conditions.

(B) Financial credit risk

The Company's exposure to financial credit risk which pertained to bank deposits and other financial instruments was evaluated and monitored by the Company's Treasury function. The Group only deals with creditworthy counterparties, banks, and the government so significant credit risk was identified. In addition, the Group has no financial assets at amortized cost and investments in debt instruments at fair value through other comprehensive income.

(C) Credit concentration risk

The Group has a large customer base and is not related, so there is no risk of concentration of credit risk of accounts receivable.

(D) Measurement of expected credit impairment loss

- a. Accounts receivable: Simplified method is adopted. Please refer to note 6(4) for the description.
- b. Judgment basis for whether the credit risk has increased significantly: none. (The Group does not classify debt instrument investments at amortized cost and at fair value through other comprehensive profit or loss)
- c. The Group does not hold collateral and other credit increases to avoid the credit risk of financial assets.

C. Liquidity risk

(A) Liquidity risk management

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused

financing facilities associated with existing operations.

(B) Financial liabilities with repayment periods

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods:

		2021.12.31					
Non-derivative financial liabilities		Within 1 year	1-2 years	2-5 years	Over 5 years	Contract Cash Flow	Carrying Value
Short-term loans	\$ 905,615	\$ -	\$ -	\$ -	\$ 905,615	\$ 885,781	
Short-term bills payable	2,261,400	-	-	-	2,261,400	2,258,126	
Notes payable and accounts payable (including related parties)	2,149,441	-	-	-	2,149,441	2,149,441	
Other payables (including related parties)	2,172,498	-	-	-	2,172,498	2,172,498	
Corporate bonds payable (including those due within one year)	350,604	1,194,233	-	-	1,544,837	1,531,159	
Long-term loans (including those due within one year)	974,293	2,139,261	11,804,896	649,120	15,567,570	13,423,406	
Lease liabilities	4,481	3,582	-	-	8,063	7,840	
Deposits received	23,609	2,769	945	6,356	33,679	33,679	
Total	\$ 8,841,941	\$ 3,339,845	\$ 11,805,841	\$ 655,476	\$ 24,643,103	\$ 22,461,930	
2020.12.31							
Non-derivative financial liabilities		Within 1 year	1-2 years	2-5 years	Over 5 years	Contract Cash Flow	Carrying Value
Short-term loans	3,561,452	-	-	-	3,561,452	3,467,308	
Short-term bills payable	778,900	-	-	-	778,900	777,459	
Notes payable and accounts payable (including related parties)	1,292,835	-	-	-	1,292,835	1,292,835	
Other payables (including related parties)	2,049,813	-	-	-	2,049,813	2,049,813	
Corporate bonds payable (including those due within one year)	-	1,616,680	-	-	1,616,680	1,600,000	
Long-term loans (including those due within one year)	3,058,719	1,203,672	4,556,861	685,071	9,504,323	8,935,084	
Lease liabilities	829	4,439	9,154	-	14,422	13,607	
Deposits received	786	8,599	-	92,919	102,304	102,304	
Total	\$ 10,743,334	\$ 2,833,390	\$ 4,566,015	\$ 777,990	\$ 18,920,729	\$ 18,238,410	

The Group does not expect that the time point of the cash flow analyzed on the maturity date will be significantly earlier or that the actual amount will be significantly different.

(36) Capital risk management

The Group's capital management objectives are to ensure that the Group can continue to operate, maintain the best capital structure, reduce the cost of capital, and provide remuneration to shareholders. To maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is the ultimate controller of the Group.

(2) Related party name and category

Related Party Name	Related Party Category
Xusheng Investment Co., Ltd. (Xusheng investment)	Other related parties
Jingting Investment Co., Ltd. (Jingting investment)	Other related parties
Heyi Investment Co., Ltd(Heyi Investment)	Other related parties
Jianxun International Co., Ltd (Jianxun International)	Other related parties
HuangKe Investment Co., Ltd(HuangKe Investment)	Other related parties
Lalu Hotel Co., Ltd.(Lalu Hotel)	Other related parties
Fuqi Investment Co., Ltd (Fuqi Investment)	Other related parties
Xianglin Hydropower Engineering Co., Ltd (Xianglin Hydropower)	Other related parties
Xianglin Travel Agency Co., Ltd. (Xianglin Travel Agency)	Other related parties
Dinglin Investment Development Co., Ltd(Dinglin Investment Development)	Other related parties
Guangyu Investment Development Co., Ltd (Guangyu Investment Development)	Other related parties
Huayan Engineering Company	Other related parties
General Chamber of Commerce of the Republic of China	Other related parties
Straits economic & Cultural Exchange Association	Other related parties
Culture and Education Foundation	Other related parties
Yunlin Associate Culture and Education Foundation	Other related parties
Dingling International (Cayman) Holding Co., Ltd. (DIH)	Other related parties
Good profit Holdings Ltd.(Good profit)	Other related parties
Harmony Land Limited (Harmony)	Other related parties

The Lalu Hotels and Resorts Management Co., Ltd. (Lalu)	Other related parties
Chengdu Zhaoxin Property Management Co., Ltd (Chengdu Zhaoxin)	Other related parties
Kunshan Meifa Real Estate Development Co., Ltd. (Kunshan Meifa)	Other related parties
Qingdao Zhengyu Property Management Co., Ltd (Qingdao Zhengyu)	Other related parties
Nanjing Zhaoxin Property Management Co., Ltd (Nanjing Zhaoxin)	Other related parties
Nanjing Youqun Greening Engineering Co., Ltd	Other related parties
Guilin Lalu Co., Ltd (Guilin Lalu)	Other related parties
Lai Cheng I	Other related persons and main management
Chen Yu Zhuan	Other related persons and main management
Wang Zhi Jie	Other related persons and main management
Lin Xian Zhe	Other related persons and main management
Lin Xian Zhe	Other related persons and main management
Huang Zu De	Other related persons and main management

(3) Significant transactions with related parties

A. Income

Item	Related Party Category	2021	2020
Operating income	Other related parties	\$ 6,723	\$ 1,062

The price and collection terms of sales transactions between the Group and related parties are not significantly different from those of non-related parties.

B. Purchases

Item	Related Party Category	2021	2020
Operating cost	Other related parties	\$ 112,206	\$ 690,218

The purchase items are mainly the spare parts for the project and the hotel contracted to the related parties. The Group handles the above-mentioned companies according to the contract operation regulations and contract payment terms, which are roughly the same as other manufacturers. The purchase price and payment terms are not significantly different from those of other manufacturers.

C. Receivables from related parties

Item	Related Party Category	2021.12.31	2020.12.31
Accounts receivable	Other related parties	\$ 65	\$ 119
Other receivables	Other related parties	<u>165,428</u>	<u>236</u>
		<u><u>\$ 165,493</u></u>	<u><u>\$ 355</u></u>

No guarantee has been received for the receivables in circulation from related parties, and no provision has been made for losses.

D. Accounts payable to related parties (excluding loans from related parties)

Item	Related Party Category	2021.12.31	2020.12.31
Accounts payable	Other related parties	\$ 14,576	\$ 18,342
Other accounts payable	Other related parties	<u>305,566</u>	<u>195,852</u>
		<u><u>\$ 320,142</u></u>	<u><u>\$ 214,194</u></u>

E. Lessee arrangements

Item	Related Party Category	2021.12.31	2020.12.31
Lease liabilities	Other related parties	<u>\$ 7,042</u>	<u>\$ 10,427</u>
Item	Related Party Category	2021	2020
Interest expense	Other related parties	<u>\$ 218</u>	<u>\$ 384</u>
Depreciation expense	Other related parties	<u>\$ 3,382</u>	<u>\$ 3,383</u>

As for the deposit paid by the Group due to the lease agreement, as of December 31, 2021, and 2020, the deposit is \$642 thousand, and the recognized deposit interest is \$6 thousand in 2021 and 2020.

F. Lease/sublease agreement

Item	Related Party Category	2021	2020
Operating income	Other related parties	<u>\$ 942</u>	<u>\$ 942</u>

G. Loans from related parties

(A) Ending balance

Item	Related Party Category	2021.12.31	2020.12.31
Other payables - related parties	Other related parties and main management	\$ 438,097	\$ 443,787
	Other related parties		
	Nanjing Zhaoxin	371,277	89,797
	Kunshan Meifa	140,273	142,444
	DIH	138,511	149,290
	Lalu Hotel	138,150	157,934
	Harmony	115,059	117,099
	Qingdao Zhengyu	45,524	205,962
	Other	22,275	10,769
		\$ 1,409,166	\$ 1,317,082

(B) Interest expense

Item	Related Party Category	2021	2020
Financial cost	Other related parties	\$ 9,550	\$ 7,434
Interest rate range		1.50%-3.00%	1.50%-3.00%

All loans borrowed by the Group from related parties are unsecured loans, and the loan interest rate is equivalent to the market interest rate.

H. Guarantee for related parties

Related Party Category	2021.12.31	2020.12.31
Other related parties	\$ 680,000	\$ 680,000

The above endorsements and guarantees do not include endorsements and guarantees between the Groups. Please refer to the Note 13(1)B of note 13 for details.

I. Expenses

Related Party Category	2021	2020	Transaction type
Other related parties	\$ 56,648	\$ 33,301	Entertainment, repair, advertising, donation, and miscellaneous expenses

J. Other

In June 2021, Qingdao Dinglin international and Qingdao Zhengyu jointly signed the third one-year financial leasing contract with Shanghai Yuexing Financial Leasing Co., Ltd.

(hereinafter referred to as "Shanghai Yuexing"). Taking the real estate, plant, and equipment of Qingdao Dinglin international as the lease object of the after-sale lease, the financial lease amount is RMB 30,000 thousand.

In the above financial lease contract, Qingdao Zhengyu is designated to collect the price for the sale of real estate, plant, and equipment, and then remit the money to Qingdao Dinglin international. Fast and 168 provide refundable deposits of NT \$1,476,515 thousand (RMB 343,000 thousand) and NT \$2,410,800 thousand (RMB 560,000 thousand) as collateral respectively.

In September 2018, Qingdao Dinglin international and Qingdao Zhengyu jointly signed the first Five-Year Financial lease contract with Shanghai Yuexing. The real estate, plant, and equipment of Qingdao Dinglin international are the subject of an after-sales lease, and the financial lease amount is RMB 700,000 thousand. In addition, the third party to the transaction signed a supplementary agreement in September 2020 to adjust the lending object and split the original financial lease amount into Qingdao Dinglin international for RMB 140,000 thousand and Nanjing Dingzheng real estate for RMB 560,000 thousand.

In June 2020, Qingdao Dinglin international and Qingdao Zhengyu jointly signed the second five-year financial lease contract with Shanghai Yuexing. The real estate, plant, and equipment of Qingdao Dinglin international are the subject of an after-sales lease, and the financial lease amount is RMB 200,000 thousand.

(4) Key management compensation

	2021	2020
Salaries and other short-term employee benefits	\$ 15,065	\$ 14,669
Post-employment benefits	407	2,639
	<u>\$ 15,472</u>	<u>\$ 17,308</u>

8. PLEDGED ASSETS

The carrying amount of the assets pledged and guaranteed by the Group is detailed as follows:

<u>Pledged assets</u>	<u>2021.12.31</u>	<u>2020.12.31</u>	<u>Pledge guarantee subject</u>
Other financial assets	\$ 481,345	801,928	Short-term loans, corporate bonds payable, long-term loans, and litigation cases
Inventory-Construction	14,173,839	9,934,708	Short-term loans, short-term bills payable, corporate bonds payable, and long-term loans
Property, plant and equipment	6,586,601	7,756,532	Short-term loans, short-term bills payable, and long-term loans
Right-of-use assets	795,768	-	Long-term loan
Investment real estate	674,202	8,245	Short-term loans and short-term bills

			payable
Refundable deposit	<u>4,183,703</u>	<u>3,326,520</u>	Short-term loan and long-term loan
	<u> \$ 26,895,458</u>	<u> \$ 21,827,933</u>	

As a loan guarantee, the Group pledged 100% of the equity of its subsidiary Chengdu Dingkang real estate in September 2021. Please refer to note 4. (3)B for details.

As a loan guarantee, the Group pledged 100% of the equity of its subsidiary Nanjing Dingzheng real estate in December 2020.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- (1) As of December 31, 2021, and 2020, the guaranteed notes issued by the Group for loan line and other guarantees were \$7,112,538 thousand and \$6,442,608 thousand respectively.
- (2) As of December 31, 2021, and 2020, the guarantee notes received by the Group for construction performance bonds were \$98,549 thousand and \$205,312 thousand respectively.
- (3) Major litigation cases

A. The Company

The management committee of the Emperor's Place community filed a complaint with the court because after the formal establishment of the management committee in the community, the Company did not transfer to the management committee the balance of NT \$6,901 thousand from the house management fee, parking space cleaning fee, guildhall fee, and other fees collected from each resident in advance at the time of house delivery. On December 17, 2020, the Supreme Court rejected the appeal of the two parties. The whole case determined that the Company should pay the plaintiff \$4,808 thousand, which had been paid off in full on April 1, 2021.

B. Taiyu Construction

Taiyu Construction undertook the Company's Casa De Flore construction, and the construction and excavation caused damage to the premises of the adjacent land. Therefore, the owner filed a joint damage compensation lawsuit with the court against the Company and Taiyu Construction, with a total amount of \$17,170 thousand. Among them, the Zhu and Chen cases were established through mediation, with total compensation of \$1,200 thousand; In the cases of Lai and others, the Taiwan High Court ruled on October 14, 2020, that the Company and Taiyu Construction should jointly compensate \$4,639 thousand, which was determined by the civil ruling of the Supreme Court until February 10, 2022. Taiyu Construction shall pay another \$3,719 thousand and \$922 thousand of interest in addition to the previous deposit of \$921

thousand. Taiyu Construction has been estimated to be recorded at the end of 2021.

C. Nanjing Dingzheng Real Estate

(A) Case of construction contract disputes _Nanjing Shenzhen decoration and Installation Engineering Co., Ltd litigated Nanjing Dingzheng Real Estate Co., Ltd, a case of construction contract disputes

Nanjing Shenzhen decoration and Installation Engineering Co., Ltd. (hereinafter referred to as "Nanjing Shenzhen company") sued on January 25, 2019, requesting Nanjing Dingzheng Real Estate to pay the outstanding construction payment of RMB 6,170 thousand and the corresponding liquidated damages, shutdown losses, and litigation costs. On June 29, 2020, the people's Court of Jianye District, Nanjing ruled that Nanjing Dingzheng Real Estate should pay the construction payment and case acceptance fee of RMB 3,731 thousand to Nanjing Shenzhen company. After Nanjing Dingzheng Real Estate filed an appeal, Nanjing Intermediate People's court made a judgment of second instance on February 18, 2021, and sent it back to Jianye District People's court for retrial.

In addition, on June 4, 2020, Nanjing Dingzheng Real Estate filed a lawsuit that Nanjing Shenzhen company withdrew without authorization and caused corresponding losses to Nanjing Dingzheng Real Estate, requesting Nanjing Shenzhen company to pay liquidated damages of RMB 10,520 thousand. On June 11, 2021, Jianye District People's Court approved the withdrawal of the lawsuit by Nanjing Dingzheng Real Estate of avoiding the contradiction with the judgment of Nanjing Shenzhen company in the case of dispute over the construction contract of Nanjing Dingzheng Real Estate construction case.

(B) Dispute over the construction contract

The China Construction Fourth Engineering Bureau Co., Ltd. (hereinafter referred to as "China Construction Fourth bureau") filed a lawsuit with the Nanjing Intermediate People's Court on June 8, 2018, requesting Nanjing Dingzheng Real Estate to pay the construction payment, totaling RMB 172,694 thousand. On June 12, 2019, Nanjing Intermediate People's Court ruled that Nanjing Dingzheng Real Estate should pay the construction payment totaling RMB 118,834 thousand. Nanjing Dingzheng Real Estate refused to accept the judgment and appealed to the Jiangsu High People's Court. According to the final judgment on December 27, 2021, Nanjing Dingzheng Real Estate should pay RMB 104,095 thousand for the construction, and the relevant amount has been recorded.

(C) Construction engineering - Sales center contract arbitration case

The China Construction Fourth Bureau filed a request with China International Economic and Trade Arbitration Commission (hereinafter referred to as "CIETAC") on July 15, 2019, for Nanjing Dingzheng Real Estate to pay the outstanding construction funds, additional construction funds, overdue interest payments, interest expenses, and litigation expenses for the "Sales Center Engineering Contract" for the comprehensive development

project of Nanjing Lalu Hotel from March 1, 2018, to the date of payment of the construction funds.

After hearing the case, the Economic and Trade Arbitration Commission ruled that Nanjing Dingzheng Real Estate should pay the construction payment of China Construction Fourth Bureau of RMB 4,167 thousand, the interest of RMB 1,433 thousand, the interest of deferred payment from March 1, 2018, to the date of payment of the construction payment, and arbitration fee of RMB 91 thousand.

On October 26, 2020, Nanjing Dingzheng Real Estate settled with the China Construction Fourth Bureau at RMB 6,420 thousand, and the balance after deducting the sealed bank deposit account of RMB 2,421 thousand was RMB 3,998 thousand after the China Construction Fourth Bureau applied for compulsory execution, which was paid in installments from October 31, 2020, to March 31, 2021, and the relevant payments have been paid off.

(D) Dispute over curtain wall construction contract

Nanjing Lihua aluminum Engineering Co., Ltd. (hereinafter referred to as "Nanjing Lihua") filed a lawsuit on August 6, 2019, requesting Nanjing Dingzheng Real Estate to pay the outstanding construction funds, and compensate for various losses amounting to RMB 3,787 thousand and overdue interest payable. Due to insufficient evidence, the Nanjing Municipal People's Court rejected all the claims of the plaintiff Nanjing Lihua, and Nanjing Lihua paid the acceptance fee and preservation fee of the case totaling RMB 276 thousand. Nanjing Lihua appealed to Nanjing Intermediate People's Court. The court rejected the plaintiff's appeal on August 31, 2021, and the whole case was determined.

Nanjing Dingzheng Real Estate filed a lawsuit on August 22, 2020, requesting Nanjing Lihua to pay the liquidated damages for the overdue completion of the Nanjing Lalu Hotel and office building, the expenses for the failure to implement the project "wind and rain test, and observation of visual model" according to the construction contract, the expenses incurred by the owner's vehicle due to the self explosion and damage of the glass of Lalu Hotel, the maintenance expenses of the automatic door in the lobby of Lalu Hotel, and repairing broken glass. The total cost is RMB 194,84 thousand. Nanjing Jianye District People's Court ruled on June 18, 2021, that Nanjing Lihua should pay liquidated damages for overdue completion of Nanjing Dingzheng Real Estate, return the expenses for failing to implement the project of "wind and rain test, and observation of visual samples" and pay a total of RMB 4,803 thousand for the repair of broken glass. Nanjing Lihua has appealed to Nanjing Intermediate People's Court. As of December 31, 2021, the case is still under trial.

(E) Contract dispute over light-current system engineering

Xiamen Wan'an intelligent Co., Ltd. (hereinafter referred to as "Xiamen Wan'an") sued on August 12, 2020, requesting Nanjing Dingzheng Real Estate to pay the construction funds

and interest of the light-current system. On March 30, 2021, Nanjing Jianye District People's Court ruled that Nanjing Dingzheng Real Estate should pay RMB 4,769 thousand and interest. Nanjing Dingzheng Real Estate has appealed to Nanjing Intermediate People's Court. As of December 31, 2021, the case is still under trial.

(F) Dispute over earthwork removal contract

Nanjing Yongxuan Construction Engineering Co., Ltd. (hereinafter referred to as "Nanjing Yongxuan") sued on March 2, 2021, and requested Nanjing Dingzheng Real Estate to pay the earthwork removal payment and liquidated damages of RMB 1,180 thousand. The People's Court of Jianye District, Nanjing has accepted the case and has not held a court session as of December 31, 2021.

D. Chengdu Dingkang real estate

(A) Dispute over the construction contract

Sichuan Dongdong Construction Engineering Co., Ltd. (hereinafter referred to as "Sichuan Dongdong") submitted a civil indictment to the Jinniu District People's Court of Chengdu, Sichuan Province on the dispute over the construction contract of the construction, requesting to terminate the "foundation pit support design of block R2 of Hanbi World phase I residential construction project" signed with Chengdu Dingkang Real Estate, and appeal to Chengdu Dingkang Real Estate to pay the construction funds of Sichuan Dongdong, return the deposit and pay the corresponding interest.

After the judgment of the first instance on April 16, 2019, and the second instance on March 10, 2020, Chengdu Dingkang real estate shall pay the construction payment of the Sichuan Dongdong construction of RMB 2,805 thousand, the deposit of RMB 400 thousand, and bear the litigation costs of the first instance and the second instance of RMB 72 thousand.

On May 18, 2020, Chengdu Dingkang Real Estate and Sichuan Dongdong established a mediation with the total amount of obligation of RMB 3,320 thousand in the court aggressive enforcement procedure and paid in installments from May 31, 2020, to February 28, 2021, and the relevant funds have been paid in full on September 23, 2021.

(B) Dispute over the construction contract

Chengdu Construction Engineering Third Construction Engineering Co., Ltd. (hereinafter referred to as "Chengdu Construction Third Engineering") submitted a civil indictment to Chengdu Intermediate People's Court of Sichuan Province due to the dispute over the construction contract of the construction, requested to terminate the "general contracting construction contract for build and installation construction" and relevant agreements signed with Chengdu Dingkang Real Estate, and sued Chengdu Dingkang Real Estate to pay the construction payment of RMB 62,808 thousand and interest, and the loss during the suspension of RMB 10,486 thousand, to return the performance bond of RMB 8,000 thousand and interest and require to have the priority to be compensated for the

construction funds. Chengdu Dingkang Real Estate shall bear the litigation fees, lawyer fees, preservation fees, preservation guarantee fees, execution fees, appraisal fees, evaluation fees, and other expenses to realize the obligations.

On July 6, 2021, Chengdu Intermediate People's Court ruled that Chengdu Dingkang Real Estate should pay RMB 60,342 thousand and interest to Chengdu Construction Third Engineering for the construction, RMB 4,948 thousand for shutdown loss, and RMB 8,000 thousand for the performance bond and interest on the use of funds should be returned. Chengdu Dingkang Real Estate filed an appeal to the Higher People's Court of Sichuan Province on July 22, 2021. After civil mediation in the Higher People's Court of Sichuan Province on November 21, 2021, Chengdu Dingkang Real Estate should pay the construction payment and interest of RMB 101,802 thousand. The relevant payment was paid off on December 1, 2021.

(C) Dispute over the construction contract

Sichuan Chuanjian Survey and Design Institute (hereinafter referred to as "Sichuan design") requests the Trade Arbitration Commission for arbitration, and Chengdu Dingkang shall pay the construction fund and interest, refund the quality warranty fund, pay the lawyer's fees, travel expenses and bear the arbitration fees.

On September 16, 2019, Chengdu Dingkang Real Estate Co., Ltd. was arbitrated by the Trade and Arbitration Commission to pay the construction payment of RMB 5,674 thousand to Sichuan design, the overdue payment interest temporarily calculated to October 31, 2018, is RMB 671 thousand, the overdue payment interest from November 1, 2018, to the actual payment date is RMB 5,674 thousand as the principal, and the annual interest rate is 4.75%, the quality warranty deposit is RMB 417 thousand, the lawyer's fee is RMB 170 thousand, the travel expense is RMB 10 thousand, and the arbitration fee is RMB 98 thousand.

After Sichuan design applied for enforcement, on December 10, 2019, the court served an enforcement notice to Chengdu Dingkang Real Estate, which shall enforce the subject matter of RMB 7,290 thousand, and shall bear the debt interest during the period of delayed performance and the enforcement fee of RMB 64 thousand.

On January 15, 2020, after the implementation of the settlement, Chengdu Dingkang Real Estate paid the principal of RMB 1,000 thousand to Sichuan design, and the balance will continue to be implemented. At the same time, it shall bear the debt interest during the period of delayed performance and the execution fee.

On October 28, 2020, Chengdu Dingkang Real Estate re-established an execution settlement agreement with Sichuan design with an outstanding execution amount of RMB 6,545 thousand. The balance of the agreement was paid in installments from October 30, 2020, to July 31, 2021, and the amount has been paid off in full. Sichuan design claimed interest that Chengdu Dingkang Real Estate paid overdue, which was fully paid off on

January 24, 2022.

(D) Dispute over construction contract of construction project

The Third Construction Co., Ltd. of China Construction Fifth Bureau (hereinafter referred to as "China Construction Fifth Bureau") and Chengdu Dingkang Real Estate submitted a dispute over the construction contract of the construction to the Trade Arbitration Commission for arbitration. The arbitration tribunal made a collegial award on September 30, 2019. The award results are as follows:

- a. Chengdu Dingkang Real Estate shall pay the construction payment of RMB 88,997 thousand and the interest is calculated from October 21, 2017, to the date when Chengdu Dingkang Real Estate pays all the construction payments based on RMB 86,273 thousand with an annual interest rate of 11%;
- b. Chengdu Dingkang Real Estate shall pay the overdue payment interest from September 1, 2019, to the date of actual payment based on RMB 2,724 thousand;
- c. Chengdu Dingkang Real Estate shall pay the shutdown loss of RMB 3,453 thousand;
- d. Chengdu Dingkang Real Estate shall pay RMB 1,587 thousand of early mobilization loss fee;
- e. Chengdu Dingkang real estate shall return the performance bond of RMB 6,000 thousand, and pay the interest on the overdue return of the performance bond from October 21, 2017, to the date when Chengdu Dingkang Real Estate returns all the performance bonds at an annual interest rate of 4.75% based on RMB 6,000 thousand;
- f. Chengdu Dingkang real estate shall pay the preservation fee of RMB 5 thousand and the preservation insurance fee of RMB 115 thousand;
- g. The arbitration fee of this request is RMB 953 thousand, which shall be borne by China Construction Fifth Bureau and Chengdu Dingkang Real Estate for RMB 95 thousand and RMB 858 thousand respectively;
- h. The counterclaim arbitration fee is RMB 634 thousand, which shall be borne by Chengdu Dingkang Real Estate;
- i. The cost appraisal fee of this case is RMB 600 thousand, which shall be borne by China Construction Fifth Bureau and Chengdu Dingkang Real Estate Co., Ltd. for RMB 60 thousand and RMB 540 thousand respectively.
- j. China Construction Fifth Bureau has the priority to be compensated within the scope of RMB 88,997 thousand for the disposal funds of the project involved in the case.

In addition, China Construction Fifth Bureau applied for filing and execution, and Chengdu Dingkang Real Estate received the execution notice from Chengdu Intermediate People's Court on November 26, 2019, sealing up the construction in progress of plot R6 of Chengdu Dingkang Real Estate. Chengdu Dingkang Real Estate applied enforcement

objection to the Chengdu Intermediate People's Court on April 8, 2020, and objected to the court's designation of the appraisal agency for construction in progress and its evaluation procedures. The Chengdu Intermediate People's Court designated the appraisal agency for construction in progress and its evaluation procedures. Dingkang Real Estate continued to file an application for reconsideration with the Sichuan Provincial High Court on June 8, 2020, and the Sichuan Provincial High Court rejected the application for reconsideration on August 26, 2020. In this case, Chengdu Dingkang Real Estate has paid RMB 56 thousand before January 31, 2021, and the remaining amount payable has been paid in full before September 23, 2021.

(E) Dispute over the construction contract

Sichuan Shutong Construction Co., Ltd. (hereinafter referred to as "Sichuan Shutong") applied to the Trade Arbitration Commission for arbitration. Chengdu Dingkang Real Estate shall pay the construction payment, liquidated damages, refunded the deposit and quality warranty for a total of RMB 4,826 thousand, and bear the arbitration fee. The CIETAC ruled on March 9, 2021, that Chengdu Dingkang Real Estate should pay the construction payment, liquidated damages, refund of the deposit, quality warranty, and arbitration fee for a total of RMB 4,804 thousand. Chengdu Dingkang Real Estate and Sichuan Shutong established an executive settlement agreement on March 9, 2021, agreeing that the above-mentioned payment will be paid in installments from June 30, 2021, to February 28, 2022, and has been paid off in full on September 23, 2021.

E. Qingdao Dinglin International

Dispute over engineering labor expense

Qingdao Yongkang Construction Engineering Co., Ltd. (hereinafter referred to as "Qingdao Yongkang") sued Qingdao Dinglin International and Qingdao Zhongtian Weiye Construction Engineering Co., Ltd., and Ye; Adjudicated that Qingdao Zhongtian Weiye and Ye should pay the construction payment of RMB 2,494 thousand and interest to Qingdao Yongkang; Ye should pay the appraisal fee of RMB 80 thousand to Qingdao Yongkang; Reject other lawsuits of Qingdao Yongkang.

Based on the nature of the cases, the amount of possible loss and whether it is significant, the progress of the cases, and the opinions of professional legal counsel, the Group will evaluate the rationality of the recognized expenses in each financial reporting period, and make necessary adjustments in a manner deemed appropriate by the Group. However, the final amount can only be determined after the conclusion of relevant cases. The Group eagerness to defend the above-mentioned litigation cases that have not been settled or are still in progress, but due to the unpredictable nature of legal cases, it is impossible to accurately estimate the possible losses (if any). The group cannot rule out the possibility to win or settle all relevant cases. The suspension, judgment amount, or settlement of relevant cases may have a significant adverse impact on the business, operation, or prospects of the Group.

(4) As of December 31, 2021, the Group has provided endorsements and guarantees for Qingdao Dinglin International, Taiyu construction, and Nanjing Dingzheng real estate. Please refer to note 13. (1) B for details.

10. SIGNIFICANT DISASTER LOSS

NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS

NONE.

12. OTHERS

NONE.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information:

A. Loans provided to other parties:

No. (Note 1)	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 2)	Transaction Amounts	Reason for Financing	Allowa- nce for Bad Debt	Collateral		Financing Limits for Financing Company's Total Financing Amount Limits	Financing Company's Total Financing Amount Limits (Note 1)
													Item	Value		
1	Taiyu Construction	Yusheng Design Engineering Co., Ltd	Temporary payments	No	24,000	24,000	24,000	1.50%	2	-	Operating capital	-	Obligation of construction funds	24,000	36,836	36,836
2	Billion	China Commercial Credit Group Co., Ltd	Other receivables	No	241,120	238,920	238,920	2.00%	2	-	Operating capital	-	None	-	572,950	572,950
2	Billion	The Company	Other receivables - Related parties	Yes	30,688	-	-	3.00%	2	-	Operating capital	-	None	-	572,950	572,950
2	Billion	Qingdao Dinglin International	Other receivables - Related parties	Yes	260,700	-	-	1.50%	2	-	Operating capital	-	None	-	572,950	572,950
3	Headway	168	Other receivables - Related parties	Yes	114,286	83,492	83,492	3.00%	2	-	Operating capital	-	None	-	162,380	162,380
3	Headway	Fast	Other receivables - Related parties	Yes	73,461	73,461	73,461	3.00%	2	-	Operating capital	-	None	-	162,380	162,380
4	Fast	Qingdao Dinglin International	Other receivables - Related parties	Yes	601,680	599,472	599,472	1.50%	2	-	Operating capital	-	None	-	907,466	907,466
4	Fast	Billion	Other receivables - Related parties	Yes	213,774	52,997	52,997	3.00%	2	-	Operating capital	-	None	-	907,466	907,466

Note 1 : The description of the number column is as follows:

- (1) The issuer is represented in O.
- (2) The investee company is numbered sequentially from the Arabic numeral 1.

Note 2: The description of the financing nature is as follows:

- (1) Please fill in 1 if there are business dealings.
- (2) If there is a need for short-term financing, please fill in 2.

Note 3: Limit amount calculation method:

- (1) Total amount of capital loans of the parent company and limits of individual parties.
 - A. The total loan amount of the Company shall not exceed 40% of the net value of the Company.
 - B. For the companies or business entities which the company has business dealings with, the number of individual loans shall not exceed the business dealings between the two parties. The business transaction amount refers to the purchase or sales amount between the two parties, whichever is higher.
- (2) Total amount of capital loans of the subsidiaries and limits of individual parties.
 - A. The total loan amount of the Company shall not exceed 40% of the net value of the Company.
 - B. For the companies and business entities which the company has business dealings with, the number of individual loans shall not exceed the business dealings between the two parties. The business transaction amount refers to the purchase or sales amount between the two parties, whichever is higher.
 - C. For companies or business entities that have business dealings with Taiyu construction, the number of individual loans shall not exceed 20% of the net value of Taiyu construction.

Note 4: The above transactions related to the consolidated individual have been written off when preparing the consolidated financial statements.

B. Endorsements/guarantees provided :

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Endorsers	Endorsees	Endorsement Limit for a Single Entity	Highest Balance During the Period	Ending Balance	Actual Amount Drawn	Balance Secured by Collaterals	The ratio of Amount Accumulated to Net Worth of the Company	Maximum Amount of Endorsement	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Party in Mainland China
0	The Company	Nanjing Dingzheng Real Estate	b (Note 3)	10,736,413	438,400	434,400	217,200	-	4.05 %	21,472,826 (Note 3)	Y	N Y
		Taiyu Construction	b (Note 3)	10,736,413	120,000	120,000	60,000	-	1.12 %	21,472,826 (Note 3)	Y	N N
		Chengdu Dingkang Real Estate	b (Note 3)	10,736,413	6,965,000	-	-	-	%	21,472,826 (Note 3)	Y	N Y
		Qingdao Dinglin International	b (Note 3)	10,736,413	2,030,274	1,501,200	1,460,477	73,500	13.98 %	21,472,826 (Note 3)	Y	N Y
1	168	Nanjing Dingzheng Real Estate	b (Note 4)	11,841,330	4,427,840	4,387,440	4,387,440	6,207,191	74.10 %	11,841,330 (Note 4)	N	N Y
2	Fast	Qingdao Dinglin Hotel	b (Note 5)	11,343,330	78,912	-	-	-	%	11,343,330 (Note 5)	N	N Y
		Qingdao Dinglin International	b (Note 5)	11,343,330	1,718,712	1,712,405	1,708,115	1,694,160	75.48 %	11,343,330 (Note 5)	N	N Y
3	Qingdao Dinglin International	Qingdao Dinglin Hotel	b (Note 6)	2,127,340	86,880	86,880	86,880	-	20.42 %	2,127,340 (Note 6)	N	N Y
4	Billion Capital Holding co., Ltd	Chengdu Chunya Enterprise Management Co., Ltd.	b (Note 7)	7,161,880	261,600	560,640	13,320	130,320	18.20 %	7,161,880 (Note 7)	N	N Y
5	Chengdu Chunya Enterprise Management Co., Ltd.	Chengdu Dingkang Real Estate Co., Ltd.	b (Note 8)	8,677,672	6,952,500	6,920,000	3,424,508	1,099,092	637.81 %	8,677,672 (Note 8)	N	N Y

Note 1: The description of the number column is as follows:

- (1) The issuer is represented in O.
- (2) The investee company is numbered sequentially from the Arabic numeral 1.

Note 2: The relationship between the endorser and the endorsee is as follows:

- (1) Trading partner.
- (2) The Company directly or indirectly holds more than 50% voting shares of the company.
- (3) The Company directly or indirectly holds more than 50% voting shares of the company.
- (4) The Company directly or indirectly holds 90% voting shares of the company.

Note 3 : According to the provision of the Company's endorsement guarantee provide to others, the amount of endorsement guarantee shall not exceed 200% of the net value of the current period, and the limit of endorsement guarantee for a single corporate shall not exceed 100% of the net value of the current period.

Note 4 : According to the provision of the subsidiary 168 Investment Ltd.'s endorsement guarantee provide to others, the amount of the endorsement guarantee and the guarantee for a single corporate shall not exceed 100% of the net value of the current period, and the limit of the single corporate and guarantee for the parent company and its subsidiaries shall not exceed 200% of the net value of the current period.

Note 5 : According to the provision of the subsidiary Fast's endorsement guarantee provide to others, the amount of the endorsement guarantee and the guarantee for a single corporate shall not exceed 100% of the net value of the current period, and the limit of the single corporate and guarantee for the parent company and its subsidiaries shall not exceed 500% of the net value of the current period.

Note 6 : According to the provision of the subsidiary Qingdao Dinglin International Business Management Co., Ltd's endorsement guarantee provide to others, the amount of the endorsement guarantee and the guarantee for a single corporate shall not exceed 100% of the net value of the current period, and the limit of the single corporate and guarantee for the parent company and its subsidiaries shall not exceed 500% of the net value of the current period.

Note 7 : According to the provision of the subsidiary Billion's endorsement guarantee provide to others, the amount of the endorsement guarantee and the guarantee for a single corporate shall not exceed 100% of the net value of the current period, and the limit of the single corporate and guarantee for the parent company and its subsidiaries shall not exceed 500% of the net value of the current period.

Note 8 : According to the provision of the subsidiary Billion's endorsement guarantee provide to others, the amount of the endorsement guarantee and the guarantee for a single corporate shall not exceed 100% of the net value of the current period, and the limit of the single corporate and guarantee for the parent company and its subsidiaries shall not exceed 800% of the net value of the current period.

C. Marketable securities held (not including subsidiaries, associates, and joint ventures) :

Amounts in Thousands of New Taiwan Dollars/Thousand shares

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Ending balance				Remark
				Number of shares	Carrying Value	Ownership	Fair value	
The Company	Lalu Network Technology Co., Ltd.	The chairman of the Company is also the chairman of this company	Financial assets based on fair value through other comprehensive gains and losses	75,000	9	15.00%	9	
	9801 Collective account of entrusted four-year maturity bonds	None	Financial assets based on fair value through gains and losses	10,000	2,763	- %	2,763	

D. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.

E. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.

F. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital:

Amounts in Thousands of New Taiwan Dollars

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		(Notes/Accounts Payable) Or Receivable	Amount
			Purchases/ Sales	Amount	% to Total	Payment Terms	Company Name	Related Party	Nature of Relationships	
The Company	Taiyu Construction	Transactions between parent and subsidiary companies	Construction procurements	906,981	50.28 %	Collection under contract	-	-	348,959	95.97 %
Taiyu Construction	The Company	Transactions between parent and subsidiary companies	Construction procurements	Project revenue 935,980	99.33 %	Collection under contract	-	-	348,959	100.00 %
Taiyu Construction	The Company	Transactions between parent and subsidiary companies	Construction procurements	Project funds collected in advance 366,667	100.00 %	Collection under contract	-	-	-	-
Taiyu Construction	Xianglin Hydropower	The Company's substantial related party	Construction procurements	144,795	16.44 %	Collection under contract	-	The Company is in accordance with the project procurement contract procedures.	11,118	99.29 %

Note: The above transactions related to the consolidated individual have been written off when preparing the consolidated financial statements.

H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Amounts in Thousands of New Taiwan Dollars

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts	Remark
					Amount	Action Taken			
Taiyu Construction	The Company	Subsidiary	348,959	-	-		-	-	-

Note: The above transactions related to the consolidated individual have been written off when preparing the consolidated financial statements.

I. Information about the derivative financial instruments transaction: None.

J. The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them:

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Amounts in Thousands of New Taiwan Dollars			
				General ledger account	Amount (Note 4)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	Taiyu Construction	1	Construction procurements — Ending balance	366,667	-	2.82%
1	Taiyu Construction	The Company	2	Operating income	366,667	-	10.55%
2	Nanjing Dingzheng Real Estate	Nanjing Dingzheng Hotel	3	Other receivables	721,445	-	2.05%
2	Nanjing Dingzheng Real Estate	Qingdao Dinglin International	3	Other receivables	2,296,713	-	6.51%

Note 1: the number is as follows:

(1) Parent company fill in 0.

(2) Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the company type.

Note 2: there are three types of relationships with traders:

(1) Parent company to a subsidiary.

(2) Subsidiary to the parent company.

(3) Subsidiary to subsidiary.

Note 3: For the calculation of the ratio of the transaction amount to the individual's total revenue or total assets, if it belongs to the asset-liability account, it shall be calculated in the way that the ending balance accounts for the individual's total assets; If it belongs to the profit and loss account, it shall be calculated by the way that the cumulative amount in the interim accounts for the individual's total revenue.

Note 4: the above transactions related to the consolidated individual have been written off when preparing the consolidated financial statements.

(2) Information on investees(excluding Mainland China invested companies):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Shares Held as at the End of the Period			Net Income (Loss) of the Investee	SHARE OF PROFIT/LOSS OF INVESTEE	Remark
				End of the current period	End of the prior year	Number of shares	Ratio	Carrying amount			
The Company	Taiyu Construction	Taiwan	Engineering and construction business	85,800	85,800	9,533	86.67%	32,399	(15,806)	(13,699)	Subsidiary
The Company	Headway	Samoa	Investment	284,791	294,950	9,643	66.67%	270,515	6,731	4,487	Subsidiary
The Company	Baihuang Investment	Taiwan	Investment	9,000	9,000	-	100.00%	1,019	2	2	Subsidiary
The Company	Dinglin international enterprise	Taiwan	Residential and building development lease and sale business	255	255	26	51.00%	393	(2)	(1)	Subsidiary
The Company	168	Samoa	Investment	6,433,249	6,433,220	208,434	95.42%	5,640,624	(432,750)	(432,750)	Subsidiary
The Company	Quantum	Samoa	Investment	1,712,616	-	55,128	84.65%	1,212,408	(28,744)	(33,956)	Subsidiary
The Company	Billion	Samoa	Investment	-	1,712,616	-	-	-	-	-	Subsidiary
The Company	Diamond	Samoa	Investment	12,252	15,897	386	100.00%	407	(13)	(13)	Subsidiary
The Company	Fast	Samoa	Investment	3,270,998	2,766,001	103,130	100.00%	2,259,106	(183,740)	(192,375)	Subsidiary
Taiyu Construction	Worldwide	Samoa	Engineering Consultant	32	32	1	100.00%	(139)	(26)	(30)	Subsidiary
Baihuang Investment	Dinglin international enterprise	Taiwan	Residential and building development lease and sale business	245	245	25	49.00%	378	(2)	(1)	Subsidiary
Headway	Gold Square	Samoa	Investment	-	-	-	100.00%	637	(18)	(18)	Subsidiary
Quantum	Billion	Samoa	Investment	1,827,952 (USD65,128)	- (USD-)	65,128	100.00%	1,432,376	(28,699) (USD1,025)	28,758 (USD1,025)	Subsidiary
Fast	Century Up	Hong Kong	Investment	878,695 (USD31,237)	878,695 (USD31,237)	188,279	77.28%	117,667	(348,335) (USD12,436)	1,025 (USD9,611)	Subsidiary

(3) Information on investments in Mainland China:

Investee Company	Main Business and Products	Total Amount of Paid-in Capital	Investment method	Accumulated investment amount of remittance from Taiwan—beginning of the current period	Exported or recovered investment amount of the current period		Accumulated investment amount of remittance from Taiwan—end of the current period	Current profit or loss of the investee company	Shareholding percentage from direct or indirect investment	Investment profit or loss recognized in the current period	Carrying amount of investment at the end of the current period	Accumulated repatriation of investment income as of the end of the period
					Remitted	Received						
Nanjing Dingzheng Real Estate	Real estate development, operation and management	3,370,611 (USD121,991) (Note 3)	(2) 168	1,105,200 (USD40,000) (Note 3)	-	-	1,105,200 (USD40,000) (Note 3)	(493,997)	95.42%	(471,372)	\$ 3,681,276	-
Qingdao Dinglin International	Enterprise management services, catering production and sales, accommodation services, wholesale, exhibition services, and house leasing	1,036,871 (USD37,527) (Note 3)	(2) Century Up	552,600 (USD20,000) (Note 3)	-	-	552,600 (USD20,000) (Note 3)	(430,449)	61.78%	(265,932)	340,120	-
Chengdu Chunya enterprise	Enterprise management services	1,381,500 (USD50,000) (Note 3)	(2) Billion	1,105,200 (USD40,000) (Note 3)	-	-	1,105,200 (USD40,000) (Note 3)	(38,923)	84.65%	(32,948)	1,084,962	-
Qingdao Xiangdu	Self-owned funds and private equity funds are engaged in equity investment, investment management, asset management, and other activities	276,300 (USD10,000) (Note 3)	(2) Headway	276,300 (USD10,000) (Note 3)	-	-	276,300 (USD10,000) (Note 3)	(3)	66.67%	(2)	257,268	-
Nanjing Dingzheng Hotel	Hotel operation and management	518,280 (CNY120,000) (Note 3)	(3) Nanjing Dingzheng Real Estate	-	-	-	-	(28,241)	95.42%	(26,947)	430,762	-
Qingdao Dinglin Hotel	Hotel operation and management	43,190 (CNY10,000) (Note 3)	(3) Qingdao Dinglin International	-	-	-	-	24,360	61.78%	15,050	(72,806)	-
Chengdu Dingkang Real Estate	Construction of hotels and real estate development	1,319,714 (CNY305,560) (Note 3)	(3) Chengdu Chunya enterprise	-	-	-	-	(38,658)	84.65%	(32,724)	1,085,222	-
Guangjiang Hubei Hotel	Hotel operation and management	-	(3) Qingdao Dinglin International	-	-	-	-	-	-	In preparation	-	-
Hubei Guangjiang real estate	Real estate development	-	(3) Qingdao Dinglin International	-	-	-	-	-	-	In preparation	-	-

Investor Company	Accumulated remitted investment amount from Taiwan to Mainland China—end of the current period	Investment amount approved by the Investment Committee of the Ministry of Economic Affairs	Ceiling on investment in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs
Shining Building Business Co. Ltd	\$ 3,039,300 (USD110,000) (Note 3)	\$ 4,318,569 (USD156,300) (Note 3)	\$ 6,441,848 (Note 4)

Note 1: Investments are divided into the following three types:

- (1) Direct investment in the mainland.
- (2) Reinvestment in mainland companies through third regional companies.
- (3) Others.

Note 2: investment losses recognized in this period:

- (1) If there is no investment profit or loss in preparation, it shall be noted.
- (2) The recognition basis of investment profit and loss is divided into the following three types, which should be noted:
 - A. The financial statements are audited and endorsed by an international accounting firm that has a cooperative relationship with an accounting firm of the Republic of China.
 - B. The financial statements are audited and endorsed by the certified public accountant of the Taiwan parent company.
 - C. Others.

Note 3: The amount in Taiwan dollars is converted at the exchange rate on the balance sheet date (the recognized gains and losses are converted at the average exchange rate).

Note 4: the investment limit is calculated at 60% of the net value.

(4) Information on major shareholders:

Name of Major Shareholder	Shares	Unit: shares	
		Number of Shares	Percentage of Ownership (%)
Quanyang Investment Co., Ltd	98,221,964		10.04%
Dinglin Investment Development	96,008,678		9.82%
Dingzheng Investment Co., Ltd	94,131,799		9.62%
Guangyu Investment Co., Ltd	64,948,854		6.64%
Mingheng Investment Co., Ltd	56,978,163		5.82%
Heting Investment Co., Ltd	55,615,514		5.68%

Note 1: The information of major shareholders is based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company. The share capital in the consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: As per the information above, if the shareholder delivers the shares to the trust, shares will be disclosed based on the trustee's account. Additionally, according to the Securities and Exchange Act, an internal stakeholder who holds more than 10% of the Company's share, which includes shares held by the stakeholder and parts delivered to the trust that has decision-making rights, should be declared. For information regarding internal stakeholder declaration, please refer to the Market Observation Post System website of

the Taiwan Stock Exchange Corporation.

14. SEGMENT INFORMATION

(1) General information

For management, the Group's operational decision-makers divide the operating segments according to the business units and divide the main reportable segments into building units and construction units. Some of the subsidiaries' operations are not included in the reportable segments because of their small scale of operation and the relevant information is not included in the operational decision-making report. Their operating results are consolidated under "other unit":

A. Building unit: Mainly engaged in the business of building commercial buildings and renting and selling public housing.

B. Construction unit: Mainly engaged in construction and civil engineering business.

C. Other units: Mainly engaged in hotel construction and real estate development and general investment. The Group's operational decision-makers monitor the operational results of each operating unit to make decisions on resource allocation and performance evaluation. The performance of segments is assessed based on net profit (loss) before tax and is measured in a manner consistent with net profit (loss) before tax in the consolidated financial statements. The accounting policies of the operating segment are the same as the summary of important accounting policies described in Note 4 of the consolidated financial statements.

Item	2021				
	Building segment	Construction segment	Other	Reconciliation and elimination	Total
Income					
Revenue from external customers	\$ 2,810,226	\$ 6,273	\$ 657,357	-	\$ 3,473,856
Inter segments revenue	18,450	935,980	-	(954,430)	-
Interest income	2,015	368	86,665	(17,870)	71,178
Total income	\$ 2,830,691	\$ 942,621	\$ 744,022	(\$ 972,300)	\$ 3,545,034
Segment income	\$ (1,436,689)	\$ (15,806)	\$ (846,361)	\$ 1,435,482	(\$ 863,374)
Total assets of segments	\$ 44,244,159	\$ 613,051	\$ 11,282,611	(\$ 20,873,541)	\$ 35,266,280
Segment liabilities	\$ 28,617,826	\$ 520,961	\$ 1,666,385	(\$ 7,026,763)	\$ 23,778,409

Item	2020				
	Building segment	Construction segment	Other	Reconciliation and elimination	Total
Income					
Revenue from external customers	\$ 5,715,347	-	\$ 200,210	-	\$ 5,915,557
Inter segments revenue	1,530	628,746	-	(630,276)	-
Interest income	14,042	365	72,548	(11,079)	75,876
Total income	\$ 5,730,919	\$ 629,111	\$ 272,758	(\$ 641,355)	\$ 5,991,433
Segment income	\$ 460,851	\$ (10,887)	\$ (270,259)	(\$ 29,447)	\$ 150,258
Total assets of segments	\$ 36,440,500	\$ 447,833	\$ 11,166,497	(\$ 16,186,645)	\$ 31,868,185
Segment liabilities	\$ 20,249,941	\$ 341,647	\$ 5,156,872	(\$ 6,340,237)	\$ 19,408,223

(2) Geographical information

The regional information of the Group is as follows, in which the income is classified based on the receiving region, while the non-current assets are classified based on the geographical location of the assets.

A. Revenue from external customers: Please refer to Note 6. (24)

B. Non-current assets

Area	2021.12.31	2020.12.31
Taiwan	\$ 2,062,220	\$ 1,266,387
Mainland China	\$ 15,465,664	\$ 12,523,490
Total	\$ 17,527,884	\$ 13,789,877