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**Shining Building Business Co., Ltd.**

## **2021 Annual Report**

Persistence, Perseverance, Quality Assurance

Issued on May 15, 2022

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## I. Letter to Shareholders

### 1.1 Business Result of 2021

#### 1.1.1 Implementation Results of the Business Plans in 2021

The total of consolidated revenue in 2021 is NTD 3,473,856 thousand, composed of domestic accounts mainly from revenue of new home sales “Shining Forever Young” at NTD 57,604 thousand, “Shan-Hui Special Area, Shining Shan-Hai-Hui” at NTD 552,840 thousand, “Shining Tian-Yun” at NTD 5,842 thousand, and “Shining Museum” at NTD 55,468 thousand, as well as completion of construction on complex “The True Life” at NTD 1,567,035 thousand and revenue from Shining’s subsidiary Tai Yu Construction at NTD 6,273 thousand; in addition, the revenue is also contributed by the revenue of the Company’s re-invested Chinese subsidiary Qingdao Ding-Lin Hotel at NTD 339,319 thousand and real estate income at NTD 174,978 thousand along with Nanjing Ding-Zheng Hotel’s revenue at NTD 318,044 thousand and real estate income at NTD 376,128 thousand, topped with rental revenue at NTD 17,381 thousand and other revenues at NTD 2,944 thousand; the pandemic has resulted in the Company’s loss per share at NTD 0.6 in 2021.

#### 1.1.2 Status of Budget Implementation

In accordance with the provisions in “Regulations Governing the Publication of Financial Forecasts of Public Companies,” a comparison on the budget implementation cannot be conducted as the Company did not prepare the financial forecast for the year 2021.

#### 1.1.3 Financial Income and Expenditure and Profitability Analysis (IFRS Consolidated Financial Report)

Unit: NTD Thousands

Items	Actual Numbers for 2020	Actual Numbers for 2021	Gain (Loss) Condition	
			Amount	Ratio (%)
Operating Revenue	5,915,557	3,473,856	(2,441,701)	(41.28%)
Operating Cost	4,255,476	2,514,290	(1,741,186)	(40.92%)
Operating Margin	1,660,081	959,566	(700,515)	(42.20%)
Operating Expense	1,254,390	1,376,648	122,258	(9.75%)
Operating Profit	405,691	(417,082)	(822,773)	(202.81%)
Net Income After Tax of the Parent Company	166,820	(587,020)	(753,840)	(451.89%)

Year		2020	2021
Items			
Profitability	Return on Assets (%)		1.86 (0.62)
	Return on Shareholders’ Equity (%)		0.86 (6.48)
	Ratio to Paid-in Capital %	Operating Profit	4.15 (4.27)
		Pre-Tax Income	1.54 (8.83)
	Profit (Loss) Margin Before Tax (%)		1.82 (22.34)
	EPS from Parent Company (NTD)		0.17 (0.60)

#### 1.1.4 R&D Status

The Company has set up Shining Real Estate Research Office responsible for survey, research, tracking and keeping on the trend of real estate market, along with in-depth research on political and economic circumstances within the real estate market and periodic preparation of research reports. The prepared research and survey report has now become one of the most credible reference nationwide for real estate information that has precise grasps over the market pulse.

#### 1.2 Operation Plans for 2021

##### 1.2.1 Management Guidelines:

- 1.2.1.1 Persistence in Excellence, and Assurance in Quality
- 1.2.1.2 Equivalent Standard for Various Different Products
- 1.2.1.3 Focus on Main Business and Deep Cultivation in the Market
- 1.2.1.4 Management and Control over Quality through Up-and-Down-Stream Vertical Integration
- 1.2.1.5 Perseverance on Brand and Sustainable Management
- 1.2.1.6 Social Responsibility for Brand Image
- 1.2.1.7 The Spirit of the Tiger Theory

##### 1.2.2 Projected Sales and Their Accordance:

- 1.2.2.1 Projects Completed for Sale: including projects Shining Forever Young, Shining Shilin Headquarters, Shining Museum .
- 1.2.2.2 Projects Expected to be Promoted in 2022:  
“The Lalu Yuan Lin” in Yuanlin City, Changhua. , and urban renewal projects in Jilin Rd., Zhongshan District, Taipei. and Wanhua District, Taipei City, etc. with projected amount from promotion at NTD 10.8 Billion, along with continued urban renewal, joint construction and BTOs.

##### 1.2.3 Significant Production and Sales Policies: “The Five Major Tactics” in the next five years.

- 1.2.3.1 Urban Renewal of Unsafe and Old Buildings and Joint Construction in Concurrent Conduct to Fortify Layout at the Six Special Municipalities.
- 1.2.3.2 The Group’s “Year of Brand Sensation Deepening” for Enhanced Service Quality of Shining and the Lalu.
- 1.2.3.3 “Digital Transformation Project” Application to Real Estate Marketing and Booking Service Management.
- 1.2.3.4 Engaging in “High-end Wellness Center” Industry Targeting Premium Recreation and Resort for Senior Citizens in Nanjing and Chengdu.
- 1.2.3.5 Accelerating Promotion of Projects across the Strait.

#### 1.3 Future Development Strategies for the Company

##### (1) Domestic market:

1. With regards to performance and goals, as the urban renewal and reconstruction of urban unsafe and old buildings are entitled to financing featuring a more flexible disbursement without constraints of limits as well as a more preferable interest rate compared to generic land and constructing loans, Shining’s joint development entered into with landlords focusing on urban renewal or and reconstruction of urban unsafe and old buildings having been engaged in for a long time may stand out amongst other players in the construction industry;
2. “Shining Remain Your Heart” (Eternal Beautiful) project at Sanchong District, New Taipei City, Shining’s first attempt in the previous year to enter Sanchong District available in presale became sold out within three months, meanwhile recording the highest unit price for

projects promoted locally. At the end of the previous year, the handover of houses under the project “Shining The True Life” at Fuduxin of Xinzhuang District, New Taipei City were completed. The focus of project promotion this year will be projects in Taipei City and New Taipei City as well as engagement in urban renewal projects and new land purchase plans with a view to gradually fulfill the annual project promotion goal at NTD 20 Billion annually.

3. With anticipation to seize the opportunities in the midst of “spill-over” trends on the housing market in Taichung, Shining had its first promotion of project “Shining Yuanding (the Dome)” at Yuanlin City in Changhua County, which is to the South of Taichung. Featuring both adjacency to core areas around Yuanlin train station and brand advantages, the project is expected to gain from the population and transportation bonuses resulting from the great quantity of job opportunities created by the Central Taiwan Science Park at Erling Township, Changhua County. With respect to the project, Shining already received reservations from nearly 300 guests at the stage of “pre-documented” pre-sale of houses, which are currently close to sell out, breaking various sales records in the category of buildings at Yuanlin City in terms of planning and design and house safety.

## (2) Projects in Mainland China:

1. Multi-Story Beach Mansions in the Lalu Manor at Qingdao close to sell out;
2. Apartment Hotel “Hanbilou Xingguan” and Office “Hanbilou Financial Center” in Nanjing has the cumulative sales at over 80% of overall properties as of now, targeting sell out in this year.
3. Comprehensive development project “Hanbi Tianxia” at Phoenix Mountain of Chengdu City received gradual resumption in construction following the lift of air traffic control bans. Currently, the retail office and model house have been completed and ready for start of sale in Q2 2022. Projects on land blocks R6 and R4 promoted across the year reach in combination a total revenue at approx. NTD 19 Billion.
4. Continuing land purchases and projects promotion in (provincial) capitals Qingdao, Nanjing, Chengdu and more.

The housing market would remain bullish in the domestic six magistrates. In the meantime, the “The Five Major Tactics” contains orientations including amplifying promotion at metropolitan areas in Taipei City, New Taipei City and Taichung, with an expected revenue totaling at NTD 10.8 Billion. Added with projected revenue from sales of houses in Projects on land blocks R6 and R4 in Chengdu, China, the total revenue from houses sold across the Strait may raise to nearly NTD 30 Billion.

## 1.4 Impacts to the Company under external competition, regulation and macro management circumstances

The global pandemic of novel coronavirus pneumonia (COVID-19) has cause austere and complicated impacts on the world economy as well as air and sea transportations. Countries in Europe and America, as means of saving the economy, conducted mass printing of money that led to global capital tides as well as large-scale economic stimulus including quantitative easing to currencies, low interest rates, and relief and subsidies; however, the congestion in ports around the world caused delayed shipments, furthermore causing shortage in freights and chips which led to inflation due to sustained increase in prices of commodities. In the meantime, the fleeing of European and American funds took influxes into Asian market, bringing about influences on Taiwanese stock market, foreign exchange, and housing market.

As the prices for domestic commodities went rising and the increase in costs of construction materials and labor, and under the circumstances of interests remained at low and ongoing trend of Taiwanese firms returning to Taiwan from China, many people decide to

purchase houses as a means to hedge the inflation while the constructors are scaling up their land purchases and project promotions. Both project promotion and number of transactions made with respect to houses broke the record of Taiwanese housing market in the recent 10 years, and the unit price for houses was set to a new high.

Faced with rapid price raise in the housing market, the government adopted various measures to inhibit the hype of house “scalping” as well as property speculations, The Central Bank and Ministry of the Interior have taken four interventions to stop flipping of properties. In addition, the Ministry of Interior furthermore proposed “the Five New Rules for Presale Houses” to limit the ownership transfer of presale houses and sustain the cooldown of housing market hypes, pending adoption in H2 2022. As the project promotion in the previous year totaled at NTD 1.8 Trillion in Taiwan, the projected project promotion this year is expected to reduce by 20% under the effects of sustained curb of property speculations and record at approx. NTD 1.45 Trillion, revealing a tendency of “reduced volume with slight increase in unit price”.

Five major trends can be expected in the housing market in 2022: (1) Mediation of inflation through interest raise by governments around the world will lead to flow of capital and therefore influence the stock and housing market; (2) under the condition of ban on ownership transfer for presale houses by government, the proportion of acquisition for self-use houses will be heightened, urging investors to change their plans for long-term development and embrace the rental house management (escrow) model; (3) Raise of bars in the control over land and construction financing and mortgage (home loan) by Financial Supervisory Commission (FSC) will pose disadvantage to small-to-medium-sized constructors; (4) Lowered willingness for constructors to participate in biddings of lands, while the lands pending urban renewal and joint development become increasingly popular; (5) The land price will boost the future house prices, eventually causing supply-demand disequilibrium due to fewer pre-sales by constructors and heightened desire for new houses.

In this post-pandemic era, the coverage of COVID-19 vaccination in various countries saw its rapid increase, whilst the booster jabs are promoted. In the meantime, orally administered COVID-19 vaccine is currently under phase 2 clinical trial. The pandemic is expected to end on H2 of the upcoming year, in which the borders of nations will be opened for business and travels, pacing up the recovery of circumstances. Owing to sustained low interest rate policy and quantitative easing monetary policies plus large-scale fiscal stimulus policies adopted by governments worldwide worsening the inflation, investors around the globe take massive moves entering their funds to the stock market, housing market and scramble for gold as methods to preserve values for their assets, leading to unprecedented prosperity in Taiwanese housing market as the backflow of capital and low interests in Taiwan concurrently took place.



## II. Company Profile

### 2.1 Date of Incorporation: May 29, 1990

### 2.2 Company History

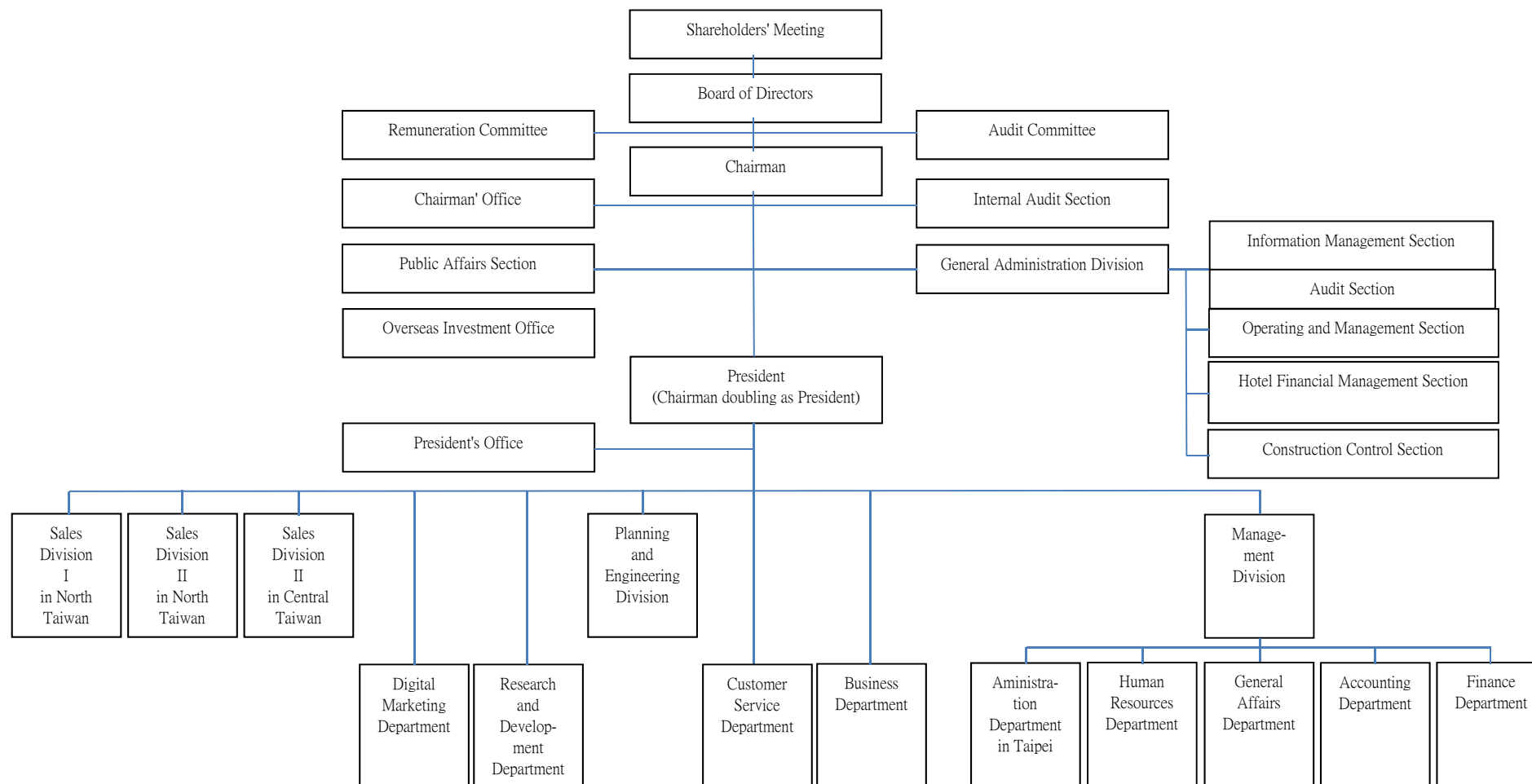
In 1980, Mr. Lai, Cheng-I, the founder and chairman of Shining Building Business Co., Ltd. (hereinafter referred to as the founder and was wholeheartedly committed to serving the society and improving national living quality and therefore launched the first construction project, "Guang Xing Garden Plaza", in Changhua. In the same time, he put his heart and soul into construction industry with attitudes of integrity, aggressiveness, responsibilities, and innovation for fulfilling the high degree of demands by neoteric on the spiritual life and living quality, and making most direct contribution to society. In May 1990, the Company was formally established with a capital of NT\$6.5 million. Its scope of business is construction of commercial buildings and sales and lease of general public housing, high-grade residences, and commercial offices. "Persistence, Perseverance, and Quality Assurance" is upheld as the unchangeable eternal faith and sustainable business philosophy of the Company. In 1991, the "Shining Science Building" was officially launched, which won National Golden Lion Award in 1991 and National Golden Award for Architecture—Best Quality in 1994. In November 1996, initial public offering was conducted. In June 2001, transaction in the over-the-counter market was approved. In January 2005, the stock officially went public and listed. For promoting the projects across Taipei and New Taipei, the Taipei branch was established in July of the same year. As the end of 2021, the capital increase has reached NT\$9,775,892,450 through many times of capitalization of retained earnings that makes the Company become a large domestic construction company, which has rolled out nearly 42 development projects in Taichung, Changhua, Taipei City, and New Taipei City.

For controlling construction quality, the Company invested and established the subsidiary, Tai Yu Construction Co., Ltd., in October 1990, and entrusted all construction projects of the Company to it. Other than consolidation of the main business in the industry, real estate development, Shining Group has a foothold in Taiwan, but reaches out to China and expands its horizons to include the whole world. For accelerating its cross-strait deployment, the Company set its goals as building The Lalu Hotel in China and investing in hotel-style apartments, shopping malls and offices in order to achieve the target in regard to stepping into the real estate market in China. In May 2010, Investment Commission initially approved the Company's investment for establishment of the subsidiary, Qing Dao Ding Lin Real Estate Co., Ltd. Successively, investments for establishment of other subsidiaries are implemented for Nan Jing Ding Zheng Real Estate Co., Ltd. and Cheng Du Ding Kang Real Estate Co., Ltd. The Company transformed Taiwan experience into China experience and enter China market with "THE LALU" as its brand. With more than 30 years of experience in tourism and real estate industry and an excellent team with super awesome teams in all kinds of businesses, including land development, planning and design, construction, hotel preparation, and operation management, etc., the Company has become a multinational corporation of immovable property development with diversity. After the Company's launching and opening initial Lalu Hotel in Qing Dao of China in 2014, the "LALU" has become the cultural and creative brand of International chain hotels.

### III. Corporate Governance Report

#### 3.1 Organization System

##### 3.1.1 Organizational Chart



### 3.1.2 Major Corporate Functions

#### 3.1.2.1 Chairman' Office & Public Affairs Section

1. In charge of plan preparation and execution of different public relations programs, investment planning, reviewing contracts and important documents, dealing with litigation cases, planning legal matters, and releasing various orders.

#### 3.1.2.2 Internal Audit Section

- (1) In charge of assessment of internal control system, planning of audit plans, improvement tracking of abnormalities audited, maintenance of audit system, proposal of audit reports, verification of self-assessment, and report summary, etc.

- (2) Use digital tools to promote the transformation of the overall company, continue to create service value and commodity competitiveness, in order to achieve sustainable management

- a. Build centralized data

- b. Improve employee data competitiveness

- c. Implement a data-centric business/department management approach

- (3) Prepare to build an industry-related content platform to help companies and partners obtain the benefits of brand promotion and community promotion in the digital market, so that businesses and sales can reach targetd customers and expand marketing effectiveness.

#### 3.1.2.3 General Administration Office

In charge of execution of the Company's annual plan, financial planning of reinvestments, analysis and recommendations in regard to business data of each business unit, establishment of meeting systems, creation, inspection, and implementation of system standardization, establishment and maintenance of MIS systems, management and maintenance of computer hardware and operating systems, management of programs and database, development of informatization in the Company, establishment of marketing database, creation of construction cost database, planning and execution of network integration.

#### 3.1.2.4 President's Office

Execution of various project plans, mid-term and long-term guideline for management and strategic planning, president's staff unit.

#### 3.1.2.5 Planning and Engineering Division

Utility maximization of land development, recommendations and proposals on the planning direction of construction development, implementation of resolutions of company plans, supervisory control of the schedule and quality of design layouts and customers' alteration of design, design quality control, final acceptance of construction, and customers' acceptance before property handover, etc.

#### 3.1.2.6 Sales Division & Research and Development Department

Achievement of annual business goals in coordination with promotional programs, providing professional training and talent development to sales staff of entry level and

management level, collection of customer data and establishment of database, planning and implementation of annual and developmental advertisements, market research and data analysis for assisting the community to establish the first session management committee, control of schedule, quality, and final acceptance of construction, market analysis, product positioning, commodity and marketing packaging plans, new product planning, sales operation control, market absorption capacity survey, operating scheme of competitors analysis, evaluation and acquisition of lands, urban renewal and capacity transfer, analysis of land development costs, etc.

#### 3.1.2.7 Business Department

In charge of customer contract signing, payment collection, identity verification procedure of bank, and property handover.

#### 3.1.2.8 Customer Service Department

In charge of community customer complaints, cross-department communication and coordination, repairing and sustainable maintenance services, handover of community public facilities, and community arts and cultural activities, etc.

#### 3.1.2.9 Management Division

In charge of general accounting affairs, stock operations, budget operations, tax declaration, financial statements and information release to Market Observation Post System, execution of company capital increase, capital movement, cash flow control, management of public affairs, fixed assets, and public facilities, company trip arrangements, maintenance of occupation safety, personnel administrative operations, maintenance of company organization structure, human resource development, employee motivation and improvement of employee morale, employee education and training programs, and human resource integration and development of all business units.

#### 3.1.2.10 Overseas Investment Office

In charge of matters of overseas investment businesses, including the acquisition of land, planning and design, schedule management of factory construction, and various preparatory works before the opening of hotels and shopping malls.

#### 3.1.2.11. Digital Marketing Department:

Set up, manage and maintain the Company's website and a digital community; in charge of the implementation and outcomes, and marketing activities and community promotion content consistent with the brand; use digital utilities to maintain the Company's customer relationships and deliver customer feedbacks to relevant departments in real time; provide digital database analysis and marketing support for the Company's sales.

### 3.2 Information on the Company's directors, supervisors, president, vice president, associate vice president, and the manager of each department and branch institution

#### 3.2.1 Information on Directors and Supervisors

##### 3.2.1.1 Directors

As of April 26, 2021

Title	Nationality or Place of Registration	Name	Gender/Age	Date Elected	Term of Office	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held by Nominee Arrangement		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at the Company and Other Companies	Executives, Directors or Supervisors Who are Spouses or within Second Degree Relative of Consanguinity			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Ding Lin Investment & Development Co., Ltd. Representative: Lai, Cheng-I	Male  61-65	2019.6.25 2019.6.25	3 years	2001.06.05 1990.05.29	95,058,098 2,092,930	9.77 0.22	96,008,678 3,596,942	9.82 0.37	- 441,231	- 0.05	- 116,917,486	- 11.96	Department of Electrical Engineering, Southern Taiwan University of Science and Technology General Chamber of Commerce of the Republic of China – President Taiwan Tourist Hotel Association – President International Real Estate Development Association of Taiwan – President Council of Industrial & Commercial Development – Honorary President Construction and Development Association of Taiwan Province – President Tai Chung City Chamber of Commerce – President	Shining Building Business Co., Ltd. – Chairman Ding Lin Investment & Development Co., Ltd. – Chairman Lalu Hotel Co., Ltd. – Chairman Guang Yu Investment & Development Co., Ltd. – Chairman Quan Yang Investment Co., Ltd. – Person In Charge Bai Huang Investment Co., Ltd. – Person In Charge Ding Lin International Enterprise Co., Ltd. – Chairman Shining Cultural and Educational Foundation – Chairman Shining Communication Co., Ltd. – Person In Charge Shining Real Estate Co., Ltd. – Chairman	Director	Chen, Shu-Fen	The Spouse	Note 1
Director	R.O.C.	Ding Zheng Investment Co., Ltd. Representative: Chen, Shu-Fen	Female 61-65	2019.6.25 2019.6.25	3 years	2007.06.13 1990.05.29	93,199,801 435,863	9.50 0.05	94,131,799 441,231	9.63 0.05	- 3,596,942	- 0.37	- 116,917,486	- 11.96	Economics Department, Soochow University	Ding Zheng Investment Co., Ltd. – Chairman Yi Yang Investment Co., Ltd. – Chairman	Chairman	Lai, Cheng-I	The Spouse	
Director	R.O.C.	Zheng Kee Investment Co., Ltd. Representative: Chang, Ying-Yin	Male 61-65	2019.6.25 2019.6.25	3 years	2005.05.10 2004.06.10	42,400,266 43,835	4.36 0.00	42,824,268 44,273	4.38 0.00	- 1,964	- 0.00	- -	- -	Fiber Engineering Department, National Taiwan University of Science and Technology	Shining Building Business Co., Ltd. – Director of General Administration Division Shining Hydropower Engineering Co., Ltd. – Person In Charge Zheng Kee Investment Co., Ltd. – Chairman Li Jing Investment Co., Ltd. – Chairman	Nil	Nil	Nil	

Title	Nationality or Place of Registration	Name	Gender/Age	Date Elected	Term of Office	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held by Nominee Arrangement		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at the Company and Other Companies	Executives, Directors or Supervisors Who are Spouses or within Second Degree Relative of Consanguinity			Remark				
																Billion Capital Holding Co., Ltd — Person In Charge  Quantum Investment Ltd. — Person In Charge								
Director	R.O.C.	Yi Yang Investment Co., Ltd.  Representative: Lin, Ching-Feng	Male 61-65	2019.6.25  2020.7.27	3 years	2004.06.10  2020.7.27	18,510,418  109,075	1.90  0.01	18,695,522  109,075	1.91  0.01	-  -	-  -	-  -	-  -	Agricultural Economics Department, National Chung Hsing University	Fast Growth LTD — Person In Charge  Diamond Overseas Co, Ltd. — Person In Charge	Nil	Nil	Nil	Note 2				
Independent Director	R.O.C.	Chiu, Wen-Jui	Male 56-60	2019.6.25	3 years	2005.05.10	12,303	0.00	12,426	0.00	-	-	-	-	Department of Electrical Engineering, Va Nung University  Chiang Shun Post Co., Ltd. — Vice Chairman	IC Artis Co., Ltd. — Director	Nil	Nil	Nil					
Independent Director	R.O.C.	Huang, Jian-Ji	Male 56-60	2019.6.25	3 years	2019.6.25	-	-	-	-	-	-	-	-	PhD Department of Electrical Engineering, National Cheng Kung University  Management Information Systems Department, Hung Kuang University — Dean & Associate Professor	Department of Multimedia Game Development and Application., Hung Kuang University — Dean & Associate Professor	Nil	Nil	Nil					
Independent Director	R.O.C.	Yang, Chih-Chung	Male 51-55	2019.6.25	3 years	2019.6.25	-	-	-	-	-	-	-	-	Master Degree Institute of Transportation, National Chiao Tung University  Hubbard Administration Management Co., Ltd. — Person In Charge	Hubbard Administration Management Co., Ltd. — Person In Charge	Nil	Nil	Nil					

Note 1: The chairman of the Company concurrently serves as the general manager in order to improve the operation efficiency and decision-making execution. At the same time, the Chairman also closely communicates the operation direction and status with all directors to implement corporate governance. In the future, it is proposed to select suitable candidates for the post of general manager for training, increase the number of independent directors, and increase the number of more than half of the members of the board of directors who do not concurrently serve as employees or managers, so as to improve the functions of the board of directors and give full play to its supervision function.

### 3.2.1.2 Major Shareholders of the Institutional Shareholders

As of April 26, 2022

Name of Institutional Shareholders	Major Shareholders of Juridical Person
Ding Lin Investment & Development Co., Ltd.	Lai, Cheng-I(21.95%) ; Chen, Shu-Fen(17.07%) ; Jing Ting Investment Co., Ltd.(14.63%) ; He Yi Investment Co., Ltd.(14.63%)
Ding Zheng Investment Co., Ltd.	Lai, Cheng-I(25.00%) ; Chen, Shu-Fen (15.00%) ; Jing Ting Investment Co., Ltd.(15.00%) ; He Yi Investment Co., Ltd.(15.00%)
Zheng Kee Investment Co., Ltd.	Lai, Cheng-I(52.00%) ; Chen, Shu-Fen (38.00%)
Yi Yang Investment Co., Ltd.	Chen, Shu-Fen(100.00%)

### 3.2.1.3 Major Shareholders of the Institutional Shareholders are Representatives of Institutional Shareholders

As of April 26, 2022

Name of Juridical Person	Major Shareholders of Juridical Person
Jing Ting Investment Co., Ltd.	Lai, Guang-Yang(99.00%)
He Yi Investment Co., Ltd.	Lai, Ding-Chao(99.00%)

### 3.2.1.4 Information of Directors and Supervisors

(1) Disclosure of directors' professional qualifications and independent directors' independence information :

Criteria Name	Professional Qualification and Work Experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
Ding Lin Investment & Development Co., Ltd. Representative Lai, Cheng-I	1. Board leadership experience 2. Market experience in construction and tourism industry	Not applicable	Not applicable
Ding Cheng Investment Co., Ltd. Representative Chen, Shu-Fen	1. Board member experience 2. Financial management experience	Not applicable	Not applicable
Zheng Kee Investment Co., Ltd. Representative Chang, Ying-Yin1.	1. Board member experience 2. Organization administration experience	Not applicable	Not applicable
Yi Yang Investment Co., Ltd. Representative Li n, Ching-Feng	1. Board member experience 2. Financial management experience	Not applicable	Not applicable

Criteria Name	Professional Qualification and Work Experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
Chiu, Wen-Jui	1.Audit Committee member 2.Board leadership experience 3.Have expertise in the field of management, and have rich experience in Chinese company management and corporate counseling 4.No circumstance under the provisions of Article 30 of the Company Act.	1.Comply with Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies 2.The number of shares held by the Company is 12,426 shares, representing a 0.00% shareholding 3.No business, legal, financial or accounting services were provided to the Company or its affiliates in the last two years, and no compensation was received for such services.	-
Huang, Jian-Ji	1. Audit Committee member 2. Experience of department heads and associate professors in colleges and universities 3. Multimedia application design, logic training and network marketing expertise 4.No circumstance under the provisions of Article 30 of the Company Act.	1.Comply with Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies 2.The number of shares held in the Company is 0 and the percentage of shares held is 0.00%. 3.No business, legal, financial or accounting services were provided to the Company or its affiliates in the last two years, and no compensation was received for such services.	-



Criteria Name	Professional Qualification and Work Experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
Yang, Chih-Chung	1. Audit Committee member 2. The experience of the person in charge of the Company 3. two Experience of person in charge of the Company three As a professional business management lecturer and consultant, he was once listed as one of the top 500 business management lecturers in management magazines. 4. No circumstance under the provisions of Article 30 of the Company Act.	1. Comply with Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies 2. The number of shares held in the Company is 0 and the percentage of shares held is 0.00%. 3. No business, legal, financial or accounting services were provided to the Company or its affiliates in the last two years, and no compensation was received for such services.	

(2) Board Diversity and Independence.

a. Board Diversity Policy.

In accordance with the Company's "Corporate Governance Best Practice Principles" 4-3-1-1, the Board of Directors should have a diverse composition and generally possess the knowledge, skills and qualities necessary to perform its duties. In order to achieve the desired goal of corporate governance, the Board of Directors as a whole should possess the following competencies: 1. operational judgment, 2. accounting and financial analysis, 3. management skills, 4. crisis management skills, 5. industry knowledge, 6. international market perspective, 7. leadership skills, and 8. decision-making skills. Currently, the Board of Directors has a diverse composition with one female and six male members, ranging in age from 54 to 64, and possessing different professional knowledge and skills, with expertise in management, finance and accounting. three of the independent directors are management consultants and university professors with many years of business experience, and have provided advice on corporate management on numerous occasions.

b. Board Independence.

The Company's Articles of Incorporation state that the number of independent directors shall not be less than three and shall not be less than one-fifth of the number of directors. Three of the seven directors shall be independent directors, one shall be an outside director and three shall be employees who are also directors, among whom, except for Chairman Lai, Cheng-I and Director Chen Shu-Fen, who are husband and wife, the other directors shall not be subject to the provisions of Article 26-3, Items 3 and 4 of the Securities and Exchange Act. The Board Independence holds definitely.

### 3.2.2 Information on the Company's president, vice president, associate vice president, and the manager of each department and branch institution

AAs of April 26, 2021

Title (Note 1)	Nationality	Name	Gender	Date Elected	Shares Held		Shares Held by Spouse & Minors		Shares Held by Nominee Arrangement		Selected Education, Past Positions & Current Positions at Non-Profit Organizations	Selected Current Positions at the Company and Other Companies	Managers Who are Spouses or within Second Degree Relative of Consanguinity			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President		Lai, Cheng-I	Male	2008.09.04	3,596,942	0.37	441,231	0.05	116,917,486	11.96	Department of Electrical Engineering, Southern Taiwan University of Science and Technology General Chamber of Commerce of the Republic of China— President Taiwan Tourist Hotel Association— President International Real Estate Development Association of Taiwan— President Council of Industrial & Commercial Development— Honorary President Construction and Development Association of Taiwan Province— President Tai Chung City Chamber of Commerce— President	Ding Lin Investment & Development Co., Ltd.— Chairman Lalu Hotel Co., Ltd.— Chairman Guang Yu Investment & Development Co., Ltd.— Chairman Quan Yang Investment Co., Ltd.— Person In Charge Bai Huang Investment Co., Ltd.— Person In Charge Ding Lin International Enterprise Co., Ltd.— Chairman Shining Cultural and Educational Foundation— Chairman Shining Communication Co., Ltd.— Person In Charge Shining Real Estate Co., Ltd.— Chairman	Nil	Nil	Nil	Note 1
Director of General Administration Division	R.O.C.	Chang, Ying-Yin	Male	1997.06.16	44,273	0.00	1,964	0.00	-	-	Fiber Engineering Department, National Taiwan University of Science and Technology	Shining Hydropower Engineering Co., Ltd.— Person In Charge Zheng Kee Investment Co., Ltd.— Chairman Li Jing Investment Co., Ltd.— Chairman Billion Capital Holding Co., Ltd.— Person In Charge Quantum Investment Ltd.- Person in Charge	Nil	Nil	Nil	
Chief Financial Officer	R.O.C.	Chen, Chung-Yuan	Male	2020.07.24	17,543	0.00	135,794	0.01	-	-	Executive Master of Business Administration (Finance Group), College of Social Sciences and Management, National Chung Hsing University	Nil	Nil	Nil	Nil	
Chief Accounting Officer	R.O.C.	Liao, Pei-Chi	Female	2000.10.01	217,022	0.02	-	-	-	-	Business Administration Department, Tung Hai University	Headway Investment Ltd.— Person In Charge Gold Square Investment Ltd.— Person In Charge	Nil	Nil	Nil	
Director of Internal Audit Section	R.O.C.	Lin, Yin-Win	Female	2002.03.27	-	-	-	-	-	-	Business Administration Department, Overseas Chinese University	Nil	Nil	Nil	Nil	
Associate Vice President of Administration Department in Taipei	R.O.C.	Lo, Man-Li	Female	2014.01.01	101	0.00	-	-	-	-	Department of Finance, National Chung Hsing University	Taipei Branch of Shining Building Business Co., Ltd.— Person In Charge	Nil	Nil	Nil	
Associate Vice President of Operating and Management Section	R.O.C.	Lee, Chao-Chang	Male	2017.07.01	-	-	-	-	-	-	Institute of Statistics, National Taipei University	Nil	Nil	Nil	Nil	

Note 1: the chairman of the Company concurrently serves as the general manager in order to improve the operation efficiency and decision-making execution. At the same time, the chairman also closely communicates the operation direction and status with all directors to implement the corporate governance. In the future, it is proposed to select suitable candidates for the post of general manager for training, increase the number of independent directors, and increase more than half of the members of the board of directors who do not concurrently serve as employees or managers, so as to improve the functions of the board of directors and give play to its supervision function.

### **3.3 Remuneration Paid to Directors, Independent Directors, Supervisors, President, and Vice President in Most Recent Year**

3.3.1 Under one of conditions below, the remuneration of the individual directors or supervisors shall be disclosed, otherwise, disclosed with the name of each individual and the corresponding remuneration class interval in a summary table.

3.3.1.1 A company that has posted after-tax deficits in the individual financial reports or respective financial reports within the most recent three fiscal years shall disclose the remuneration paid to individual directors and supervisors and their names. This requirement, however, shall not apply if the Company has posted net income after tax in the individual financial report or respective financial report for the most recent fiscal year and such net income after tax is sufficient to offset the accumulated deficits.

3.3.1.2 A company that has had an insufficient director shareholding percentage for 3 consecutive months or longer during the most recent fiscal year shall disclose the remuneration of individual directors; one that has had an insufficient supervisor shareholding percentage for 3 consecutive months or more during the most recent fiscal year shall disclose the remuneration of individual supervisors..

3.3.1.3 A company that has had an average ratio of share pledging by directors or supervisors in excess of 50 percent in any 3 months during the most recent fiscal year shall disclose the remuneration paid to each individual director or supervisor having a ratio of pledged shares in excess of 50 percent for each such month.

3.3.1.4 If all directors and supervisors receive remuneration for directors and supervisors of all companies in the financial report, accounting for more than 2% of the net profit after tax, and individual directors or supervisors receive remuneration exceeding NT\$15 million, the remuneration of the individual directors or supervisors shall be disclosed.

3.3.1.5 A company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) is ranked in the lowest tier in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the Company's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEX, or the Corporate Governance Evaluation Committee has resolved that the Company shall be excluded from evaluation.

3.3.1.6 The average annual salary of the full-time non-supervisory employees in a TWSE or TPEX listed company is less than NT\$500,000.

3.3.2 If the circumstance in sub-item "3.3.1.1" or in sub-item "3.3.1.5" of the preceding item applies to a company listed on the TWSE or the TPEX, it shall disclose the individual remuneration paid to each of its top five management personnel, such as president, vice president, chief executive officer, chief financial officer, and the remuneration paid to directors, supervisors, president, and vice president.

### 3.3.2.1 Remuneration of General Directors and Independent Directors (By disclosing the name of each individual and the corresponding remuneration amount)

As of December 31, 2021 Unit: In Thousands of New Taiwan Dollars

Title	Name	Director Thousands of Ne								Aggregate of four items of remunerations (A+B+C+D) as a % of Net Income (Loss) (Note 11)		Compensation Earned by a Director Who is an Employee of the Company or of The Company's Consolidated Entities								Aggregate of seven items of remunerations (A+B+C+D+E+F+G) as a % of Net Income (Loss) (Note 10)		Compensation Paid to Directors from Non-consolidated Affiliates (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay and Pensions (B)		Compensation to Directors (C) (Note 3)		Allowances (D) (Note 4)				Base Compensation, Bonuses, and Allowances (E) (Note 5)		Severance Pay and Pensions (F)		Profit Sharing (G) (Note 6)						
		From the Company	From All Consolidated Entities (Note 7)	From the Company	From All Consolidated Entities (Note 7)	From the Company	From All Consolidated Entities (Note 7)	From the Company	From All Consolidated Entities (Note 7)			From the Company	From All Consolidated Entities (Note 7)	From the Company	From All Consolidated Entities (Note 7)	From the Company	From All Consolidated Entities (Note 7)	From the Company				
										Cash	Stock (Fair Market Value)							Cash	Stock (Fair Market Value)			
Chairman	Ding Lin Investment & Development Co., Ltd. Representative: Lai, Cheng-I	0	0	0	0	0	0	80	80	-0.01%	-0.01%	4,213	4,213	0	0	70	0	70	0	-0.73%	-0.73%	Nil
Director	Ding Zheng Investment Co., Ltd. Representative: Chen, Shu-Fen	0	0	0	0	0	0	80	80	-0.01%	-0.01%	1,573	1,573	87	87	33	0	33	0	-0.30%	-0.30%	Nil
Director	Zheng Kee Investment Co., Ltd. Representative: Chang, Ying-Yin	0	0	0	0	0	0	80	80	-0.01%	-0.01%	2,533	2,533	108	108	53	0	53	0	-0.46%	-0.46%	Nil
Director	Yi Yang Investment Co., Ltd. Representative: Lin, Ching-Feng	-	-	-	-	-	-	80	80	-0.01%	-0.01%	-	-	-	-	-	-	-	-	-0.01%	-0.01%	Nil
Independent Director	Chiu, Wen-Jui	0	0	0	0	0	0	640	640	-0.01%	-0.01%	0	0	0	0	0	0	0	0	-0.11%	-0.11%	Nil
Independent Director	Huang, Jian-Ji	0	0	0	0	0	0	640	640	-0.01%	-0.01%	0	0	0	0	0	0	0	0	-0.11%	-0.11%	Nil
Independent Director	Yang, Chih-Chung	0	0	0	0	0	0	640	640	-0.01%	-0.01%	0	0	0	0	0	0	0	0	-0.11%	-0.11%	Nil
<p>*Please specify the policy, system, standard and structure of remuneration for independent directors, and specify the correlation with the amount of remuneration paid according to the responsibilities, risks, investment time and other factors :</p> <p>The remuneration of directors and the remuneration of the chairman shall be agreed by the board of directors with reference to the standards of relevant peers and listed companies.</p> <p>*Except as disclosed in the table above, the remuneration received by the directors of the Company for providing services in the most recent year (such as acting as consultants for all non-employees of the Company's re-investment business in the financial report of the parent company, etc.): None.</p> <p>*Directors' remuneration is only for transportation fees, and there is no other remuneration.</p>																						

Note 1: The names of directors should be separately disclosed, in which the institutional shareholder should indicate the name of institutional shareholders and representatives respectively. If a director concurrently serves as the president or vice president, the table and the below Table 3 should be filled out.

Note 2: It refers to the remuneration of directors received in the most recent year, including salaries of the directors, special responsibility allowance, severance pay, various bonuses, incentives, etc.

Note 3: It refers to the remuneration of directors to be distributed in accordance with the proposal approved by the Board of Directors in the most recent year.

Note 4: It refers to the relevant expenses for business operations paid to directors in the most recent year, including transportation allowance, special allowance, various allowances, and the provision of dormitory and vehicle, etc. When a house, car, and other transportation or exclusive personal expense are provided, the nature and cost

of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also disclose the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration.

Note 5: It refers to the salaries, special responsibility allowance, severance pay, various bonuses, incentives, transportation allowance, special allowance, and the provision of dormitory and vehicle received by the directors who concurrently serve as employees, including president, vice president, and other managerial officers and employees, in the recent year. When a house, car, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization, should also be included in remuneration.

Note 6: It refers to the employee compensation, including stock and cash, received by the directors who concurrently serve as employees, including concurrently serving as president, vice president, and other managerial officers and employees, in the most recent year. It is required to disclose the amount of employee remuneration to be distributed in accordance with the proposal approved by the Board of Directors. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year and the attached Table 1-3 shall be filled out as well.

Note 7: Shall disclose the total amount of remuneration paid to the directors by all the companies, including the Company, enclosed in the consolidated financial statements.

Note 8: Disclose the name of the directors in the respective range of total remuneration received from the Company.

Note 9: Shall disclose the name of the directors in the respective range of total remuneration received from all the companies, including the Company, enclosed in the consolidated financial statements.

Note 10: Net income (loss) after tax refers to the net income (loss) of the most recent year. After the adoption of International Financial Reporting Standards(IFRSs), it refers to the net income (loss) in the individual financial statements of the most recent year.

Note 11:

(a) It is required to specify in this column the relevant remuneration amount the directors of the Company received from the invested companies other than the subsidiaries or parent company. If nil, please fill in "Nil".

(b) If the Company's director has received the relevant remuneration from the invested companies other than the subsidiaries, the received amount should be included in Column I. In addition, the column title shall be revised as "Compensation Paid from Parent Company and Invested Companies".

(c) Compensation shall mean the remuneration, reward, including the reward of employee, directors, and supervisors, and expense for business operation paid to the Company's directors by the invested companies other than the subsidiaries and such directors concurrently serves as directors, supervisors, or managerial officers of the invested companies.

\*Remark: Compensations in the table are different from incomes for income tax law. Therefore, figures in the table are mainly for information Disclosure and cannot be used as the basis for taxation.

### 3.3.2.2 Remuneration of President and Vice President (By disclosing the name of each individual and the corresponding remuneration amount)

As of December 31, 2021 Unit: In Thousands of New Taiwan Dollars

Title	Name	Base Compensation (A) (Note 2)		Severance Pay and Pensions (B)		Bonuses and Allowances, etc. (C) (Note 3)		Profit Sharing (D) (Note 4)				Aggregate of four items of remunerations (A+B+C+D) as a % of Net Income (Loss) (Note 8)		Compensation Paid to Directors from Non-consolidated Affiliates (Note 9)
		From the Company	From All Consolidated Entities (Note 5)	From the Company	From All Consolidated Entities (Note 5)	From the Company	From All Consolidated Entities (Note 5)	From the Company		From All Consolidated Entities (Note 5)		From the Company	From All Consolidated Entities (Note 5)	
								Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)			
President	Lai, Cheng-I	4,213	4,213	0	0	0	0	0	0	0	0	-0.72%	-0.72%	Nil
Director	Chang, Ying-Yin	2,533	2,533	108	108	0	0	0	0	0	0	-0.45%	-0.45%	Nil

\*Remark: Regardless of job title, information on someone with an equivalent job responsibility as president and vice president, such as chairman, chief executive officer, director, etc., all should be disclosed.

Note 1: The names of president and vice president should be separately disclosed. If a director concurrently serves as the president or vice president, the table and the aforementioned Table 1 should be filled out.

Note 2: It refers to the remuneration of president and vice president received in the most recent year, including salaries of president and vice president, special responsibility allowance, severance pay, etc.

Note 3: It refers to the bonuses, incentives, transportation allowance, special allowance, various allowances, and the provision of dormitory and vehicle, etc., and other remuneration paid to president and vice president in the most recent year. When a house, car, and other transportation or exclusive personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also disclose the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization, should also be included in remuneration.

Note 4: It refers to the employee compensation, including stock and cash, to be distributed to president and vice president in accordance with the proposal approved by the Board of Directors. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year and the attached Table 1-3 shall be filled out as well. Net income (loss) after tax refers to the net income (loss) of the most recent year. After the adoption of International Financial Reporting Standards (IFRSs), it refers to the net income (loss) in the individual financial statements of the most recent year.

Note 5: Shall disclose the total amount of remuneration paid to president and vice president by all the companies, including the Company, enclosed in the consolidated financial statements.

Note 6: Disclose the name of president and vice president in the respective range of total remuneration received from the Company.

Note 7: Shall disclose the name of president and vice president in the respective range of total remuneration received from all the companies, including the Company, enclosed in the consolidated financial statements.

Note 8: Net income (loss) after tax refers to the net income (loss) of the most recent year. After the adoption of International Financial Reporting Standards (IFRSs), it refers to the net income (loss) in the individual financial statements of the most recent year.

Note 9: a. This column should clearly indicate the amount of remuneration received by the general manager and deputy general manager of the Company from the investment business other than the subsidiary or the parent company (if there is no such thing, please fill in "none").

b. If the general manager and deputy general manager of the Company receive remuneration related to the re-investment business or the parent company other than the subsidiary, the remuneration received by the general manager and deputy general manager of the Company for the re-investment business or the parent company other than the subsidiary shall be incorporated into Column E of the remuneration scale, and the name of the field shall be changed to "Parent company and all re-investment undertakings".

c. Remuneration refers to the remuneration, remuneration (including remuneration of employees, directors and supervisors) and business execution expenses and other related remuneration received by the general manager of the Company as a director, supervisor or manager of a subsidiary or a parent company in an investment business

other than a subsidiary. c. Remuneration refers to the remuneration, remuneration (including remuneration of employees, directors and supervisors) and business execution expenses and other related remuneration received by the general manager and deputy general manager of the Company as directors, supervisors or managers of non-subsidary re-investment undertakings.

\*The content of remuneration disclosed in this table is different from the concept of income under the Income Tax Law. Therefore, the purpose of this table is for information disclosure purposes and not for taxation purposes.

### 3.3.2.3 Top Five Highest Paid Executives of the Company, listed on the TWSE (Note 1) (By disclosing the name of each individual and the corresponding remuneration amount)

As of December 31, **2021** Unit: In Thousands of New Taiwan Dollars

Title	Name	Base Compensation (A) (Note 2)		Severance Pay and Pensions (B)		Bonuses and Allowances, etc. (C) (Note 3)		Profit Sharing (D) (Note 4)				Aggregate of four items of remunerations (A+B+C+D) as a % of Net Income (Loss) (Note 6)		Compensation Paid to Directors from Non-consolidated Affiliates (Note 7)
		From the Company	From All Consolidated Entities (Note 5)	From the Company	From All Consolidated Entities (Note 5)	From the Company	From All Consolidated Entities (Note 5)	From the Company		From All Consolidated Entities (Note 5)		From the Company	From All Consolidated Entities (Note 5)	
								Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)			
President	Cheng Yi Lai	4,213	4,213	0	0	0	0	0	0	0	0	-0.72%	-0.72%	Nil
Director	Chang, Ying-Yin	2,533	2,533	108	108	0	0	0	0	0	0	-0.45%	-0.45%	Nil
Chief Financial Officer	Chen, Chung-Yuan (Note 8)	1,453	1,453	63	63	0	0	0	0	0	0	-0.26%	-0.26%	Nil
Chief Accounting Officer	Pei Chi Liao	1,280	1,280	55	55	0	0	0	0	0	0	-0.23%	-0.23%	Nil
Assistant Vice President	Chao-Chang Lee	918	918	48	48	0	0	0	0	0	0	-0.16%	-0.16%	Nil

Note 1: "Top five highest paid executives" refers to managerial officers of the Company. The scope of application for managers is defined in accordance with the Tai.Chai.Chen (III) No. 0920001301 Letter dated March 27, 2003 by the Securities and Futures Commission, Ministry of Finance. As for the calculation and determination principle of the "top five highest paid executives", it is calculated in accordance with the sum of the salaries, severity pay and pensions, bonuses and special allowances received by the managerial officers of the Company from all companies in the consolidated financial statements, as well as profit sharing amount, that is aggregate of four items of remunerations (A+B+C+D). and then recognizes the top five highest paid executives through sorting. If directors concurrently

serves as the managerial officers of the Company, the table and the aforementioned Table 1 should be filled out.

Note 2 It refers to the remuneration of top five highest paid executives received in the most recent year, including salaries of president and vice president, special responsibility allowance, severance pay, etc.

Note 3: It refers to the bonuses, incentives, transportation allowance, special allowance, various allowances, and the provision of dormitory and vehicle, etc., and other remuneration paid to top five highest paid executives in the most recent year. When a house, car, and other transportation or exclusive personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also disclose the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization, should also be included in remuneration.

Note 4: It refers to the employee compensation, including stock and cash, to be distributed to top five highest paid executives in accordance with the proposal approved by the Board of Directors. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year and the attached Table 1-3 shall be filled out as well.

Note 5: Shall disclose the total amount of remuneration paid to top five highest paid executives by all the companies, including the Company, enclosed in the consolidated financial statements.

Note 6: Net income (loss) after tax refers to the net income (loss) in the individual financial statements of the most recent year.

Note 7: a. This column should clearly indicate the amount of remuneration received by the Company's top five highest remuneration supervisors from reinvestment undertakings other than subsidiaries or related remuneration of the parent company (if none, please fill in "none").

b. Remuneration referred means the business execution expenses and other related remuneration received by the Company's top five highest remuneration directors, supervisors or managers of non-subsidiary reinvestment undertakings or parent companies.

\*The content of remuneration disclosed in this table is different from the concept of income under the Income Tax Law. Therefore, the purpose of this table is for information disclosure purposes and not for taxation purposes.

3.3.2.4. The name of the manager who is distributed employee remuneration: No employee remuneration has been allocated in 2021.



3.3.3 Separately compare and describe total remuneration, as a percentage of net income stated in the individual financial reports or respective financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, president and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

	2020		2021	
The total remuneration, as a percentage of net income after tax stated in the individual financial reports, as paid by this company and by each other company included in the consolidated financial statements to directors, supervisors, president and vice presidents	From the Company	From All Consolidated Entities	From the Company	From All Consolidated Entities
	9.25%	9.25%	-1.83%	-1.83%

3.3.3.1 The Company has set up an Audit Committee and does not have supervisors.

3.3.3.2 Performance Assessment and Remuneration of Directors and Managerial Officers:

While evaluating the linkage reasonableness between individual performances, company Operating performance, and future risks, in order to determine the remuneration paid to directors and managerial officers, the remuneration standards in the same industry shall be taken into reference and the following factors shall be taken into account, including each employee's engaged time, responsibilities, target achievement status, and performance of holding other positions, the remuneration given by the Company to those employees in the same position in recent years, the accomplishment of the Company's short-term and long-term business goals, and the financial position of the Company.

3.3.3.3 The Employee Salary and Remuneration Policies:

Employee remuneration is for attraction, retention, and motivation of talent. The Company determines the salary and wage of employee in accordance with the employee's academic background, professional knowledge and skills, professional experiences, and individual performances and the foundation of incentive pay and annual salary adjustment is the Company's operating results, the contribution of employee, and performance assessment results, which will affect the adjustment of the salary items and amounts. All the employee salary and remuneration policies are for morale motivation at the right moment, retention of outstanding employee, and corporate sustainability.

3.3.3.4 According to Article 25 of the Company's Articles of Incorporation, if there is any surplus after the Company's annual accounts, no less than 1% of the balance shall be allocated as employee remuneration, which shall be distributed in stock or cash by the resolution of the Board of Directors. Furthermore, no more than 1% of the aforementioned balance shall be allocated as the remuneration of directors in accordance with the resolution of the Board of Directors. And, the proposal of employee remuneration and directors' remuneration shall be submitted to shareholders' meeting. If there is accumulated losses after the Company's annual accounts, the Company shall reserve an amount to cover the deficit in previous years first and then allocate employee remuneration and directors' remuneration in accordance with the aforementioned proportion. The proposal of employee remuneration and directors' remuneration shall be approved by Remuneration Committee before submitting to Board of Directors for resolution. Except transportation allowance, no other remuneration is paid to the directors.

### 3.4 Particular of Corporate Governance

#### 3.4.1 Board of Directors

The Board of Directors convened for 8 instances (A) in the most recent year. The attendance of the directors to the meetings is shown below:

Title	Name (Note 1)	Attendance in Person (B)	Attendance by Proxy	Percentage of Actual Attendance (%) 【 B/A 】 (Note 2)	Remarks
Chairman	Ding Lin Investment & Development Co., Ltd. Representative: Lai, Cheng-I	8	0	100	
Director	Zheng Kee Investment Co., Ltd. Representative: Chang, Ying-Yin	8	0	100	
Director	Ding Zheng Investment Co., Ltd. Representative: Chen, Shu-Fen	8	0	100	
Director	Yi Yang Investment Co., Ltd. Representative: Lin, Ching-Feng	3	0	100	
Independent Director	Chiu, Wen-Jui	8	0	100	
Independent Director	Huang, Jian-Ji	8	0	100	
Independent Director	Yang, Chih-Chungg	5	3	62.5	

Other disclosure:

1. Where the proceedings of the Board meeting include one of the following circumstances, then the date, session, content of proposals, opinions of every independent director, and the Company's handling of the opinions shall be described.

1.1 Items listed in Article 14-3 of the Securities and Exchange Act:

Date	Board Meeting	Content of the Proposal	Opinions of Independent Directors	The Company's Response to the Opinions of Independent Directors
2021/3/23	Twelfth Session 12th Meeting	3 Approved the Accountant's compliance with the independence and competence assessment 2020.	Nil	No Objection
2021/3/23	Twelfth Session 12th Meeting	5 Approved the increase amount of endorsement and guarantee for the subsidiary Taiyu Construction Co., Ltd., the amount not exceed NT\$120,000,000.	Nil	No Objection
2021/3/23	Twelfth Session 12th Meeting	6 Approved the decreased endorsement and guarantee amount of RMB59,950,000 to our subsidiary Qingdao Dinglin International Business Management Co.Ltd.	Nil	No Objection
2021/3/23	Twelfth Session 12th Meeting	7 Lift the restriction on the prohibition of competition by the directors of the Company	Nil	No Objection

2021/4/21	Twelfth Session 13th Meeting	1	Approved to establish the subsidiary Quantum Investment Limited	Nil	No Objection
2021.5.12	Twelfth Session 14th Meeting	4	Approved the increase investment in the subsidiary FAST GROWTH LTD by US\$10,000,000.	Nil	No Objection
2021.5.12	Twelfth Session 14th Meeting	5	Approve the decrease of endorsement of guarantee amount of RMB44,405,000 to subsidiary Qingdao Dinglin International Business Management Co.	Nil	No Objection
2021.5.12	Twelfth Session 14th Meeting	6	Approved the increase of endorsement of US\$250,000,000 in the subsidiary Chengdu Ding Kang Smart Business Co.Ltd.	Nil	No Objection
2021.9.28	Twelfth Session 17th Meeting	1	Approved the increase investment of US\$20,000,000 in subsidiary FAST GROWTH LTD	Nil	No Objection
2021.9.28	Twelfth Session 17th Meeting	2	Approved the decrease in guarantee amount of RMB10,155,000 through endorsement of subsidiary Qingdao Dinglin International Business Management Co.	Nil	No Objection
2021.11.11	Twelfth Session 18th Meeting	3	Approved the decrease in guarantee amount of RMB2,020,000 through endorsement of subsidiary Qingdao Dinglin International Business Management Co.	Nil	No Objection

1.2 In addition to the aforementioned matters, any other resolutions from the Board meetings where an independent director expressed a dissenting or qualified opinion that have been recorded or stated by writing: No such circumstances

2. When directors recuse themselves for being a stakeholder in certain proposals due to conflict of interests, the name of the directors, the content of the proposal, reasons for recusal and the results of voting counts shall be stated: None of the Company's directors needs to recuse themselves for being a stakeholder in the proposals of Board of Directors due to conflict of interests.

3. Listed and over-the-counter (OTC) companies should disclose the information about the assessment cycle and period, assessment scope and method, and evaluation content of the board's self- (or peer) assessment and fill out the attached Table 2 in regard to the implementation status of self-assessment by the Board of Directors.

### Implementation to Self-Evaluation or Peer Evaluation of Board of Directors

Evaluation Cycle (Note 1)	Evaluation Periods (Note 2)	Scope of Evaluation (Note 3)	Method of Evaluation (Note 4)	Evaluation Indicators (Note 5)	Result of Evaluation
Once a Year	January 1, 2021 to December 31, 2021	Board of Directors	Self-Evaluation of the Performance by Board of Directors	(1) Participation in the operation of the Company (2) Improvement of the quality of the board of directors' decision making (3) Composition and structure of the Board of Directors (4) Election and continuing education of the directors (5) Internal control	Excellent The average grade is 4.88.
Once a Year	January 1, 2021 to December 31, 2021	Respective Member of Board of Directors	Self-Evaluation of the Performance by the Respective Member of Board of Directors	(1) Alignment of the goals and missions of the Company (2) Awareness of the duties of a director (3) Participation in the operation of the Company (4) Management of internal relationship and communication (5) Election and continuing education of the directors (6) Internal control	Excellent The average grade is 4.96.

Note 1: The implementation cycle of the evaluation by the Board of Directors is listed.

Note 2: The period covered by the evaluation of the Board of Directors is listed.

Note 3: The scope of evaluation includes performance evaluation of the Board of Directors, individual directors, and functional committees.

Note 4: The method of evaluation includes internal self-evaluation by the Board of Directors, self-evaluation by directors, peer evaluation, evaluation through the appointment of external professional institutions and experts, or other appropriate methods for performance evaluation.

Note 5: The evaluation content includes at least the following items according to the scope of the evaluation :

- (1) Performance evaluation of the board of directors: it includes at least the degree of participation in the Company's operations, the quality of the board's decision-making, the composition and structure of the board of directors, the selection and continuous education of directors, internal control, etc.
- (2) Performance evaluation of individual directors: it includes at least the mastery of the Company's goals and tasks, the awareness of directors' responsibilities, the degree of participation in the Company's operations, internal relationship management and communication, the professional and continuing education of directors, internal control, etc.

#### 4. Measures taken to strengthen the functions of the Board for the current year and the most recent year and the implementation

- 4.1 The Board of Directors of the Company adopt diversified policy for the composition of its members who possess various professional knowledge and skills. The independent directors of the Audit Committee are the ones who have business experience, are management consultants or academic professors, or possess other professional knowledge. Eight meetings have been convened in 2021.
- 4.2 The Company has set up Remuneration Committee for stipulating and reviewing the remuneration of directors, supervisors, and managerial officers and the committee meetings have been convened two times in 2021.
- 4.3 The Company's website has disclosed the implementation status of functional committee and the communication between independent directors and internal audit supervisors and certified public accountants.

Note 1: For directors and supervisors who are juristic persons, the name of institutional shareholders and their representatives shall be disclosed.

Note 2:

- (a) In case any director has been released of his/her duty before the end of the year end, the date of turnover shall be specified in the Remarks column. Actual presence (attendance) rate (%) shall be calculated based on the number of Board meetings convened and the actual attendance during his/her term of service.
- (b) In case any seat of director has been re-elected before the end of the year, both the previous and current director shall be filled, and the Remarks column shall indicate whether a director was from a previous term, newly appointed, or re-appointed, and the date of re-election. Actual presence (attendance) rate (%) shall be calculated based on the number of Board meetings convened and the actual presence (attendance) during his/her term of service.

### 3.4.2 Operations of the Audit Committee

Audit Committee has convened 7 meetings (A) in the most recent year. The attendance records of independent directors are as follows:

Title	Name (Note 1)	Attendance in Person (B)	Attendance by Proxy	Percentage of Actual Attendance (%) 【 B / A 】 (Note 2)	Remarks
Independent Director	Chiu, Wen-Jui	7	0	100	
Independent Director	Huang, Jian-Ji	7	0	100	
Independent Director	Yang, Chih-Chungg	5	2	71.4	

Other disclosures:

If any of the following circumstances applies to the operations of the Audit Committee, the date and period of the Audit Committee meeting, the content of the motion, the content of the objections, reservations or material recommendations of the independent directors, the results of the Audit Committee resolution and the Company's handling of the Audit Committee's opinion should be stated.

#### 1.1 Items listed in Article 14-5 of Securities and Exchange Act.

Date	Board Meeting	Content of the Proposal	Resolutions of the Audit Committee	The Company's Handling of Opinions of the Audit Committee
2021/3/23	First Session, 12th Audit Committee Meeting	1 Approved the Statement of Internal Control 2020	Approved per the Proposal	No Objection
2021/3/23	First Session, 12th Audit Committee Meeting	2 Approved the CPA's compliance with the evaluation of independence and competence 2020.	Approved per the Proposal	No Objection
2021/3/23	First Session, 12th Audit Committee Meeting	3 Approved the financial statements of the Company 2020.	Approved per the Proposal	No Objection
2021/3/23	First Session, 12th Audit Committee Meeting	4 Approved the increase amount of endorsement and guarantee for the subsidiary Taiyu Construction Co., Ltd., The amount should not exceed NT\$120,000,000	Approved per the Proposal	No Objection
2021/3/23	First Session, 12th Audit Committee Meeting	5 Approved the decrease the amount of endorsement and guarantee for the subsidiary Qingdao Dinglin International Business Management Co., Ltd. by RMB59,950,000.	Approved per the Proposal	No Objection

2021/3/23	First Session, 12th Audit Committee Meeting	6	Lifting the restrictions on non competition of directors of the Company.	Approved per the Proposal	No Objection
2021/4/21	First Session, 13th Audit Committee Meeting	1	Approved the establishment of the subsidiary Quantum Investment Limited.	Approved per the Proposal	No Objection
2021.5.12	First Session, 14th Audit Committee Meeting	1	Approved the increase the investment quota of US\$10,000,000 in the subsidiary Fast Growth Ltd.	Approved per the Proposal	No Objection
2021.5.12	First Session, 14th Audit Committee Meeting	2	Approved to endorse the subsidiary Qingdao Dinglin International Business Management Co., Ltd., the guarantee amount was reduced by RMB44,405,000	Approved per the Proposal	No Objection
2021.5.12	First Session, 14th Audit Committee Meeting	3	Approved to endorse the subsidiary Chengdu Dingkang Intelligent Industry Co., Ltd., the guarantee amount was increased by US \$250,000,000.	Approved per the Proposal	No Objection
2021.8.10	First Session, 15th Audit Committee Meeting	1	Approved the second quarter financial statements for FY2021	Approved per the Proposal	No Objection
2021.9.28	First Session, 16th Audit Committee Meeting	1	Approved the increase the investment quota of US\$20,000,000 in the subsidiary Fast Growth Ltd.	Approved per the Proposal	No Objection
2021.9.28	First Session, 16th Audit Committee Meeting	2	Approved to decrease in guarantee amount of RMB10,155,000 through endorsement of subsidiary Qingdao Dinglin International Business Management Co.Ltd.	Approved per the Proposal	No Objection
2021.11.11	First Session, 17th Audit Committee Meeting	1	Approved to reduce the guarantee amount of RMB2020,000 by endorsing the subsidiary Qingdao Dinglin International Business Management Co.	Approved per the Proposal	No Objection

1.2 Except for the above matters, other resolutions passed by two-thirds of all the directors but yet to be approved by the Audit Committee: Nil

2. In regards to the recusal of independent directors due to conflict of interests, the names of the independent directors, the content of proposals, reasons for recusal, and results of voting shall be stated: The proposals of the Company's Audit Committee do not lead to the recusal of independent directors due to conflict of interests.

3. Communications between the independent directors and the Internal Audit supervisor and the CPAs (including material matters, methods, and results of communications over the Company's finances and business operations)
- 3.1 The independent directors communicate with the Internal Audit supervisor and CPAs at least once a year through Audit Committee and they can communicate with each other directly when required. The communication between them is good and one time of communication has already been conducted one time in 2021.
- 3.2 The internal audit supervisor usually submits audit reports to independent directors for inspection every month, and then submits the reports to Board of Directors. The implementation status and effectiveness of the auditing events have been fully communicated. The internal audit supervisor has attending 7 instances of the Board of Directors meetings in 2021.

In 2021, the communications between the independent directors and the Internal Audit supervisor and the CPAs is described as the follows:

Date	Matters Communicated	Subject of Communication	Suggestion and Results of Communication
January 29, 2021	(1) The matters communicated with the governance units during the planning stage of 2020.	(1) The roles and responsibilities of the governance units. (2) The roles and responsibilities of certified public accountants. (3) The scope and time of the annual inspection. (4) The inspection team. (5) Matters that may be highly concerned by the inspectors. (6) Name lists and transactions of related parties (7) Written statement of the management team (8) Independence of inspectors.	No Comments

Note:

- \* In case any independent director has been released of his/her duty before the end of the year, the date of turnover shall be specified in the Remarks column. Actual presence (attendance) rate (%) shall be calculated based on the number of meetings convened and the actual attendance during his/her term of service.
- \* In case any independent director has been re-elected before the end of the year, both the previous and current independent director shall be filled, and the Remarks column shall indicate whether an independent director was from a previous term, newly appointed, or re-appointed, and the date of re-election. Actual presence (attendance) rate (%) shall be calculated based on the number of meetings convened and the actual presence (attendance) during his/her term of service.

### 3.4.3 Corporate Governance Implementation Status and Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Did the Company establish and disclose the Corporate Governance Best Practice Principles based on "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		For the establishment of a good corporate governance system, the Company referred to the relevant regulations of “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and stipulated “Corporate Governance Practice Principles” in 2020, which set up the effective structure of corporate governance.	No Significant Difference
2. Shareholding Structure and Shareholders’ Rights				
(1) Did the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) The Company has established a spokesperson and a unit for stock affairs to deal with shareholders’ doubts, concerns, etc., as a whole.	No Significant Difference
(2) Did the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	V		(2) The Company masters the shareholding status of directors, managerial officers, and major shareholders holding more than 10% of the shares at all times and declares the shareholding of major shareholders on schedule. Please refer to pages 9-11, and 47- 51 of the annual report.	No Significant Difference
(3) Did the Company establish and execute the risk management and firewall systems with its affiliated businesses?	V		(3) Both the Company and its reinvestment businesses are financial autonomy and business independence and the "Regulations and Procedures Governing Financial and Business Operation of Conglomerate, Specific Companies, and Related Parties", is stipulated, in which the implementation status is regularly audited by internal auditors.	No Significant Difference
(4) Did the Company establish internal rules that prohibit Company insiders from trading securities using undisclosed information?	V		(4) The Company has stipulated "Procedures for Handling Material Inside Information", which clearly indicates that insiders are prohibited to trade securities using undisclosed information known by them, and shall not disclose the undisclosed material information known by them to others for preventing others from using undisclosed information to trade securities.	No Significant Difference



Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
3. Composition and Responsibilities of the Board of Directors:				
(1) Does the Board of Directors formulate diversification policies, specific management objectives and implement them on the composition of members?	V		<p>(1) In accordance with Article 4-3-1-1 of the Company's “Corporate Governance Practice Principles”, the Board of Directors shall adopt a diversified approach for the composition of board members and all members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:</p> <ul style="list-style-type: none"> <li>(a) Ability to make operational judgments.</li> <li>(b) Ability to perform accounting and financial analysis.</li> <li>(c) Ability to conduct management administration.</li> <li>(d) Ability to conduct crisis management.</li> <li>(e) Knowledge of the industry.</li> <li>(f) An international market perspective.</li> <li>(g) Ability to lead.</li> <li>(h) Ability to make policy decisions.</li> </ul> <p>Currently, the Board of Directors has adopted a diversified approach for the composition of board members, in which one board member is female and six board members are male. All members of the board possess different professional knowledge and skills, such as management, finance, and accounting expertise, etc. The three independent directors, who provided advices on the Company's management matters repeatedly, are the management consultant, the professor of management information systems department of a university, or someone with years of business experience, respectively.</p>	No Significant Difference
(2) In addition to establishing the Remuneration Committee and Audit Committee according to the regulations, has the Company voluntarily established other functional committees?	V		(2) The Company's current Board of Directors is competent for performing the Duties of functional committees. In consideration of practical needs, the Company may set up other functional committees in accordance with the laws and regulations in the future.	No Significant Difference
(3) Did the Company establish a standard to measure the performance of the Board of Directors and implement it annually? Did the Company submit the results of performance	V		(3) The Company has stipulated the “Regulations Governing Performance Assessment of the Board of Directors” in 2020, conducted performance assessment for the Board of Directors and board members, and submitted the assessment results to Board of Directors on February 16, 2022. Please refer to page 23 of the annual	No Significant Difference

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons																		
	Yes	No	Abstract Illustration																			
assessments to the Board of Directors and use them as reference in determining remuneration for individual directors, their nomination, and additional office term?  (4)Did the Company regularly evaluate the independence of Certified Public Accountants (CPAs)?			report.  (4) The Company evaluates the independence of certified public accountants (CPAs) once a year. On February 16, 2022, the Board of Directors passed the evaluation reports regarding the independence of CPAs. The evaluation indicators are described as follows: <table><tr><th>Evaluation Item</th><th>Yes</th><th>No</th></tr><tr><td>1. Whether the CPAs and the professional service members of the inspection team have a shareholding investment relationship with the Company.</td><td></td><td>v</td></tr><tr><td>2. Whether the CPAs and the professional service members are holding director positions or supervisory positions in the Company.</td><td></td><td>v</td></tr><tr><td>3. Whether the accounting firm and the Company have business partnership.</td><td></td><td>v</td></tr><tr><td>4. Whether there is a litigation relationship between the accounting firm and the Company.</td><td></td><td>v</td></tr><tr><td>5. Whether there are not seven consecutive years for the CPAs to provide the auditing services to the Company.</td><td>v</td><td></td></tr></table>	Evaluation Item	Yes	No	1. Whether the CPAs and the professional service members of the inspection team have a shareholding investment relationship with the Company.		v	2. Whether the CPAs and the professional service members are holding director positions or supervisory positions in the Company.		v	3. Whether the accounting firm and the Company have business partnership.		v	4. Whether there is a litigation relationship between the accounting firm and the Company.		v	5. Whether there are not seven consecutive years for the CPAs to provide the auditing services to the Company.	v		No Significant Difference
Evaluation Item	Yes	No																				
1. Whether the CPAs and the professional service members of the inspection team have a shareholding investment relationship with the Company.		v																				
2. Whether the CPAs and the professional service members are holding director positions or supervisory positions in the Company.		v																				
3. Whether the accounting firm and the Company have business partnership.		v																				
4. Whether there is a litigation relationship between the accounting firm and the Company.		v																				
5. Whether there are not seven consecutive years for the CPAs to provide the auditing services to the Company.	v																					

Evaluation Item	Implementation Status (Note)						Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration				
			6. Whether the CPAs have complied with the independence regulations stipulated in the "Bulletin No. 10 of The Norm of Professional Ethics for Certified Public Accountant".				
				v			
4. Did the TWSE/TPEX listed company have designated appropriate personnel to handle corporate governance tasks and appointed a governance officer in charge of corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?	V		The Company has appointed a corporate governance officer on August 12, 2020, which has been approved by the Board of Directors. The corporate governance officer is in charge of providing information required by directors to perform their duties, dealing with matters related to the Board meetings and shareholders' meetings in accordance with the law, handling company registration and change registration, and preparing meeting minutes of Board of Directors and shareholders' meetings, etc.				No Significant Difference
5. Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers and suppliers)? Has a stakeholders’ area been set up on the Company website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the Company?	V		The Company proactively communicates with stakeholders and discloses the communication status of the stakeholders and the Company on the Company website, in which the stakeholders' section was set up. Stakeholders can leave questions through "Contact Us" which will be replied by relevant departments or use LINE friends and fan pages of FACEBOOK to leave a message in order to solve issues through the assistance of customer service system. Please refer to the Company’s official website and pages 25-27 the Corporate Social Responsibility (CSR) Report.				No Significant Difference
6. Does the Company appoint a professional shareholder services agency to deal with shareholder affairs?	V		The Company has appointed the stock affairs department of Fubon Securities Co., Ltd. to deal with the affairs of shareholders' meetings.				No Significant Difference
7. Information Disclosure							
(1) Did the Company establish a website to disclose information on financial operations and corporate governance?	V		(1) The Company has established an official website, www.shininggroup.com, to disclose information on financial operation, business operation, and corporate governance, etc. Information on financial operation, corporate governance, announcements, and material information can also be queried through linking to the Market Observation Post System.				No Significant Difference
(2) Did the Company have other information	V		(2) Except the aforementioned (1), the digital marketing department is in charge of				No Significant

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons																							
	Yes	No	Abstract Illustration																								
disclosure channels (such as establishing an English language website, delegating a professional to collect and disclose Company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company website)?  (3) Does the Company publish and report its annual financial statements within two months after the end of an accounting period, and publish and report its financial statements for the first, second, and third quarters as well as its operating status for each month before the specified deadline?		V	the maintenance of external information on the Company's official website; the accounting department is responsible for the information declaration on the Market Observation Post System and implementation of spokesperson system; and the institutional investor conference will be held at least once a year. The relevant information can also be inquired through the Company's official website and Market Observation Post System.  (3) In accordance with the provisions of "Securities and Exchange Act", the Company announces and declares quarterly financial statements and monthly operating status before the specified deadline.	Difference																							
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance (including but not limited to employee's rights, employee wellness, investor relations, supplier relations, stakeholders' rights, Directors and Supervisors training records, implementation of risk management policies and measurement standards, implementation of customer policies and purchase of liability insurance for the Directors and Supervisors of the Company)?	V		<table> <tr> <td>(1) Employee Rights and Employee Wellness</td> <td colspan="3">Please refer to the Company’s official website and pages 71-74 of the annual report.</td> </tr> <tr> <td>(2) Investor Relations and Supplier Relations</td> <td colspan="3">Please refer to the Company’s official website and page 43-44 of the Corporate Social Responsibility (CSR) Report.</td> </tr> <tr> <td>(3) Rights of Stakeholders</td> <td colspan="3">Please refer to the Company’s official website and pages 25-34 of the Corporate Social Responsibility (CSR) Report.</td> </tr> <tr> <td rowspan="2">(4) Training Records of Directors and Supervisors</td> <td colspan="3">Training Records of Independent Directors for 2021:</td> </tr> <tr> <td>September 1, 2021 6 hours</td> <td>Securities &amp; Futures Institute</td> <td>The 13th Taipei Corporate Governance Forum</td> </tr> <tr> <td></td> <td>Participants</td> <td colspan="2">All Independent Directors</td> </tr> </table>	(1) Employee Rights and Employee Wellness	Please refer to the Company’s official website and pages 71-74 of the annual report.			(2) Investor Relations and Supplier Relations	Please refer to the Company’s official website and page 43-44 of the Corporate Social Responsibility (CSR) Report.			(3) Rights of Stakeholders	Please refer to the Company’s official website and pages 25-34 of the Corporate Social Responsibility (CSR) Report.			(4) Training Records of Directors and Supervisors	Training Records of Independent Directors for 2021:			September 1, 2021 6 hours	Securities & Futures Institute	The 13th Taipei Corporate Governance Forum		Participants	All Independent Directors		No Significant Difference
(1) Employee Rights and Employee Wellness	Please refer to the Company’s official website and pages 71-74 of the annual report.																										
(2) Investor Relations and Supplier Relations	Please refer to the Company’s official website and page 43-44 of the Corporate Social Responsibility (CSR) Report.																										
(3) Rights of Stakeholders	Please refer to the Company’s official website and pages 25-34 of the Corporate Social Responsibility (CSR) Report.																										
(4) Training Records of Directors and Supervisors	Training Records of Independent Directors for 2021:																										
	September 1, 2021 6 hours	Securities & Futures Institute	The 13th Taipei Corporate Governance Forum																								
	Participants	All Independent Directors																									

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			(5) Risk Management Policies, Practices, and Risk Assessment Standards	The Company has disclosed the risk management policies and implementation status on the official website. Please refer to page 232-237 of the annual report.
			(6) Implementation of Customer Policy	Please refer to the Company’s official website and pages 50-57 of the Corporate Social Responsibility (CSR) Report.
			(7) Insurance against Directors’ and Supervisors’ Liabilities	The Company has purchased liability insurance for directors and managerial officers on June 2021.
9. Please specify the Company's measures to improve the items listed in the corporate governance review result by Taiwan Stock Exchange's Corporate Governance Center and provide prioritized improvement plans for items yet to be completed.				
<u>2021 Improvement Status:</u> To make the Company's information more fully public, the following information was disclosed to the public in English in FY 2021. Disclosure of the English version of the 2020 Annual Financial Report, the English version of the Notice of Meeting of Shareholders, the English version of the Handbook and the English version of the Annual Report on the Market Observation Post System. 2. Disclosure of financial, business and corporate governance information in English on the Company's website. Priorities and measures for enhancement not yet improved in 2021: None				

Note 1: No matter the operation item is ticked "yes" or "no", the status shall be described in abstract illustration column.

3.4.4 Disclosure of the composition, responsibilities, and operations of the Remuneration Committee, if Applicable.

The company does not have a nomination committee, and the operation of the Remuneration committee is as follows:

3.4.4.1 Information of Remuneration Committee Members

<div> <div>Title (Note 1)</div> <div>Criteria Name</div> </div>		Professional Qualification and Work Experience (Note 2)	Independence (Note 3)	Number of other public companies' remuneration committees in which the member served as part-time member
Independent Director (convener)	Chiu, Wen-Jui	IC ARTIS CORPORATION LIMITED -Director	Compliance with independence; There are no circumstances under Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.	Nil
Independent Director	Huang, Jian-Ji	Department of Information Management, Hung Kuang University – Dean & Associate Professor (2 years)	Compliance with independence; There are no circumstances under Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.	Nil
Independent Director	Yang, Chih-Chung	Hubbard College of Administration, Person in charge (4 years)	Compliance with independence; There are no circumstances under Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.	Nil

Note 1: Please specify the relevant working years, professional qualifications and experience of the members of each remuneration committee and their independent status in the form. For independent directors, please refer to the relevant content of Director and supervisor Information (1) in Schedule 1 on Page 9. Please fill in the identity as an independent director or other (if it is a convenor, please mark it).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of individual remuneration committee members.

Note 3: Meet the independent status: specify whether the members of the remuneration committee meet the independent status, including but not limited to whether relatives within myself, spouse, second parent, etc. are directors, supervisors, or employees of the Company or its affiliated companies; the number and proportion of shares held by relatives within myself, spouse, second parent, etc. (or in the name of others); whether they are directors, supervisors, or employees of companies with specific relationships with the Company; the amount of remuneration obtained for providing business, legal, financial, accounting and other services of the Company or its affiliated companies in the last 2 years.

#### 3.4.4.2 Operation of Remuneration Committee

(a) There are 3 members in the Company's Remuneration Committee.

(b) The term of office of the current members: From July 4, 2019 to June 25, 2022

There were 2 (A) meetings held by Remuneration Committee in the most recent year. The qualification and attendance of the members are as follows:

Title	Name	Attendance in Person (B)	Attendance by proxy	Percentage of actual attendance (%) 【 B / A 】 (Note)	Remarks
Convener	Chiu, Wen-Jui	2	0	100	
Committee Member	Huang, Jian-Ji	2	0	100	
Committee Member	Yang, Chih-Chungg	2	0	100	
<p>Other Mentionable Items:</p> <p>1. If the board of directors declines to adopt or modifies a recommendation of Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the opinions of Remuneration Committee (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of Remuneration Committee, the circumstances and cause for the difference shall be specified): There is no such situation. The Board of Directors adopted all the recommendations of Remuneration Committee.</p> <p>2. Resolutions of the Remuneration Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members date of the meeting, session, content of the motces</p>					

3. Important Resolutions of Remuneration Committee:				
Date	(Remuneration Committee Meeting prior to) Board Meeting	Content of the Proposal	Opinions of Independent Directors	Handlings of the Company to the Opinions of Independent Directors
2021/3/23	Fifth session 1 <sup>st</sup> meeting	Approve the 2020 employee remuneration to be NT\$2,044,041 and the remuneration of directors as NT\$0, which will be paid in cash.	Nil	No Objection
2021/8/10	Fifth session 2 <sup>nd</sup> meeting	Approved no change in directors' remuneration for the year.	Nil	No Objection

Note:

\* In case any independent director has been released of his/her duty before the end of the year, the date of turnover shall be specified in the Remarks column. Actual presence (attendance) rate (%) shall be calculated based on the number of meetings convened and the actual attendance during his/her term of service.

\* In case any independent director has been re-elected before the end of the year, both the previous and current independent director shall be filled, and the Remarks column shall indicate whether an independent director was from a previous term, newly appointed, or re-appointed, and the date of re-election. Actual presence (attendance) rate (%) shall be calculated based on the number of meetings convened and the actual presence (attendance) during his/her term of service.



### 3.4.5 The implementation situation of promoting sustainable development

The implementation situation of promoting sustainable development and the differences from the Code of Practice for Sustainable Development of listed companies and the reasons

Promotional Items	Implementation (Note 1)			Differences and reasons from the Code of Practice for Sustainable Development of Listed Companies
	Yes	No	Explanation in Brief	
1. Does the company establish a governance structure to promote sustainable development, and set up a special (part-time) unit to promote sustainable development, and the board of directors authorizes the senior management to handle it, and the board of directors supervises the situation?	V		<p>1. The Company's Corporate Social Responsibility Best Practice Principles were adopted by the Board of Directors on September 30, 2020 and implemented (the name was changed to Sustainable Development Best Practice Principles as approved by the Board of Directors on February 16, 2022).</p> <p>2. In accordance with the "Sustainable Development Best Practice Principles", the Company has set up a special (part-time) unit to promote sustainable development. The management team of the General Management Office is responsible for proposing and implementing sustainable development policies, systems or related management guidelines and specific promotion plans, and reports regularly to the Board of Directors.</p> <p>3. Mr. Lee Chao Chang, Director of the operation team of the general administration division, reported to the Board of Directors on 11 November 2021 on the implementation of various operations to promote sustainable development.</p>	None
2. Does the Company conduct risk assessment on environmental, social and corporate governance issues related to its operations in accordance with the principle of materiality and establish relevant risk management	V		<p>1. The Company has established a "Risk Management Policy" in 2020, which was implemented on 30 September 2020 following its approval by the Board of Directors.</p> <p>2. The Company shall report to the Board of Directors at least once a year on the operation of risk management, which was reported to the Board of Directors on 11 November 2021.</p>	None

Promotional Items	Implementation (Note 1)			Differences and reasons from the Code of Practice for Sustainable Development of Listed Companies
	Yes	No	Explanation in Brief	
policies or strategies? (Note 2)				
3.Environmental Issue				
(1)Does the company establish proper environmental management systems based on the characteristics of their industries?	V		(1) Please refer to the Company's official website and pages 66-77 of the 2020 CSR Report.	None
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	V		(2) Please refer to the Company's official website and pages 66-77 of the 2020 CSR Report.	None
(3) Does the company assess the potential risks and opportunities of climate change to the company now and in the future, and take measures to deal with climate-related issues?	V		(3) Through the General Affairs Department and the Taipei Branch Management Department, the Company is responsible for internal electricity and water consumption, and has established various measures to save electricity and water, as well as to promote them from time to time, such as using energy-saving LED lamps, equipment with energy-saving labels, and monitoring whether there are any abnormalities in water and electricity bills in each period, and making timely inquiries and solutions if there are any abnormalities to avoid wasted energy. please refer to the Company's website and page 72-77 of the 2020 CSR Report.	None
(4) Does the company keep track of greenhouse gas emissions, water consumption and total weight of waste in	V		(4) In order to focus on the use of energy resources, the Company's headquarters and its subsidiary, Taiyu Construction, have jointly formulated relevant management measures for the use of water, electricity, waste	None

Promotional Items	Implementation (Note 1)			Differences and reasons from the Code of Practice for Sustainable Development of Listed Companies
	Yes	No	Explanation in Brief	
the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?			pollution prevention and environmental pollution prevention, etc. For related information, please refer to the Company's official website and page 72-77 of the 2020 CSR Report.	
4.Social Issues (1) Has the Company set up management policies and procedures according to related laws and regulations as well as the International Bill of Human Rights?	V		<p>(1) The company has formulated human rights policies in 2020, which comply with internationally recognized labor human rights, such as freedom of association, right to collective negotiation, caring for vulnerable groups, prohibition of child labor, elimination of all forms of forced labor, elimination of employment and employment discrimination, and confirmed that its human resources application policies have no differential treatment such as gender, race, socio-economic class, age, marriage and family status, so as to implement employment, employment conditions, salary, welfare Equality and fairness of training, evaluation and promotion opportunities.</p> <p>The company strengthens the implementation and advocacy of human rights policies in the annual education and training courses. Please refer to the company's official website and pages 78-92 of the 2020 corporate social responsibility report.</p> <p>In 2021, the total number of trainees completed by all employees was 412, and the training hours were 1236 hours; The internal general courses for newcomer training are 43 persons/time and the training hours are 258 hours.</p>	None
(2) Has the Company established and adopted reasonable employee welfare measures (e.g. bonuses and salaries, leaves, ad other benefits), and had	V		<p>(2) The articles of association stipulates that if there is profit in the year, no less than 1% shall be allocated as the employee's remuneration, which shall be</p>	None

Promotional Items	Implementation (Note 1)			Differences and reasons from the Code of Practice for Sustainable Development of Listed Companies
	Yes	No	Explanation in Brief	
employee bonuses and salaries adequately reflect its operation performance or results?			decided by the Remuneration Committee and implemented by the board of directors every year. Please refer to the company's official website and page 85 of the annual report for various welfare measures.	
(3)Has the Company offered a safe and healthy work environment and routinely implements safety and health education for its employees?	V		(3) The working environment of the company's employees is a simple indoor office, which is subject to office disinfection and air conditioning cleaning from time to time, and safety personnel are specially responsible for maintaining the surrounding environment and portal safety; Employees' health examination shall be provided regularly every year, and medical staff can consult health problems. Please refer to the company's official website and pages 90-92 of the corporate social responsibility report.	None
(4)Has the Company established an effective career developmental plan for its employees?	V		(4) Each department of the company receives external training courses according to professional needs every year. In 2021, all employees completed 412 trainees and 1236 training hours. The internal general courses for newcomer training are 43 person/time and the training hours are 258 hours.	None
(5)Do the company's products and services comply with relevant laws and international standards in relation to issues such as customer health and safety, customer privacy, and marketing and	V		(5) The company emphasizes the spirit of lifelong service, assigns special personnel to solve the residential problems of residents, establishes a complete voucher system, tracks the processing progress, and ensures to provide customers with the best product and service performance and achieve the purpose of protecting their rights and interests. Gradually integrate with	None

Promotional Items	Implementation (Note 1)			Differences and reasons from the Code of Practice for Sustainable Development of Listed Companies
	Yes	No	Explanation in Brief	
<p>labeling of products and services, and are relevant consumer or customer protection and grievance procedure policies implemented?</p> <p>(6)Has the Company had a supplier management policy and required all its suppliers be compliant with laws and regulations on environmental protection, occupational safety &amp; health, and labor rights and verified their compliance?</p>	V		<p>relevant laws and regulations and international standards. Please refer to pages 50-57 of 2020 corporate social responsibility report.</p> <p>( 6 ) For the safety and health management of suppliers, the company has a standard table for contractors to deduct project funds in violation of safety and health management rules. For environmental protection manufacturers, they must have legal certificates or licenses from the government; Personnel related to occupational safety shall have complete education and training hours, relevant licenses and health certificates; And the manufacturer's safety maintenance management on the construction site. If there is any deficiency, the project payment will be deducted. For supplier management policies, please refer to the company's official website and pages 43-44 of 2020 corporate social responsibility report.</p>	None
5. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Have the reports mentioned above received the confirmation or guarantee of a third-party authenticator?	V		<p>The Company compiles sustainability reports and other reports that disclose the Company's non-financial information in accordance with the internationally common reporting guidelines (GRI Standards) and publishes them on the Public information Observatory. It has not obtained the assurance or guarantee opinions of third-party verifiers.</p> <p>Please refer to pages 102-104 of the 2020 CSR Report.</p>	None

Promotional Items	Implementation (Note 1)			Differences and reasons from the Code of Practice for Sustainable Development of Listed Companies
	Yes	No	Explanation in Brief	
<p>6. If a company has its own sustainable development code under the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the differences between its operation and the established code:</p> <p>In fiscal 2020, the Company formulated the Code of Practice for Corporate Social Responsibility of Listed Companies, and in fiscal 2022, it was revised to "Sustainable Development Best Practice" in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" Principles ㄐ。The company is committed to taking care of employees, shareholders and consumers, and does not slack off on various social responsibilities, in addition to providing employees with a safe working environment, strictly supervising subsidiaries, maintaining the safety of construction sites, and actively participating in the development of community services, it also provides various sponsorships from public welfare organizations to promote sustainable operation and enhance the company's brand image.</p>				
<p>7. Other important information to help understand the implementation of sustainable development.</p> <p>Please see page 93-101 of the 2020 CSR Report</p>				

### 3.4.6 Fulfillment of Code of Ethics and Business Conduct

#### Fulfillment of Code of Ethics and Business Conduct, Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Abstract Illustration	
1. Stipulating policies and plans for ethical corporate management				
(1) Has the Company established the Code of Ethics and Business Conduct, which have been approved by the Board of Directors, and clearly stipulated regulations and policies for ethical business conduct and relevant guidelines in company articles and external documents? Does the Company's Directors and management team actively fulfill their commitment to corporate policies?	V		(1) The Company has stipulated "Procedures for Ethical Management and Guidelines for Conduct", which specifically regulates the matters that the Company's personnel should watch out when executing their duties. The financial statements approved by Board of Directors is presented by the chairman, president, and accounting supervisor together with no false concealment statement.	No Significant Difference
(2) Has the Company established a risk assessment mechanism against unethical conduct, regularly analyzed business activities within their business scope which are at a higher risk of being involved in unethical conduct? Does the Company establish prevention programs accordingly including measures prescribed in Article 7 Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(2) The Company's "Procedures for Ethical Management and Guidelines for Conduct" clearly indicated various dishonest behaviors which should be prohibited, whistle-blowing systems, and disciplinary systems, which shall be put into practice in each unit. The Article 4-4 of the guideline clearly states the importance of strengthening prevention programs for those business activities within the business scope which are at a higher risk of being involved in unethical conduct, including the behaviors defined in Article 7 Paragraph 2 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".	No Significant Difference
(3) Has the Company clearly prescribed procedures, code of conduct, punitive measures for violations and appeal systems in the unethical conduct prevention plan, and did the plan be implemented accordingly and periodically reviewed and revised?	V		(3) The Company has stipulated prevention programs for dishonest behaviors in the "Procedures for Ethical Management and Guidelines for Conduct" and clearly indicated relevant operating procedures, guidelines for conduct, disciplinary actions against employee's violation of rules and policies, and grievance system. Furthermore, for the implementation of ethical management, the Company has set up an "ethical management steering group", responsible for the promotion and supervision of ethical management policies and prevention programs, regular inspection and reports submitted to Board of	No Significant Difference

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Abstract Illustration	
			Directors regarding the implementation status, measures adopted, and implementation effect every year.	
2. Implementing ethical corporate Management				
(1) Has the Company established the Code of Ethics and Business Conduct, which have been approved by the Board of Directors, and clearly stipulated regulations and policies for ethical business conduct and relevant guidelines in company articles and external documents? Does the Company's Directors and management team actively fulfill their commitment to corporate policies?	V		(1) The legal affairs unit has planned to draw up relevant contract clauses with the counterparts. The Company's significant contract matters must be countersigned by legal staff who shall rigorously review the terms and conditions for avoiding contents against Company's entitlements and have improper clauses.	No Significant Difference
(2) Has the Company established a risk assessment mechanism against unethical conduct, regularly analyzed business activities within their business scope which are at a higher risk of being involved in unethical conduct? Does the Company establish prevention programs accordingly including measures prescribed in Article 7 Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(2)The Operating and Management Section of General Administration Division is the "ethical management steering group", in charge of assisting Board of Directors and management team at formulating and supervising the implementation of ethical management policies and prevention programs in accordance with job functions and scopes and ensuring the implementation of "Procedures for Ethical Management and Guidelines for Conduct". The unit has reported the implementation status on November 11, 2021	No Significant Difference
(3) Has the Company established policies preventing conflict of interests, provided proper channels of appeal, and enforced these policies and channels accordingly?	V		(3)The Article 4-7 of "Procedures for Ethical Management and Guidelines for Conduct" clearly indicated that when employees encounter conflicts of interest while performing job duties, they should report relevant matters to their direct supervisors at the same time.  No such situations occurred in the Company in 2021.	No Significant Difference
(4) Has the Company established effective accounting systems and internal control systems for enforcing ethical corporate management? Did internal auditors establish relevant audit plan to verify the status of compliance with unethical conduct prevention action plans based on the result of risk assessment on unethical conduct? Did the Company entrust audits to a CPA ?	V		(4)The Company has established an accounting system and an internal control systems and the financial statements are presented by the chairman, managerial officers, and accounting supervisor together with no false concealment statement for ensuring the transparent disclosure of the Company's financial status. The audit supervisor regularly submits audit reports to the Board of Directors and issues "Internal Control System Statement" every year for declaring that no malpractice has occurred. The auditors perform auditing procedures in	No Significant Difference



Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Abstract Illustration	
(5) Does the Company regularly organize internal and external training for ethical corporate management?	V		<p>accordance with the defined annual audit plans and regularly report the information to Market Observation Post System.</p> <p>(5.1) Ethical conduct and corporate ethics are announced to the Company's newcomers when they are on board.</p> <p>Number of Trainees in 2021: 53 persons Number of People Accomplished: 53 persons</p> <p>(5.2) External lecturers were invited every month for providing education and trainings of corporate sustainability, operation management, and ethical management to the Company's managerial officers.</p> <p>Number of Trainees in 2021: 298 persons Number of People Accomplished: 298 persons</p> <p>(5.3) "Procedures for Ethical Management and Guidelines for Conduct" is disclosed internally and on the Company's website as the reference of internal staff and the public.</p> <p>(5.4) For training courses, please refer to pages 86-89 of the Corporate Social Responsibility Report.</p>	No Significant Difference
<p>3. Status for enforcing whistle-blowing systems in the Company</p> <p>(1) Has the Company established concrete whistle-blowing and reward systems as well as accessible whistle-blowing channels? Does the Company assign a suitable and dedicated individual for the case being exposed by the whistle-blower?</p>	V		<p>(1) The Company has stipulated "Regulations Governing Whistle-Blowing System" which has been disclosed on the Company's internal portal and official website.</p> <p>The Company encourages internal and external staff to whistle-blow unethical conduct or improper behaviors and the independent whistle-blowing channels have been established and announced on the Company's official website and internal portal for the access of internal and external staff.</p>	No Significant Difference

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons
	Yes	No	Abstract Illustration	
(2) Has the Company established standard operating procedures (SOP) for whistleblowing cases, follow-up measures and relevant systems of confidentiality after the investigation ?	V		(2) The Company's "Regulations Governing Whistle-Blowing System" has defined standard operating procedures (SOP) for whistleblowing cases, follow-up measures, and relevant systems of confidentiality after the investigation	No Significant Difference
(3) Has the Company adopted protection measures against inappropriate disciplinary actions for the whistle-blower?	V		(3) The Company's "Regulations Governing Whistle-Blowing System" has adopted protection measures against inappropriate disciplinary actions for the whistle-blower.	No Significant Difference
4. Improvement of information disclosure				
(1) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and Market Observation Post System (MOPS)?	V		The Company has stipulated "Procedures for Ethical Management and Guidelines for Conduct" which can be found on the Company's official website and Market Observation Post System.	No Significant Difference
5. If the Company has established the Code of Ethics and Business Conduct based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any deviations between the Code of Ethics and Business Conduct and their implementations:				
In accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", the Company has stipulated the "Procedures for Ethical Management and Guidelines for Conduct" and abides by the regulations defined by the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" without setting up another corporate governance practice principles.				
6. Other information helpful for understanding the principle of integrity of the Company's operations (e.g., the Company's amendment of its principles of integrity):				
The Company has stipulated "Procedures for Ethical Management and Guidelines for Conduct" which can be found on the Company's official website and Market Observation Post System.				

Note 1: No matter the operation item is ticked "yes" or "no", the status shall be described in abstract illustration column.

#### 3.4.7 Corporate Governance Guidelines and Regulations

The Company's corporate governance regulations are disclosed in the investor section of the Company's official website and Market Observation Post System.

#### 3.4.8 Other Important Information Regarding Corporate Governance

Please go the investor section of the Company's official website to inquire the implementation status of the Company's governance operations.

### 3.4.9 Implementation Status of the Internal Control System

#### 3.4.9.1 Internal Control System Statement

#### **Shining Building Business Co., Ltd.**

#### Internal Control System Statement

Date: March 30, 2022

The Company declares the following with regard to its internal control system in 2021, based on the findings of a self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and managerial officers. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, transparency, and compliance with applicable laws, regulations, and bylaws.

2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.

3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: (1) Control environment, (2) Risk assessment, (3) Control activities, (4) Information and communications, (5) Monitoring activities. Each element further contains several items. Please refer to the Regulations for details.

4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that on December 31, 2021, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for understanding of the degree of achievement of operational effectiveness and efficiency objectives, reliability, timeliness, transparency, and compliance with applicable laws, regulations, and bylaws, was effectively designed and operating, and reasonably assured the achievement of the above-stated objectives.

6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.

7. This statement has been passed by the Board of Directors Meeting of the Company held on March 30, 2022, where none of the 7 attending directors, including attendance by proxy, expressed dissenting opinions and all affirmed the content of this Statement, and hereby declare.

Shining Building Business Co., Ltd.

Chairman: Lai, Cheng-I

President: Lai, Cheng-I

3.4.9.2 Those who entrust certified public accountants to audit reports on the internal control system should disclose the CPAs' audit report: Not Applicable

3.4.10 Reprimands on the Company and its Employees in Violation of Laws, or Reprimand on its Employees in Violation of Internal Control System and Other Internal Regulations, or Major Shortcomings and Status of Correction in the Most Recent Year and up to the Publication Date of the Annual Report: Nil

3.4.11 Major Resolutions of Shareholders' Meetings and Board Meetings in the Most Recent Year and up to the Publication Date of the Annual Report

3.4.11.1 Important Resolutions and Implementation of Shareholders Meeting in 2021 and up to the Publication Date of the Annual Report

Date	Board Meeting	Major Resolutions	Date
2021/1/29	Twelfth Session 11th Meeting	1	Matters related to communication with the governing unit during the planning stage of the CPA's audit in 2020.
2021/1/29	Twelfth Session 11th Meeting	1	Approved the Company operation plan in 2021.
2021/1/29	Twelfth Session 11th Meeting	2	Approved the Company borrows no more than NT \$1.2 billion from financial institutions.
2021/3/23	Twelfth Session 12th Meeting	1	Approved the remuneration of employees in 2020 was NT\$2,044,041 and the remuneration of directors was NT\$0, which was paid in cash.
2021/3/23	Twelfth Session 12th Meeting	2	Approved the internal control statement for 2020.
2021/3/23	Twelfth Session 12th Meeting	3	Approved the CPA's 2020 compliance with the independence and competence assessment.
2021/3/23	Twelfth Session 12th Meeting	4	Approved the financial statements of the Company of 2020.
2021/3/23	Twelfth Session 12th Meeting	5	Approved the increasing the endorsement and guarantee amount to a subsidiary, Taiyu Construction Co., Ltd.
2021/3/23	Twelfth Session 12th Meeting	6	Approved to decrease the endorsement and guarantee line of RMB59,950,000 to our subsidiary Qingdao Ding Lin International Business Management Co., Ltd.
2021/3/23	Twelfth Session 12th Meeting	7	Lifted the Company's directors from the prohibition on competing for business
2021/3/23	Twelfth Session 12th Meeting	8	Approved amendments to certain provisions of the Company's "Rules of Procedure for Board of Directors

Date	Board Meeting	Major Resolutions	Date
			Meetings".
2021/3/23	Twelfth Session 12th Meeting	9	Approved the amendments to certain provisions of the "Rules of Procedure for Shareholders Meetings" of the Company.
2021/3/23	Twelfth Session 12th Meeting	10	Approved to set the date of the 2021 Annual Shareholders Regular Meeting of the Company as June 25, 2021, and the place, cause of call and period for receiving proposals from shareholders as April 19, 2021 to April 28, 2020.
2021/4/21	Twelfth Session 13th Meeting	1	Approved to set up the subsidiary Quantum Investment Limited
2021.5.12	Twelfth Session 14th Meeting	1	Approved to buy liability insurance for directors and managers in an amount not exceeding US\$3,000,000 in the first principal amount.
2021.5.12	Twelfth Session 14th Meeting	2	Approval of Q1 2021 Financial Statements
2021.5.12	Twelfth Session 14th Meeting	3	Approved no distribution of 2020 earnings
2021.5.12	Twelfth Session 14th Meeting	4	Approved to increase the investment in the subsidiary FAST GROWTH LTD by US\$10,000,000.
2021.5.12	Twelfth Session 14th Meeting	5	Approved to decrease of RMB44,405,000 through endorsement of guarantee lto subsidiary Qingdao Dinglin International Business Management Co. Ltd.
2021.5.12	Twelfth Session 14th Meeting	6	Approved to ilncrease of US\$250,000,000 through endorsement of subsidiary Chengdu Ding Kang Smart Business Limited.
2021.5.12	Twelfth Session 14th Meeting	7	Approved the results of the review of shareholder proposals at the 110th Annual General Meeting and there were no shareholder proposals other than the Board of Directors' proposal
2021.7.22	Twelfth Session 15th Meeting	1	Approved the syndicated Loan applications with financial institutions for NT\$2.8 billion
2021.7.22	Twelfth Session 15th Meeting	2	Approved the amendment of the Company's "Regulations Governing the Supervision of Subsidiaries"

Date	Board Meeting	Major Resolutions	Date
2021.7.22	Twelfth Session 15th Meeting	3	Approved the revision of the Company's "Procedures for Handling Material Inside Information"
2021.7.22	Twelfth Session 15th Meeting	4	Approved the revision of the Company's "Standards of Ethical Conduct"
2021.8.10	Twelfth Session 16th Meeting	1	Approved the second quarter financial statements for 2021
2021.8.10	Twelfth Session 16th Meeting	2	Approved amendments to certain provisions of the Company's "Remuneration Committee Charter"
2021.8.10	Twelfth Session 16th Meeting	3	Approved the release of the Company's managers from the prohibition of competition
2021.8.10	Twelfth Session 16th Meeting	4	Approved no change in directors' remuneration for the year
2021.8.10	Twelfth Session 16th Meeting	5	Approved the compensation of our managers is based on the general employee system and no salary adjustment was made during the year.
2021.8.10	Twelfth Session 16th Meeting	6	Approved the date of the 2021 Annual Adjourned Shareholders' Meeting on August 27, 2021
2021.9.28	Twelfth Session 17th Meeting	1	Approved to increase the investment in subsidiary FAST GROWTH LTD by US\$20,000,000
2021.9.28	Twelfth Session 17th Meeting	2	Approved to decrease in guarantee amount of RMB10,155,000 through endorsement of subsidiary Qingdao Dinglin International Business Management Co. Ltd.
2021.11.11	Twelfth Session 18th Meeting	1	Approved the preparation of the audit plan for 2022
2021.11.11	Twelfth Session 18th Meeting	2	Approved the third quarter financial statements for 2021
2021.11.11	Twelfth Session 18th Meeting	3	Approved to decrease in guarantee amount of RMB2,020,000 through endorsement of subsidiary Qingdao Ding Llin International Business Management Co.Ltd.

## 2. Important resolutions and implementation of the 2021 shareholders' meeting:

### 1. Recognize the 2020 annual business report and final accounts

2. Acknowledge that the Company's profit for the year 2020 will not be distributed.
3. Approved to lift the restrictions on Directors' non competition

No.	Director	Representative	Companies with the same or similar business scope as the Company
1	Ding Cheng Investment Co., Ltd.	Chen, Shu-Fen	Invest Ding Lin International (Cayman) Holdings Co., Ltd.
2	Zheng Kee Investment Co., Ltd.	Chang, Ying-Yin	Billion Capital Holding Co.,Ltd.-Person in charge Lukia Holdings Co.,Ltd.-person in charge. Qingdao Xiangdu Investment Co., Ltd -Supervisor Nanjing dingzheng Real Estate Co., Ltd. Chengdu Dingkang Real Estate Co., Ltd. Chengdu Chunhe Enterprise Management Co., Ltd. Chengdu Chunya Enterprise Management Co., Ltd.
3	Yi-Yang Investment Limited.	Lin, Ching-Feng	Fast Growth Ltd.-Person in charge Diamond Overseas Co.,Ltd-Person in charge Fortune Brother Ltd-Person in charge
			Kunshan Meifa Real Estate Development Co. Nanjing Dingzheng Property Co., Ltd-Director
			Chengdu Ding Kang Property Company Limited-Director Chengdu Chunhe Enterprise Management Co. Chengdu Chunya Enterprise Management Co.

4 Approved the amendments to certain provisions of the " Rules of Procedure for Shareholders Meetings " of the Company

3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors in the Most Recent Year and up to the Publication Date of the Annual Report: Nil

3.4.13 Resignation or Dismissal of the Company's Chairman, President, Chief Accounting Officer, Chief Financial Officer, Internal Audit Supervisor, Corporate Governance Officer, and Research and Development Supervisor in the Most Recent Year and up to the Publication Date of the Annual Report: Nil.

### 3.5 Information on CPAs' Professional Fees

#### CPAs' Professional Fees

Unit: NTD (in thousands)

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-Audit Fee	Total	Remark
Crowe Horwath United Accounting Firm	Jia Xiang Wang Ri Chun Wang	First Quarter of 2021 to Fourth Quarter of 2021	5,740	131	5,871	

Description: 1 Audit fees refer to the fees paid by the Company to the endorsing accountant for the audit, review, review and review of financial reports and financial forecasts  
2. Non audit service content: financial report document processing fee of NT\$131,000.

3.5.1.1 Whether the Company changes its accounting firm and the amount of fees paid for auditing services during the year in which the change is made are lower than for the previous year: Nil

3.5.1.2 Whether the amount of fees paid for auditing services is lower than for the previous year by ten percent or more: Nil

### 3.6 Information on the Replacement of CPAs

The Company has replaced the certified public accountant in the most recent two years: Nil.

**3.7 Whether the Company's Chairman, President or Managers in charge of Finance or Accounting has been under Current Audit Firm or its Affiliates' Employment within the most recent year: Nil**

**3.8 In the Most Recent Year and up to the Publication Date of the Annual Report, the Circumstances regarding Transfer of Shares and Changes in Pledged Shares of Directors, Supervisors, Managerial Officers and Major Shareholders with a stake of more than 10%**

3.8.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Share

Title (Note 1)	Name	2021		As of April 25, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Ding Lin Investment & Development Co., Ltd. Representative: Lai, Cheng-I	-	-	-	-
Director	Ding Zheng Investment Co., Ltd.	-	-	-	-
Director	Zheng Kee Investment Co., Ltd.	-	-	-	-
Director	Yi Yang Investment Co., Ltd.	-	-	-	-



Title (Note 1)	Name	2021		As of April 25, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Independent Director	Chiu, Wen-Jui	-	-	-	-
Independent Director	Huang, Jian-Ji	-	-	-	-
Independent Director	Yang, Chih-Chungg	-	-	-	-
President	Lai, Cheng-I	-	-	-	-
Director of General Administration Division	Chang, Ying-Yin	-	-	-	-
Chief Financial Officer	Chen, Chung-Yuan	-	-	-	-
Chief Accounting Officer	Liao, Pei-Chi	-	-	-	-
Associate Vice President of Administration Department in Taipei	Lo, Man-Li	-	-	-	-
Associate Vice President of Operating and Management Section	Lee, Chao-Chang	-	-	-	-
Major Shareholder with 10% of the Company's Total Shares	Quan Yang Investment Co., Ltd.	-	-	-	-

Note 1: Shareholders with a stake of more than 10% of the Company's total shares should be indicated as major shareholders, and separately listed.

Note 2: The counterparties of shareholding transfers and shareholding pledges are related parties shall fill out the below table.

3.8.2 The counterparties of shareholding transfers and shareholding pledges are related parties: Nil

### 3.9 Information on the Company's Top Ten Shareholders who are Related Parties to Each Other or Spouses or Relatives within Second Degree Relative of Consanguinity

#### Relationship among the Top Ten Shareholders

April 25, 2022

Name (Note 1)	Current Shareholding		Spouse's and Minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship of the Company's Top Ten Shareholders Who are Related Parties to Each Other Defined in Bulletin No. 6 of Financial Accounting Standards, or Spouses or Relatives within Second Degree Relative of Consanguinity (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Quan Yang Investment Co., Ltd.	98,221,964	10.05%	—	—	—	—	Ding Lin Investment & Development Co., Ltd., Guang Yu Investment & Development Co., Ltd., Ho Ting Investment Co., Ltd., Lalu Hotel Co., Ltd., Ding Zheng Investment Co., Ltd., Ming Hang Investment Co., Ltd.	The same chairman	
Representative: Lai, Cheng-I	3,596,942	0.37%	441,231	0.05%	116,917,486	11.96%		The spouse of the chairman	
Ding Lin Investment & Development Co., Ltd.	96,008,678	9.82%	—	—	—	—	Quan Yang Investment Co., Ltd., Guang Yu Investment & Development Co., Ltd., Ho Ting Investment Co., Ltd., Lalu Hotel Co., Ltd.	The same chairman	
Representative: Lai, Cheng-I	3,596,942	0.37%	441,231	0.05%	116,917,486	11.96%	Ding Zheng Investment Co., Ltd., Ming Hang Investment Co., Ltd.	The spouse of the chairman	
Ding Zheng Investment Co., Ltd.	94,131,799	9.63%	—	—	—	—	Ming Hang Investment Co., Ltd.	The same chairman	
Representative: Chen, Shu-Fen	441,231	0.05%	3,596,942	0.37%	116,917,486	11.96%	Quan Yang Investment Co., Ltd., Ding Lin Investment & Development Co., Ltd., Guang Yu Investment & Development Co., Ltd., Ho Ting Investment Co., Ltd., Lalu Hotel Co., Ltd.	The spouse of the chairman	
Guang Yu Investment & Development Co., Ltd.	65,048,854	6.65%	—	—	—	—	Ding Lin Investment & Development Co., Ltd., Quan Yang Investment Co., Ltd., Ho Ting Investment Co., Ltd., Lalu Hotel Co., Ltd.	The same chairman	
Representative: Lai, Cheng-I	3,596,942	0.37%	441,231	0.05%	116,917,486	11.96%	Ding Zheng Investment Co., Ltd., Ming Hang Investment Co., Ltd.	The spouse of the chairman	
Ming Hang Investment Co., Ltd.	56,978,163	5.83%	—	—	—	—	Ding Zheng Investment Co., Ltd.	The same chairman	
Representative: Chen, Shu-Fen	441,231	0.05%	3,596,942	0.37%	116,917,486	11.96%	Quan Yang Investment Co., Ltd., Ding Lin	The spouse of the chairman	

Name (Note 1)	Current Shareholding		Spouse's and Minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship of the Company's Top Ten Shareholders Who are Related Parties to Each Other Defined in Bulletin No. 6 of Financial Accounting Standards, or Spouses or Relatives within Second Degree Relative of Consanguinity (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
							Investment & Development Co., Ltd., Guang Yu Investment & Development Co., Ltd., Ho Ting Investment Co., Ltd., Lalu Hotel Co., Ltd.		
Ho Ting Investment Co., Ltd.	55,510,514	5.68%	—	—	—	—	Quan Yang Investment Co., Ltd., Ding Lin Investment & Development Co., Ltd., Guang Yu Investment & Development Co., Ltd., Lalu Hotel Co., Ltd.	The same chairman	
Representative: Lai, Cheng-I	3,596,942	0.37%	441,231	0.05%	116,917,486	11.96%	Ding Zhong Investment Co., Ltd., Ming Hang Investment Co., Ltd.	The spouse of the chairman	
Lalu Hotel Co., Ltd.	47,447,799	4.85%	—	—	—	—	Quan Yang Investment Co., Ltd., Ding Lin Investment & Development Co., Ltd., Guang Yu Investment & Development Co., Ltd., Ho Ting Investment Co., Ltd.	The same chairman	
Representative: Lai, Cheng-I	3,596,942	0.37%	441,231	0.05%	116,917,486	11.96%	Ding Zhong Investment Co., Ltd., Ming Hang Investment Co., Ltd.	The spouse of the chairman	
Zheng Kee Investment Co., Ltd.	42,824,268	4.38%	—	—	—	—	Nil	Nil	
Representative: Chang, Ying-Yin	44,273	0.00%	1,964	0.00%	—	—	Nil	Nil	
Chuanlong Investment Co., Ltd.	27,064,420	2.77%	—	—	—	—	Nil	Nil	
Representative: Hong, Sheng-Yi	397,974	0.04%	34,649	0.01%	—	—	Nil	Nil	
Rong Yang Investment Co., Ltd.	24,526,383	2.51%	—	—	—	—	Nil	Nil	
Representative: Chen, Jin-Mei	-	-	—	—	—	—	Nil	Nil	

Note 1: Top 10 shareholders shall all be disclosed, in which the institutional shareholder should indicate the name of institutional shareholders and representatives respectively.

Note 2: The shareholding ratio refers to the calculation of the shareholding percentage in accordance with the shares held by the person, the person's spouse and minor children, or nominee arrangement.

Note 3: The aforementioned shareholders include institutional shareholders and natural-persons. The relationship among the shareholders shall be disclosed in accordance with the issuers' preparation standards of the financial statements.

**3.10 The Comprehensive Number of Shares Held in Any Single Enterprise by the Company, Its Directors, Supervisors, and Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company**

Comprehensive Shareholding Ratio

March 31, 2022

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managerial Officers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Tai Yu Construction Co., Ltd.	9,533,334	86.67%	1,466,666	13.33%	11,000,000	100.00%
Worldwide Overseas Corp	-	-	1,000	86.67%	1,000	86.67%
Bai Huang Investment Corporation	-	100.00%	-	-	-	100.00%
Ding Lin International Enterprise	25,500	51.00%	24,500	49.00%	50,000	100.00%
Diamond Overseas Co.,Ltd	385,835	100.00%	-	-	385,835	100.00%
Headway Investment Ltd	10,000,001	66.67%	-	-	10,000,001	66.67%
Gold Square Investment Ltd	-	-	1	100.00%	1	100.00%
Qingdao Xiangdu Real Estate Co., Ltd	-	-	-	66.67%	-	66.67%
Fast Growth Limited	99,587,196	100.00%	-	-	99,587,196	100.00%
Centry Up Limited	-	-	188,279,250	77.28%	188,279,250	77.28%
Qingdao Dinglin International Business Management Co.	-	-	-	61.78%	-	61.78%
Qingdao Dinglin Hotel Co.	-	-	-	61.78%	-	61.78%
168 Investment Ltd	208,484,278	95.42%	-	-	208,484,278	95.42%
Nanjing dingzheng Real Estate Co.	-	-	-	95.42%	-	95.42%
Nanjing dingzheng Hotel Co.	-	-	-	95.42%	-	95.42%
Quantun Investment Ltd	55,128,095	84.65%	-	-	55,128,095	84.65%

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managerial Officers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Billion Capital Holding Co.,Ltd	-	-	65,128,095	84.65%	65,128,095	84.65%
Chengdu Chunya Enterprise Management Co.	-	-	-	84.65%	-	84.65%
Chengdu Dingkang Real Estate Co.	-	-	-	84.65%	-	84.65%

Note: Refer to the Long-Term Investment Made by the Company.

## IV. Capital Overview

### 4.1 Capital and Shares

#### 4.1.1 Types of the Company's Issued Shares in the Most Recent Year and Up to the Publication Date of Annual Report

##### 4.1.1.1 Source of Capital

#### Source of Capital

Unit: Shares (In Thousands)/New Taiwan Dollars (In Thousands)

Year/ Month	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2011.07	10	500,000	5,000,000	467,435	4,674,352	Capitalization of Retained Earnings	Nil	Note 1
2012.07	10	700,000	7,000,000	560,920	5,609,200	Capitalization of Retained Earnings	Nil	Note 2
2013.07	10	700,000	7,000,000	617,000	6,170,000	Capitalization of Retained Earnings	Nil	Note 3
2014.07	10	1,000,000	10,000,000	802,100	8,021,000	Capitalization of Retained Earnings	Nil	Note 4
2016.07	10	1,000,000	10,000,000	882,310	8,823,100	Capitalization of Retained Earnings	Nil	Note 5
2017.06	10	1,000,000	10,000,000	926,426	9,264,255	Capitalization of Retained Earnings	Nil	Note 6
2018.06	10	1,000,000	10,000,000	972,747	9,727,468	Capitalization of Retained Earnings	Nil	Note 7
2019.07	10	1,500,000	15,000,000	982,474	9,824,742	Capitalization of Retained Earnings	Nil	Note 8
2020.09	10	1,500,000	15,000,000	977,589	9,775,892	Cancellation of Treasury Shares	Nil	Note 9

Note 1: Approval sought from Letter No. Jin-Guan-Zheng-Fa-Yi-1000032673 of Financial Supervisory Commission, Executive Yuan, R.O.C. (Taiwan), dated July 14, 2011

Note 2: Approval sought from Letter No. Jin-Guan-Zheng-Fa-Yi-1010030397 of Financial Supervisory Commission, Executive Yuan, R.O.C. (Taiwan), dated July 10, 2012

Note 3: Approval sought from Letter No. Jin-Guan-Zheng-Fa-Yi-1020026425 of Financial Supervisory Commission, Executive Yuan, R.O.C. (Taiwan), dated July 8, 2013

Note 4: Approval sought from Letter No. Jin-Guan-Zheng-Fa-Yi-1030027079 of Financial Supervisory Commission, Executive Yuan, R.O.C. (Taiwan), dated July 16, 2014

Note 5: Approval sought from Letter No. Jin-Guan-Zheng-Fa-Yi-1050026976 of Financial Supervisory Commission, Executive Yuan, R.O.C. (Taiwan), dated July 17, 2016

Note 6: Effective Registration and Approval sought from Financial Supervisory Commission, Executive Yuan, R.O.C. (Taiwan), dated June 26, 2017

Note 7: Effective Registration and Approval sought from Financial Supervisory Commission, Executive Yuan, R.O.C. (Taiwan), dated June 27, 2018

Note 8: Effective Registration and Approval sought from Financial Supervisory Commission, Executive Yuan, R.O.C. (Taiwan), dated July 1, 2019

Note 9: Effective Registration and Approval sought from Financial Supervisory Commission, Executive Yuan, R.O.C. (Taiwan), dated May 26, 2020

Unit: Share (In Thousands)

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stocks	977,589	522,411	1,500,000	Public Shares

#### 4.1.1.2 Information Relevant to the Aggregate Reporting Policy: Nil

#### 4.1.2 Structure of Shareholders

April 25, 2022 Unit: Share

Structure of Shareholders Quantity	Governmental Institution	Financial Institution	Other Legal Persons	Natural Person	Foreign Institutions and Foreign Individuals	Total
Number of Persons	-	-	46	17,372	87	17,505
Shareholding	-	-	763,858,456	166,877,868	46,852,921	977,589,245
Shareholding Ratio (%)	0.00%	0.00%	78.14%	17.07%	4.79%	100.00%

#### 4.1.3 Status of Shareholding Distribution

##### 4.1.3.1 Ownership Distribution of Common Shares

Common Share (Par Value per Share: NT\$10) April 25, 2022

Shareholding Class	Number of Shareholders	Shareholding	Shareholding Ratio (%)
1-----999	4,569	1,345,152	0.14%
1,000-----5,000	8,102	19,276,249	1.97%
5,001-----10,000	2,083	16,122,603	1.65%
10,001-----15,000	769	9,624,344	0.98%
15,001-----20,000	516	9,422,944	0.96%
20,001-----30,000	502	12,642,114	1.29%
30,001-----40,000	241	8,528,011	0.87%
40,001-----50,000	160	7,417,808	0.76%
50,001-----100,000	290	21,079,157	2.16%
100,001-----200,000	127	17,622,381	1.80%
200,001-----400,000	70	19,115,680	1.96%
400,001-----600,000	22	10,791,819	1.10%
600,001-----800,000	9	6,009,443	0.62%
800,001--1,000,000	4	3,570,409	0.37%
Above 1,000,001 Shares	41	815,021,131	83.37%
Total	17,505	977,589,245	100.00%

##### 4.1.3.2 Ownership Distribution of Preferred Shares: Nil

#### 4.1.4 List of Major Shareholders

Name and Shareholding Amount and Ratio of Shareholders with more than 5% Shareholding or Top 10 Shareholders

April 25, 2022

Share—Name of Major Shareholders	Shareholding	Shareholding Ratio (%)
Quan Yang Investment Co., Ltd.	98,221,964	10.05%
Ding Lin Investment & Development Co., Ltd.	96,008,678	9.82%
Ding Zheng Investment Co., Ltd.	94,131,799	9.63%
Guang Yu Investment & Development Co., Ltd.	65,048,854	6.65%
Ming Hang Investment Co., Ltd.	56,978,163	5.83%

Share — Name of Major Shareholders	Shareholding	Shareholding Ratio (%)
Ho Ting Investment Co., Ltd.	55,510,514	5.68%
Lalu Hotel Co., Ltd.	47,447,799	4.85%
Zheng Kee Investment Co., Ltd.	42,824,268	4.38%
Chuanlong Investment Co., Ltd.	27,064,420	2.77%
Rong Yang Investment Co., Ltd.	24,526,383	2.51%

#### 4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share in the Most Recent Two Years

##### Market Price, Net Worth, Earnings, and Dividends per Share

Item \ Year		2020	2021	As of March 31, 2022 (Note 8)
Market Value per Share (Note 1)	Highest	20.1	17.85	11.55
	Lowest	7.31	9.82	9.8
	Average	10.43	12.6	10.68
Net Worth per Share (Note 2)	Before Distribution	11.67	10.98	11.00
	After Distribution	11.67	(Note 9)	Not Yet Appropriated
Earnings per Share	Weighted Average Outstanding Shares		977,589,245	977,589,244
	EPS (Note 3)	Before Adjustment	0.17	-0.06
		After Adjustment	0.17	(Note 9)
Dividends per Share	Cash Dividends		-	(Note 9)
	Stock Dividends	Stock Dividends from Retained Earnings	-	(Note 9)
		Stock Dividends from Capital Surplus	-	(Note 9)
	Accumulated Undistributed Dividends (Note 4)		-	-
Investment Return Analysis	Price / Earnings Ratio (Note 5)		61.35	-210.00
	Price / Dividend Ratio (Note 6)		N/A	(Note 9)
	Cash Dividend Yield Rate (Note 7)		N/A	(Note 9)

\*In case of capitalization of retained earnings or capital reserves reinvested to allotment of shares, the number of shares to be distrusted should be disclosed with traced adjustment of market value and cash dividend information.

Note 1: Denote the common shares with highest and lowest market value for each year, and calculate for the average annual market value for the trading value of each year and the trading volume.

Note 2: Please use the number of share outstanding by the end of the year and filled out by the distribution of the resolutions made by the Board of Director or the Annual General Shareholders' Meeting of the second year.

Note 3: In the event that free allotment is required to be traced for adjustment, each earnings per share (EPS) shall be listed before and after adjustment.

Note 4: In case the condition of outstanding equity security is distributed according to the undistributed dividends of that year accumulated to the year with earnings, the accumulated undistributed dividends of that year shall be disclosed respectively.

Note 5: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 6: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 7: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 8: Net worth per share and EPS shall be filled to the date of publication of the annual report with the data attested (reviewed) by the CPA in last quarter. The other columns should



also be filled out during the current fiscal year up to the date of publication of the annual report.  
Note 9: Filled out in accordance with the distribution proposal resolved by of the shareholders meeting in the next year. The distribution of 2020 retained earnings requires to be resolved by 2021 regular shareholders' meetings.

#### 4.1.6 Dividend Policy and Implementation Status

##### 4.1.6.1 Dividend Policy Defined in the Company's Articles of Incorporation

In accordance with the earnings allocation policy regulated by the Company's Articles of Incorporation, if there is any earning after the Company's annual accounts, the Company shall pay taxes in accordance with the laws, offset prior years' accumulated losses, and then set aside 10% of the Company's balance as a statutory surplus reserve. However, when the statutory surplus reserve is equal or more than the paid-in capital, the Company shall not set aside statutory surplus reserve and a certain amount of the remaining earnings shall be set aside or reversed as special reserve in accordance with laws and regulations. If there is still any remaining earning, together with the accumulated undistributed earnings, the Board of Directors shall draft a surplus earnings distribution proposal and submit it to the shareholders' meeting for resolution in order to distribute dividends to shareholders.

For leveling off constant growth dividend policy, the Company takes the investment capital needs and the degree of dilution of the earnings per share into account while making the decision to appropriately distribute the dividends in the form of cash or stock. The amount of cash dividends shall not be less than 10% of the total shareholder dividends. However, in case the cash dividend per share is less than NT\$0.1, or when the Company's debt ratio is higher than 50% in which the Board of Directors shall comprehensively considers the financial statements for the year, or when there is a major capital expenditure plan for the year, the percentage of cash dividends may be reduced or changed to stock dividends.

##### 4.1.6.2 Distribution of dividends proposed at the Shareholders' Meeting

The Company's loss after tax of 2021 was NT\$587,020,619 and the accumulated losses at the end of the financial period were NT\$191,250,596. In accordance with the Company's Articles of Incorporation, the Board of Directors resolved that there is no earning for distribution.

##### 4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent Shareholders' Meeting: Not Applicable

#### 4.1.8 Employee Profit Sharing and Remuneration of Directors and Supervisors

##### 4.1.8.1 Amount or Scope of Employee Profit Sharing and Remuneration of Directors and Supervisors as prescribed under the Articles of Incorporation

In accordance with the Company's Articles of Incorporation, if there is any earning after the Company's annual accounts, the Company shall set aside no less than 1% of the Company's balance as employee remuneration and distribute the dividends in the form of cash or stock in accordance with the resolution of Board of Directors. No more than 1% of the aforementioned earnings shall be appropriated as the remuneration of director and supervisors in accordance with the resolution of Board of Directors.

##### 4.1.8.2 Basis of Estimating Employee, Directors' and Supervisors' Bonus in the Period, Basis of Calculating Employee Bonus Appropriated in Shares, and Accounting Treatment if Discrepancy is found between the Actual Distributions and the Estimates

The remuneration of employees and directors and supervisors was not assessed in the year of 2021 because of loss. If changes exist after the announcement of annual financial statements, the changes will be treated as changes to accounting estimates, and adjustments will be made in the subsequent year.

##### 4.1.8.3

The board of directors adopts the distribution of remuneration and the actual distribution of the remuneration of employees, directors and supervisors in the previous year, and those who are different from the remuneration of recognized employees, directors and supervisors, and shall specify the number of differences, the reasons and the handling situation:  
The Company's Board of Directors resolved on March 30, 2022 and March 23, 2021 to approve employee compensation and director and supervisor compensation for 2021 and

2020, and the related amounts recognized in the financial statements, as follows.

Unit: New Taiwan Dollars (In Thousands)

	2021		2020	
	Employee Remuneration	Employee Remuneration	Employee Remuneration	Employee Remuneration
Resolution of Appropriated Amount	\$ -	\$ -	\$ 2,044	\$ -
Amount Recognized in Annual Financial Statements	-	-	2,044	-
Amount of Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

All of the above-mentioned employee remunerations are paid in cash.

#### 4.1.9 Share Repurchases by the Company: Nil

## 4.2 Issuance of Corporate Bond

### Issuance of Corporate Bond Situation

Type of Issuance (Note 2)	108-2 Series of Secured Ordinary Corporate Bond (Note 5)
Issue Date	December 20, 2019
Denomination	NT\$1 million
Location of Issuance and Trading (Note 3)	Taiwan
Offering Price	Issued by denomination
Total Amount	NT\$300 million
Interest Rate	Coupon Rate 0.98%
Tenure	Tenure: 3 years (Maturity: 12/20/2022)
Guarantor	First Commercial Bank
Trustee	Ji Hsun Financial Holding Co., Ltd.
Underwriter	Hua Nan Securities Co., Ltd.
Legal Counsel	Lawyer Ya Wen Qiu, Far East United Law Firm
Auditor	Crowe Horwath United Accounting Firm Jia Xiang Wang and Ri Chun Wang Accountants
Repayment	Repayment of principal at maturity date when is three years from the issuance date of the corporate bond
Outstanding Principal	NT\$300,000,000
Redemption or Early Repayment Clause	The Company may exercise its redemption right of the corporate bond three months after the issuance date of the corporate bond. Each redemption amount shall be calculated in multiples of NT\$1 million and the creditor shall not refuse. The Company shall select a good time to announce the exercise of redemption right of the corporate bond at least seven business days before the redemption date and notify the Company's creditors by appropriate ways at the same time. Redemption of the corporate bonds is based on the denomination of the bonds plus the interest payable during the actual holding period.
Covenants (Note 4)	Nil
Credit Rating	Not Applicable

Type of Issuance (Note 2)		108-2 Series of Secured Ordinary Corporate Bond (Note 5)
Other Rights of Bondholders	Amount of Converted (Exchange or Subscription) Common Shares, ADRs or Other Securities as of the Publication Date of the Annual Report	Not Applicable
	Conversion (Exchange or Subscription) Right	Not Applicable
Dilution Effect and Other Adverse Effects on Existing Shareholders		Nil
Custodian		Not Applicable

Type of Issuance (Note 2)		109 Series of Secured Ordinary Corporate Bond (Note 5)
Issue Date		November 23, 2020
Denomination		NT\$1 million
Location of Issuance and Trading (Note 3)		Taiwan
Offering Price		Issued by denomination
Total Amount		NT\$1.3 billion is divided into Tranche A bond and Tranche B bond in accordance with issuance terms and conditions. The issuance amount of Tranche A is NT\$ 950 million. The issuance amount of Tranche B is NT\$350 million.
Interest Rate		Coupon Rate 0.85%
Tenure		Tenure: 3 years (Maturity: 11/23/2023)
Guarantor		En Tie Commercial Bank
Trustee		Ji Hsun Financial Holding Co., Ltd.
Underwriter		SinoPac Securities Corporation
Legal Counsel		Lawyer Hu Jji Guo, Yi Cheng United Law Firm
Auditor		Crowe Horwath United Accounting Firm Ri Chun Wang Accountant
Repayment		The repayment of principal of Tranche A bond will be 5%, 5%, 7.5%, 7.5%, and 75% of the total issued amount of the corporate bond respectively in the 24th, 27th, 30th, 33rd, 36th month from the

Type of Issuance (Note 2)	109 Series of Secured Ordinary Corporate Bond (Note 5)
	issuance date of the corporate bond. For Tranche B bond, the repayment of principal will be paid at maturity date when is three years from the issuance date of the corporate bond
Outstanding Principal	NT\$1,200,004,749,200
Redemption or Early Repayment Clause	The Company may exercise its redemption right of the corporate bond three months after the issuance date of the corporate bond. Each redemption amount shall be calculated in multiples of NT\$1 million and the creditor shall not refuse. The Company shall select a good time to announce the exercise of redemption right of the corporate bond at least seven business days before the redemption date and notify the Company's creditors by appropriate ways at the same time. Redemption of the corporate bonds is based on the denomination of the bonds plus the interest payable during the actual holding period.
Covenants (Note 4)	Nil
Credit Rating	Not Applicable
Other Rights of Bondholders	Amount of Converted (Exchange or Subscription) Common Shares, ADRs or Other Securities as of the Publication Date of the Annual Report
	Conversion (Exchange or Subscription) Right
Dilution Effect and Other Adverse Effects on Existing Shareholders	Nil
Custodian	Not Applicable

Note 1: The execution circumstances of corporate bonds shall include the descriptions in regard to private placement corporate bonds and public offering corporate bonds that are under processing. The public offering corporate bonds under processing refer to those that have been effective (approved) by the Financial Supervisory Commission (FSC). The private placement corporate bonds under processing refer to those that have been approved by the Board of Directors.

Note 2: The adjustment of the number of the fields is in accordance with actual issuance frequency.

Note 3: Overseas corporate bonds shall fill in the location of issuance and trading.

Note 4: Covenants refer to the restrictions on the distribution of cash dividends or foreign investment or require to maintain a certain proportion of assets, etc.

Note 5: The private placement shall be marked in a prominent way.

Note 6: Information on convertible corporate bonds, exchangeable corporate bonds, shelf registration for corporate bond issuance, and corporate bonds with warrants should be disclosed in a tabular format in accordance with the characteristic of bonds.

#### **4.3 Issuance of Preferred Stock: Nil**

#### **4.4 Issuance of Global Depositary Receipts: Nil**

#### **4.5 Issuance of Employee Stock Options: Nil**

#### **4.6 Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: Nil**

#### **4.7 The Implementation of the Company's Capital Allocation Plans**

##### **4.7.1 Content of the Plan**

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issuances or private placements of securities or issues and placements that were completed in the past three years but have not yet fully yielded the planned benefits: All the plans have been completed.

Unit: New Taiwan Dollars (In Thousands)

Issuance Type	Content of the Plan	Period	Issuance Amount	Expected Complete Date
First Secured Ordinary Corporate Bond in 2020	Redemption of the principal and interests required for the first secured ordinary corporate bond in 2019.	2020.11.23-2023.11.23	1,300,000	First Quarter of 2021

##### **4.7.2 Implementation Status:** It has been implemented completed per the schedule of capital usage.

## **V. Operational Highlights**

### **5.1 Business Activities**

#### **5.1.1 Business Scope**

##### **5.1.1.1 Major Businesses:**

E801010 Building Maintenance and Upholstery  
E801020 Doors and Windows Installation Engineering  
E801030 Indoor Light-gauge Steel Frame Engineering  
E801040 Glass Installation Engineering  
E801070 Kitchen and Bath Facilities Construction  
E901010 Painting Engineering  
E903010 Anti-Corrosion and Anti-Rust Engineering  
F111090 Wholesale of Building Materials  
F211010 Retail Sale of Building Materials  
H201010 Investment  
H701010 Housing and Building Development and Rental  
H701040 Specific Area Development  
H701050 Investment, Development and Construction in Public Construction  
H701060 New County and Community Construction and Investment  
H701070 Land Levy and Delimit  
H701080 Urban Renewal Reconstruction  
H701090 Urban Renewal Renovation or Maintenance  
H702010 Construction Manager  
H703090 Real Estate Commerce  
H703100 Real Estate Rental and Leasing  
H703110 Senior Citizen Residence  
I102010 Investment Consulting  
I103060 Management Consulting  
I401010 General Advertising Services  
I503010 Landscape and Interior Designing  
IZ15010 Market Research and Public Opinion Polling  
J101110 Disposal Industry of Construction Surplus Soil  
J901020 Regular Hotel  
ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

#### 5.1.1.2 Percentage of Revenue

Product & Business Items	2021 Consolidated Operating Revenue	Percentage of Revenue (%)
Housing Revenue	2,790,396	80.33%
Hotel Revenue	631,557	18.18%
Others	51,903	1.49%
Total	3,473,856	100.00%

#### 5.1.1.3 Current Products (Services) of the Company and Expected New Products (Services) To-Be-Developed

At present, the Company entrusts construction companies to build commercial buildings, luxury houses for younger buyers and ultra-prime property, and sell them. Except the original product types, the Company will develop more products in the direction of medium communities, large communities, and high-grade leisure residences for facilitating product diversification and in response to the demands of each customer segment for improving the quality of living. On the other hand, for the extension of businesses and the expansion of operational aspects, the Company will adopt the strategy of diversification and conduct vertical integration to diversify operating risks.

#### 5.1.2 Industry Overview

##### 5.1.2.1 Current State and Development of the Industry

This year will be a year of cautious management in the construction industry for four reasons:

The War between Ukraine and Russia, inflation and interest rate increases, COVID-19, and the government's continuous regulation of the housing market.

The Russia-Ukraine War, which shocked the world, broke out without warning in February 2022, affecting not only financial markets around the world, but also making the world's inflationary economy even more severe. As the war became more serious, the world began to take sanctions against Russia in the hope of forcing Russia to stop the war. The most destructive were financial sanctions, such as restrictions on trading in the Russian market, the withdrawal of international companies from the Russian market, and the kick-out of Russia from the Society for Worldwide Interbank Financial Telecommunication (SWIFT). With military conflicts interfering with global trade and supply chains, the price of oil and various raw materials rose, leading to a worsening of inflation and, indirectly, the property sector.

When the central bank announced an interest rate increase in March 2022, Taiwan has only raised interest rates by 0.25%. It is expected that the United States Federal Reserve will raise interest rates seven more times this year, and the Central Bank of Taiwan will probably raise interest rates again and greatly increase uncertainty of raising interest rates that buyers will spend longer time in evaluation speed and negotiation. In addition, the life insurance industry is limited by the increase of the threshold for the return on real estate investment to 2.345%, and the investment momentum is expected to slow down. Therefore, regardless of residential or commercial real estate this year, it will be self-use need oriented.



After the heating up of the epidemic in May 2021, two major power outages, Taiwan's application to join the CPTPP, the shortage of semiconductor chips and the imbalance between supply and demand of raw materials, etc., it is like taking SPA (extreme up and down) for enterprises. Even though, due to the relatively low base period in 2020 and the strong export of semiconductor chips and equipment, Deloitte Asia-Pacific research team predicts that Taiwan's economic growth rate will be 6.2% in 2021 and 3.4% in 2022. Observing the recent economic situation in domestic and overseas, the new variant virus, Omicron continues to spread rapidly around the world, and the world is facing a new wave of epidemic challenges, which makes labor shortages, supply chain instability and rising inflationary pressures continue to affect the performance of the global economy. However, with the improvement of the test volume of the virus and the increase in vaccine coverage, the number of serious infections and deaths has dropped sharply, so at present, major countries such as the United States, the United Kingdom and the European Union will not easily restart strict epidemic prevention measures, and Taiwan's economy is still expected to maintain a steady pace of recovery.

In terms of the government's continuous regulation of the housing market, the transaction volume of the five major real estate intermediaries in February 2022 fell more than that in January, reflecting the impact of the comprehensive upgrading of the government's housing speculation measures and the buyer's wait-and-see mentality; while the monthly growth rate of the six building transactions and transfers in February was -34.9%, mainly seasonal factors, the end of January and the beginning of February coincided with the Lunar New Year holiday, which made the number of working days less, and the government successively introduced the policy of speculating and speculating to curb speculation and initial results. After the trial calculation of the model, the operating climate test point of the construction industry in February 2022 was 107.14 points, down 2.80 points from 109.94 points in January, and it turned into a downward pattern again. Besides, the central bank's interest rate increase of 0.25% and the pressure on the international currency exchange rate, the time point and range are higher than the original market expectations. Further, it affects the psychological level of buyers, and there is no room for policy deregulations, and the gap between buyers and sellers' perceptions of prices has widened. Therefore, in the future, consumers' views on the housing market will tend to be cautious and focus on self-use or long-term property investment.

#### 5.1.2.2 Correlation among Upstream, Midstream, and Downstream of the Industry

The manufacturing process of real estate covers a wide range, from landlords, land brokers, scriveners, financial industry to measurement, design, construction, hydroelectricity, building materials, advertising, decoration, and asset management, property management, etc., which can be considered as the industry with the widest coverage range in all industries and is a quite important landmark of economic development.

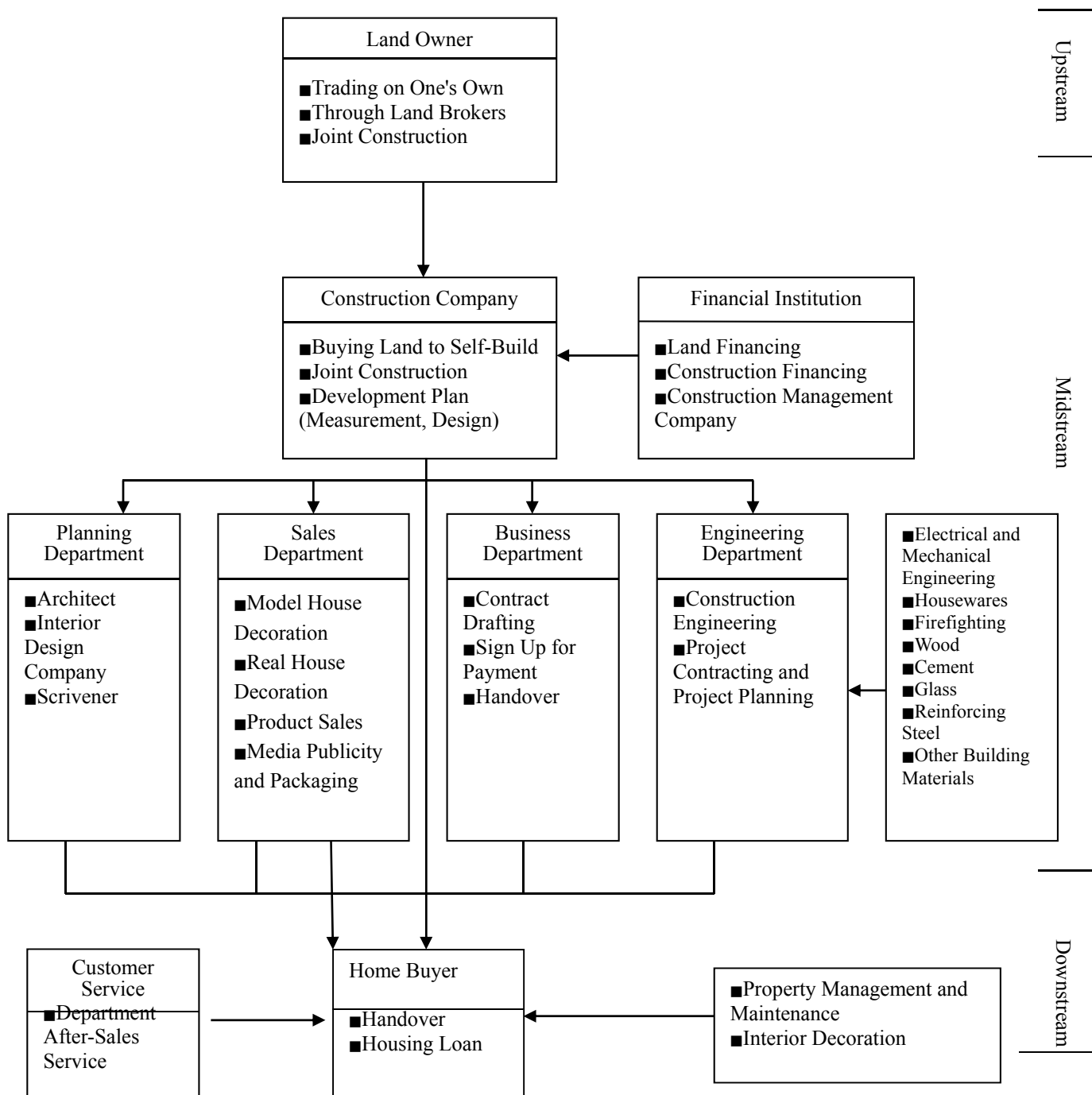
Real estate has to purchase the land first and then develops the land in accordance with its intensity of use. During the development process, it requires the scrivener and the financial industry to proceed supporting operations such as land transfer registration and financing. Furthermore, the field surveying will be conducted by the measurement companies and the geological surveying will be carried out by drilling companies. During the planning and design phase, architect firms, interior design companies, or landscape design companies are responsible at carrying out software and hardware design of the building and the application of relevant permits.

In the sales stage, sales departments and advertising companies shall perform sales operations, and the decoration companies need to conduct the decoration design and construction of the sales center, model houses, and real houses, and a variety of media shall

be applied for publicity. The industrial fields involved in the construction phase are countless, in which a lot of manpower and materials are provided by construction companies, mechanical and electrical industry, fire protection industry, and other industries, including cement, reinforcing steel, ceramic tiles, doors and windows, pipes, housewares, wood, glass, and machinery equipment, etc.

After construction completion and house handover, property management companies, electrical and mechanical (hydroelectricity) companies, fire protection companies, and other professional companies need to manage and maintain the building usage. The users stationed in drives the demand for furniture, furnishings, and home appliances, etc. A series of flows from top to bottom

effectively give an impetus to economic circulation, which has a positive contribution to prosperity. The industrial linkage analysis of the upstream, middle and downstream industries of real estate is illustrated as follows:



### 5.1.2.3 Various Development Trends of Products

#### (a) Elaboration of Product

Because of the transform of consumer demand patterns, high-grade communities and buildings will turn into the mainstream trend. How to reinforce the functions of products such as health preservation, technology, environmental protection, leisure, safety, comfortable sensation, and premium texture in software and hardware facilities, will become the mainstream of future residential district.

#### (b) Futuristic Design

To coincide with the humanistic characteristics of the site where the building located, the composite functions of the building, the professional planning and design of the building space, and consider the future development of appearance and modeling and functionality, will reinforce the characteristics of the building and its lasting value.

#### (c) Economization of Construction

How to shorten working hours and retrench labor and materials in order to cut down the environmental load while environmental awareness is rising nowadays and the labor costs are upsurge, is the characteristics of high-grade buildings in the future.

#### (d) Artistic of Community

The considerations of future product design will focus on improving the humanity attainment and artistic atmosphere of the community, in order to allow residents to assimilate the office and living environment that they contact day and night, and enhance the artistic aesthetics.

#### (e) Diversification of Life Functions

Community with service diversification is emphasized. Other than general security measures, banquets, catering, conferences, leisure and entertainment, etc., all are the life functions contained in the community, which inject humanized texture into residential quality.

#### (f) Rigidization of Planning

In response to the demands of the market, the product planning based on rigid demand will take 20-40 pings/2~3 rooms as the bread-winning products and high added value as the appeal to offer buyers with high quality but affordable options.

### 5.1.2.4 Market competition

Since the incorporation of the Company in 1990, the Company takes Taichung City as the main focus of projects. Nowadays, it sets the main focus on north Taiwan and takes the central Taiwan as the supplement. In line with the management philosophy of "Persistence, Perseverance, and Quality Assurance", the product appeals are ploughed deeply to all customer segments. No matter the customers are the capital maturation type who swap the house for the second or third times, or the young buyers who purchase the house for the first time, all will be offered with exquisite designs, which are relatively different from the general products in the market and have relatively fewer competitors.

Furthermore, with the faith in "having each customer enjoy the happiness of appreciation", we have a set of standard operating procedures for product planning, construction quality, transaction safety and after-sales service, etc. in order to earn the recognition from home buyers. Starting from the first blueprint, we consistently insist on our management philosophy, select the best location, and make the best planning, and therefore draw the attention of consumers at all segments and stimulate their unexpected purchasing behaviors. The Company has built up a good reputation and brand image in the market of high-quality and high-profile product territory, and retained a certain scale of revenue in the market.

### 5.1.3 Technology and Research and Development Overview

Research and development expenses and successfully developed technologies or products invested in the most recent year and as of the date of publication of the annual report:

The Company cannot engage in construction businesses in accordance with the regulations of the building code and therefore outsources the construction engineering projects to its subsidiary, Tai Yu Construction Co., Ltd., instead of engaging in production. The scope of business of the Company's research and development department is to evaluate land development projects, and therefore no dedicated department to carry on research and development of production technology and product features.

The Company entrusts its subsidiary, Tai Yu Construction Co., Ltd., for contracting, construction, and developing the following techniques:

- (a) Research and develop a multi-level waterproof method to effectively prevent the window frame from leaking.
- (b) Research and develop the construction joint of foreign material anastomosis of light partition to reduce the occurrence of wall cracks.
- (c) Density reinforcement engineering method for flooring polished tiles tiling
- (d) Crystallization prevention engineering method for flooring tiles
- (e) Water diversion engineering method for the basement compound wall
- (f) Anti-crack engineering method for preformed holes on the floor surface
- (g) Descending floor method for the bathroom.
- (h) Odor emissions engineering method for the same segment of the bathroom and toilet
- (i) Closure engineering method for the reserved channel of RC wall

### 5.1.4 Short-Term and Long-Term Business Development Plans

#### 5.1.4.1 Short-Term Business Development Plans

##### (a) Utilize Network Marketing and Media Channels to Achieve Intended Effect

By way of the delivery mechanism of digital media such as LINE friends and Facebook fan groups coupled with keyword search optimization, etc., to publicize the product information of each project and increase communication channels with customers, such as the Company's "Shining Shan Hai Hui", "Shining Shi Lin Residence", "Shining Art Museum", "Shining Yu Chuan", "Shining Heng Mei", etc., which are all sell well online at present. From the gradually increasing trend of the proportion of inquiries through Internet calls and transactions through visiting, we can see the far-reaching network will make a change to the future of sales channels and create another territory.

#### (b) Increase Market Share

For enhancing the Company's reputation in the industry and the subconscious cognition of house buyers, other than the general media coverage, the Company upholds the enthusiasm of contribution to the society over the years, goes through the operation of "Shining Cultural and Educational Foundation" to hold dozens of large and small charitable activities, such as "Thousands of People Love the Earth and Protect the Butterflies", "Look for Formosan Black Bears", and "Speak Out Your Love" love song concerts, and proactively participates in the sponsorship of various public welfare activities, which invisibly raise the Company's reputation and indirectly heighten market share.

#### (c) Set Up a Unique Brand

For more than 40 years, the Company has adhered to quality assurance and earned the recognition from customers who purchase the house for the first time or house swapping. In the future, we will continuously hold on our own path, starting from Taiwan, establishing the basis on both sides of the strait, and expanding the horizons to include the whole world, and keep up with the times for striving to reach a higher level.

### 5.1.4.2 Long-Term Business Development Plans

- (a) To develop year by year and grow continuously and steadily. To set up a land database, push forward projects in accordance with annual demands and have a prudent operation.
- (b) To proactively lay out the real estate development market in China, and have comprehensive development entities engage in investment projects. Different from other hotel groups, the Shining Group is mostly self-sustained and self-management. Currently, Lalu has been deeply rooted in Qing Dao, Nan Jing, and Cheng Du for many years, which has run a new page belonging to the "International Lalu Aesthetics" and become the trendsetting of leisure hotels.
- (c) The mid-term and long-term target is to develop into the construction company in the Greater China region. Other than the prudent market operations of great Taichung, Taipei City, and New Taipei City, the Company also expands its market territory to other regions in China and take its place on China and global markets by the way of operation diversification and investment arrangement.

## 5.2 Market and Sales Overview

### 5.2.1 Market Analysis

#### 5.2.1.1 Sales and Supply Regions of Major Products and Services

The main business of the Company is lease and sale of residential buildings and commercial buildings, its major products can be divided into residential buildings, including flat with shop, and office buildings, and its main sales territories are concentrated in central Taiwan and north Taiwan.

### 5.2.1.2 Market Share

#### 2021 Construction Market Share Overview

Unit: New Taiwan Dollars (In Thousands)

Rank	Company Abbreviation	2021 Operating Revenue	Rank	Company Abbreviation	2021 Operating Revenue
1	Highwealth	44,282,065	21	Yong Gu-KY	5,913,976
2	Farglory	33,138,325	22	Isanlin	5,521,414
3	Contintental Holding	26,844,308	23	Chien Kuo	5,326,431
4	Kindom	25,191,138	24	Kuo Yang	5,124,284
5	Goldsun	21,801,699	25	Chong Hong	4,849,441
6	Ruentex	21,337,098	26	Sino Horizon -KY	4,803,188
7	BES Engineering	17,196,685	27	Long Da	4,740,983
8	DACIN	14,812,323	28	SAKURA	4,274,315
9	Huaku	13,547,257	29	Hung Sheng	3,875,792
10	Prince	12,511,535	30	Founding	3,772,140
11	Cathay	12,476,018	31	Zong Tai	3,647,336
12	Kedge	10,772,322	32	Feng Den	3,614,744
13	Run Long	10,479,267	33	Kung Sing	3,607,070
14	Dali	10,078,567	34	Shining	3,473,856
15	New Asia	8,042,793	35	Advancetek	3,450,135
16	Hwang Chang	8,002,544	36	Crowell	3,193,914
17	Huang Hsiang	7,850,175	37	Huakai	2,579,156
18	ASE Group	6,990,216	38	I Hwa	2,363,236
19	King's Town	6,657,244	39	We & Win Development	2,334,383
20	Radium	6,259,097	40	San Far Property	1,715,968

### 5.2.1.3 Future Supply and Demand Status and Growth of the Market

In 2021, the real estate industry can be said to have repeatedly reached new highs and the price and volume soared together, which is absolutely an unprecedented record in the history of real estate development in Taiwan. Looking forward to the golden tiger year in 2022, after the passion encounters the real estate market, it is expected that the bull trend will remain regardless of residential, land, and commercial real estate; In addition, this year is an election year, and the issue of house price is bound to be the top priority. With the government regulation of the housing market policy, the black swan of real estate speculation has become larger and larger, and the rise in house prices will be more convergent.

With the adjustment and control policies of the housing market, the ups and downs of the COVID-19 epidemic, the shortage of work and materials, the rise of prices and other

reasons, the land transaction volume in 2021 still reached NT\$289.3 billion, which was expected to remain at NT\$250billion in 2022. The three major categories of land transactions, including housing, commerce and industry, account for 40%, 40% and 20% for three consecutive years. The transaction volume of commercial real estate reached NT\$152.8 billion last year, and it was estimated that it also remained at NT\$150billion in 2022; According to the estimate of the real estate information platform of the Ministry of the Interior (not counted in the fourth quarter), the number of buildings transferred from the sales of buildings, one of the indicators of the housing market, should be 330000 (buildings) in 2021, and it was estimated that it would be slightly flat to 330000 (buildings) in 2022.

After the Covid-19 epidemic in 2021, the domestic economy has gradually recovered in a stable manner, coupled with a large number of foreign investors returning to the market, the market capital tide, and the overall economic outlook for 2022 is a year to look forward to, the general bullish housing market fundamentals, but there are still monetary tightening, housing policies, market oversupply, land acquisition costs and other four factors to pay attention to, the housing market in 2022 is expected to show a "flat volume and slowly rising prices" trend.

The central bank's mortgage lending restrictions, land and surplus housing loan restrictions and other successive housing policies, and the supply chain of raw materials, there may be five major phenomena in the real estate market this year. (1) The pre-sale housing market is on the sidelines due to short-term psychological factors, and rigid demand for self-use is the mainstay; (2) Some builders may slow down the speed of case promotion, or temporarily close the market, and adopt a "build first and then sell" strategy; (3) Due to land restrictions on the number of loans, builders have turned to peripheral emerging areas to hunt for land and reduce costs. The volume of cases spilling out from Taichung to Chang Hwa and Nan Tou areas, and along the high-speed rail will increase significantly; (4) The land that can be used for the reconstruction of urban unsafe and old buildings and urban renewal in old urban areas is less restricted by housing development measures and is also expected to attract the attention of builders. In the next three years, more applications for the elderly and the elderly are expected to emerge; (5) Some office workers have changed to remote video home work. For health and epidemic prevention, they have moved to satellite cities on the periphery of the city and low-density areas with relatively flat housing prices.

#### 5.2.1.4 Competitive Niche and Favorable and Unfavorable Factors of Development Prospects and Response Strategies

##### (a) Competitive Niche

With rich development experience in the Company over the years, the projects introduced have not only earned the affirmation and recognition from the public, achieved high sales records, but also frequently won awards such as "Architecture Gold Award—Best Quality" and "Architecture Gold Award—Best Planning", etc. (refer to the table below), which are the evidences of excellent construction quality, good corporate image and complete after-sales service of Shining Building Business Co., Ltd. Additionally, the Company has also been awarded "Excellence Identification Mark—Construction Investment Industry" by Construction and Planning Agency, Ministry of the Interior and has established a good reputation in the high-grade housing swap market. Consequently, we have adjusted, well prepared, and been accumulating our

strength for a take-off in the more elaborative real estate market in the future.

Winning Project List of Shining Building Business Co., Ltd.

Project Name	Award	
Shining Science Building	Architecture Gold Award — Best Quality	Architecture Gold Award — Golden Lion Award for Office
Shining Li Jing	Shortlist, 1998 FIABCI (Fédération Internationale des Administrateurs de Biens Conseils et Agent Immobiliers) — Outstanding Architecture Gold Award	Architecture Gold Award — Best Quality
Shining Yun Gang	Architecture Gold Award — Best Planning	Architecture Gold Award — Best Quality
Shining Li Chi	Selected for Architecture Gold Award — Best Planning	Selected for Architecture Gold Award — Best Quality
Shining Empire Double Star	2006 Taiwan Real Estate Excellence Award	Excellence Award — Planning and Design
Shining Athens	2006 Taiwan Real Estate Excellence Award	Gold Tier Award — Construction Quality
Shining Imperial Palace	2012 iResearch Award	Best Award — National Habitation and City
	2012 Golden Stone Award — Chinese Architecture	Gold Award — Outstanding in Planning and Design
Shining Da Jing	2013 Golden Stone Award — Chinese Architecture	Gold Award — Outstanding in Planning and Design
Shining Chun Yong	2017 EEWH Green Building Label — Silver Grade	
Shining Shan Hui	2018 EEWH Green Building Label — Silver Grade	A' Design Award, Italy
Shining The True Life”	2021 EEWH Green Building Label — Silver Grade	

The Company's affiliated company, "Lalu Hotel", is second to none and world-class tourist hotel in the country, which has won the World Architecture Gold Award and earned deep appreciation from all social circles. Leveraging on the construction experience and reputation of Lalu Hotel, the Company has already possessed the best word of mouth and strength in domestic high-quality real estate development. As the global economy is rebound, the Company picks up the best location and builds the best house on the basis of the good foundation of comprehensive talents from land development, planning, operation, sales, and management services, which is the best guarantee for competitiveness.

(b) Favorable Factors of Development Prospects

■ On the supply side, the government's preferential housing loan policy remains the same and bank interest rates are still at low grades. It is expected that buyers will



continue to approach the market proactively and demand will keep steady.

■ Because of the construction of transportation network and the effects of Central Taiwan Science Park and high speed rail in Taichung region, out of town investors have begun to approach the market, which has changed the buyer structure in Taichung housing market. The increased customer base is no longer restricted by regions.

■ The Executive Yuan brings forward the proposal to allow the construction industry to

take part in urban renewal plans for revitalizing the domestic economy and will give awards in accordance with the original floor area ratio and building coverage ratio, which has positive meanings for both construction companies and landlords. Moreover, the inflation of prices can also promote the demand of house purchase for value preservation.

■ Capacity transfer, urban renewal, and securitization of real estate have added new pipelines for building development and the investing public. Moreover, the favorable factors, such as the full opening of national highway No. 3, and the construction completion of high speed rail, will supply more essence zones worthy to be developed, provide infinite business opportunities, improve the investment confidence of compatriots, and what is more is that they have a positive catalysis on real estate.

■ The permission of the exchanges of mails, trade, air and shipping services, and direct flight across the Taiwan Straits, and China tourists to Taiwan, makes the Taichung International Airport and Port of Taichung be classified as the airport of direct flight and sea port in the first wave of cross-strait linkage services, which let central Taiwan becomes the first to benefit from the value-added potentiality.

■ Since the global economy has been confronted with material changes in the recent period, including the introduction of unprecedented quantitative easing monetary policies in Europe, the United States, and Japan, and caused by the concept of asset preservation, high asset groups have re-allocated their assets and shift the focus to real estate investment, which has enhanced the potential benefits of projects.

#### (c) Unfavorable Factors of Development Prospects

■ The fluctuations in the price of building materials and the shortage of construction workers in the market have caused indeterminacy in investment profits, and a considerable degree of influence on the production time and benefits of real estate industry.

■ Since the floor area ratio was implemented, the land use intensity has universally decreased, the land prices have not yet been consolidated to reasonable prices, and the difficulties of land purchase have heightened.

■ With the bracing of Taiwanese businessmen returning to Taiwan, the prices of luxury houses receive a certain extent of support, but a market highly dependent on out of town customers may cause the relevant risk become greater, which is deviated from the basic demand of general market.

■ While the economy growth slows down, the increase in the tax base or tax rate of domestic immovable property holdings will distinctly influence the public on the decision-making and intention of purchase houses.

#### (d) Response Strategies

■ The choice of land development location is focusing on looking for prestigious road sections and sections with high-profile, convenient transportation, and sufficiency living conditions in order to segment the market.

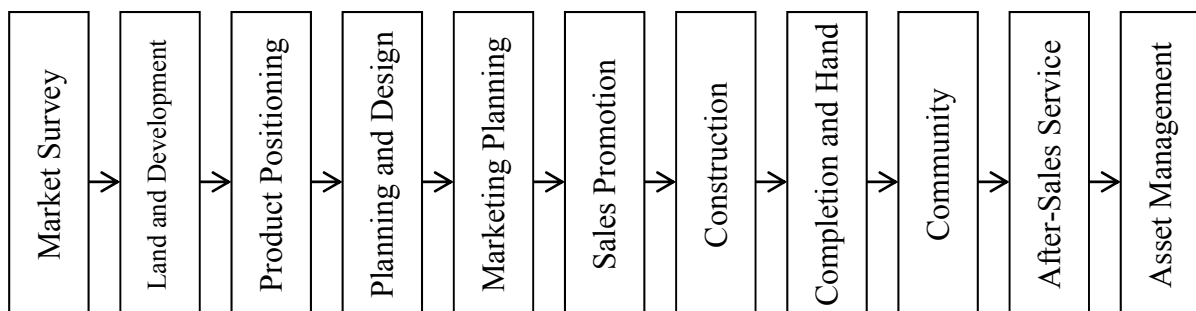
- The product planning will take the planning for rigid demand as the main focus, and have products with 20 to 40 pings or 2~3 rooms as the major product force. The design concept of premium residences will be incorporated into the first-purchase products for attracting young customer group and cultivating a larger customer base.
- Cultivate the top-level customer segment deeply, get the attention of capital maturation type of customers, manage the house swap markets in which the customers intend to swap the house for the second or third times, consolidate the niche market customer segment, and set up the brand of Shining Building Business Co., Ltd. as the synonym for highest grade residence.
- Put emphasis on consumer rights, cautiously discuss the advertisement contents while pushing forward projects and rigidly prohibit to exaggerate and promote disinformation, comply with Fair Trade Act and Consumer Protection Act, set up a complete pre-sale and transaction system for reducing disputes, keep a good interactive relationship with consumers in a fair and reasonable way, and strengthen legal education and training for employees for improving the diathesis of the Company's employees and reducing the legal liability risks of the Company.
- Not blindly develop projects, substitute qualitative growth for quantity increase, re-plan and redesign every project with a zeroing approach and upgrade the spirit and value of each project, reinforce the financial structure with good planning and management, and sustain prudent operation continuously.
- Comprehensively promote institutionalized management and reinforce human resources for giving full scope to the talents, improving the diathesis of manpower and work quality of the Company, and managing the operation with high-efficiency.

## 5.2.2 Important uses of major products and production process

5.2.2.1 Important Uses: The purpose is to offer a good living environment and housing quality for compatriots.

- (a) High-Grade Residence: The Company is used to praise oneself as the trend leader. No matter the luxury house for young customer group or top-level luxury house, all are in accordance with customer demand and use "market-oriented" thinking to plan the high-grade residences with most suitable location, textural quality, and corresponding to user-friendly demand.
- (b) Community Villa: The community-based leisure and vacation villa community utilizes the plan of "blue ocean strategy" to underline exquisite leisure functions, which is different from the ordinary traditional terrace house.

## 5.2.2 Production Process



### 5.2.3 Supply of Major Raw Materials

Land is one of the main raw materials for the Company's operations. The Company's land selection for development is focusing on the essence sections of the metropolis for the construction of upscale and high quality high-grade residences and the customer segments are mostly in the form of house swapping.

Since the Company's products are positioned in the customer segment with higher demand for residential quality, the direction of land development is therefore majorly in the main force of business areas, such as the areas in Taichung City which meet the Company's operating targets of products and customer segments, and Taipei City, New Taipei City and Taoyuan. The Company has used the results of rigorous market assessment to design products which are classy, high-quality, able to segment the market, and ahead of our competitors, acquires the designated areas with excellent locations and elegant environments recommended by brokers, intermediary agencies, or landlords who are familiar with the Company's main force of operating areas, as well as obtains the tenders released by National Property Administration, banks, and cost equivalent lands of redevelopment zones or the essence districts of court auction, and has lands acquired to be developed and constructed immediately.

The landlords of the essence sections of the metropolis are often complex in composition who requires greater energy and effort on development and may take a longer time on integration. The Company's mid-term and long-term development policies are to acquire lands in significant locations first, and then through the adoption of cannibalization strategy to acquire lands in the essence sections of integrated lands, which are trading time for money.

Consequently, the Company set up the land development department to pay attention to the dynamics of hundreds of lands at all times and has the present scope even branched out into those districts with development potential in real estate such as Taipei City and New Taipei City. The land development strategy is affirmative.

Other ancillary raw materials such as cement, reinforcing steel, sand and gravel, etc., are relatively unsteady in source and price variation at present. For the tendencies of other relevant construction materials, there is a dedicated department in Tai Yu Construction Co., Ltd., an affiliated company reinvested by the Company, to pay attention to the response at all times.

### 5.2.4 The Name, Purchase (Sales) Amount, and Ratio of the Suppliers and Customers Accounted for Over 10% of the Total Purchase (Sales) in One of the Most Recent Two years.

5.2.4.1 The Name, Purchase Amount, and Ratio of the Suppliers Accounted for Over 10% of the Total Purchase in One of the Most Recent Two years: IFRS Individual Financial Statements

Unit: New Taiwan Dollars (In Thousands)

Item	2020				2021				First Quarter of 2022			
	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer
1	Tai Yu Construction Co., Ltd.	261,905	87.26	Subsidiary	Tai Yu Construction Co., Ltd.	906,981	60.18	Subsidiary	Tai Yu Construction Co., Ltd.	171,428	84.63	subsidiary
2					Feng XX and other 18 persons	408,792	27.12	Non-related parties				
3	Other	38,231	12.74	Nil	Other	191,409	12.7		other	31,125	15.37	
	Net sales	300,136	100.00		Net sales	1,507,182	100.00		Net sales	202,553	100.00	

5.2.4.2 The Name, Sales Amount, and Ratio of the Customers Accounted for Over 10% of the Total Sales in One of the Most Recent Two years:

The Company's major customers are the general public. Hence, there were no customers with sales amount accounted for more than 10% of the Company's total sales in the most recent two years and as of 2021

5.2.5 An Indication of the Production Volume in the Last Two Years (IFRS Individual Financial Statements)

Unit: New Taiwan Dollars (In Thousands)/Household

Output Products	Year	2020			2021		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Shining Tian Yun		-	188	1,178,625	-	66	1,241,633
Total		-	188	1,178,625	-	66	1,241,633

Note: (1) Output quantity refers to the number of households completed in the current year. Output amount refers to the project costs of completed in the current year. Production capacity is not applicable.

### 5.2.6 An Indication of the Volume of Units sold in the Last Two Years (IFRS Individual Financial Statements)

Unit: New Taiwan Dollars (In Thousands)/Household

Year Output Products	2020		2021	
	Domestic Sales		Domestic Sales	
	Volume	Amount	Volume	Amount
Shining Hai Hui	20	427,244		
Shining Yu Chuan		96,052	1	57,604
Shining Shan Hui	39	1,185,344	18	552,840
Shining Tian Yun	188	1,611,549	Park space:6 units	5,842
The True Life			63	1,567,035
Museum			1	55,468
Yuan Ding			Land: 1 piece	2,945
Rental revenue		1,465		17,586
Total	247	3,321,654		2, 259, 320

Note 1: All the houses of the Company are sold domestically.

Note 2: Sales volume refers to the number of houses handed over in the current year.

Note 3: Rental income refers to the income from the leases of the science building and other house inventories.

Note 4: There is no product consignment circumstance occurred in the Company

### 5.3 The Number of Employees and Their Average Years of Service, Average Age, and Education Levels

Unit: Number of People

Year		2020	2021	As of March 31, 2022
Number of Employee (Person)	Staff	148	149	148
	Technician	-	-	-
	Total	148	149	148
Average Age (Year)		44.6	44.8	44.5
Average Years of Service (Year)		8.47	8.71	9.15
Academy Ratio (%)	Ph.D.	-	-	-
	Masters	19	21	19
	Bachelor's Degree	117	103	103
	Senior High School	12	25	26
	Below Senior High	-	-	-

## **5.4 Disbursements for Environmental Protection**

### **5.4.1 Total Losses Suffered by the Company and Disposition Amount in the Most Recent Year and Up to the Publication Date of the Annual Report due to Environmental Pollution Incidents**

The Company entrusts all construction projects to outsourcing construction companies, who are in charge of the environmental conservation of the construction site, the control of dust and sound pollution, and the waste disposal for preventing messiness and inconvenient of nearby neighbors. Hence, as of the publication date of the annual report for the most recent two years, the Company has not suffered losses or dispositions because of environmental pollution incidents.

### **5.4.2 Future Adaptive Strategies (Including Corrective Measures) and Possible Expenditures**

Our construction partner, Tai Yu Construction Co., Ltd., does not only abide by laws and regulations in the process of construction, but also make further site pollution prevention and management for the surrounding neighborhood. After the classification of general waste and construction waste in the job site, the waste will be delivered to qualified collection and disposal companies and transported to the declaration site for treatments. The prevention and control plan of water pollution is dealt with in accordance with laws and regulations and there are four treatment guidelines to ensure the prevention and control of water pollution on the construction site. The prevention and control plan of air pollution has stipulated nine preventive measures to rigorously supervise possible air pollution on the construction site. During the construction period of the project, it is easy to bring about noise because of the requirements of the project. For protecting the rights and interests of residents around the area where the construction project is located, two measures have been set up to strictly control the noise of construction site in accordance with laws and regulations.

## **5.5 Labor Relations**

### **5.5.1 The Company's Employee Benefit Plans, Continuing Education, Training, Retirement Systems, and the Status of Their Implementation, and the Status of Labor and Management Agreements and Measures for Preserving Employees' Rights and Interests.**

#### **5.5.1.1 Employee Benefit Plans**

- (a) Employees are entitled to labor insurance, health insurance, pension, and official travel safety insurance.
- (b) Holiday bonuses for three festivals (including Dragon Boat Festival, Mid-Autumn Festival and Chinese Lunar New Year), birthday cash gifts, cash gifts for the celebration of house purchase, maternity allowance.
- (c) Regular corporate retreats every year
- (d) Regular employee health examination every year
- (e) Organize employee recreation activities, such as year-end party, dinner party, or other self-empowerment recreational activities.
- (f) Allowances of wedding, funeral, and festive activities and the operation of the Employees' Welfare Committee.

### Expenditure of Employees' Welfare Committee in 2021

Unit: New Taiwan Dollars

Item	Amount
Birthday Cash Gifts	95,040
Health Examination	24,600
Dragon Boat Festival and Mid-Autumn Festival Bonuses	1,378,500
Cash Benefits of Wedding, Funeral, and Festive Activities	40,900
Other	97,450
Total	1,636,490

#### 5.5.1.2 Continuing Education and Trainings and Development of Employees

##### (a) Competence Development and Competitiveness Development

Lay emphasis on benchmarking spirit, encourage employees to have broadness of minds while learning from the best experiences of the industry and out of the industry and exchanging and guiding industrial generic techniques in order to bring the training into full play and achieving strategic goals.

(1) Regular Internal Training: Professional Training on Standard Construction Practices and Methods, Professional Training on Providing Impressive Service for Customers, Training on Scale of Architectural Design

(2) External Training: Seminars on Building Planning, Lecture Series on Building Service, Talks on the Market Analysis of Real Estate, Workshops on Multimedia Marketing Management, Lectures on Internal Control of Enterprises, Workshops on Laws and Regulations of Finance, Accounting, and Taxation, and Other Training Activities.

In 2021, a total of 30 trainees participated in 21 external training courses with a total of 124 training hours and a total of 398 trainees participated in 6 internal training courses, including mobilization meetings and newcomer trainings, with a total of 21 training hours.

##### (b) Shaping Corporate Culture

(1) New Employee Orientation and Education: Guide newcomers to understand and adapt to the Company's basic rules and regulations and management environment, and promote the goals of employees' belongingness and feeling of honor to the Company.

(2) Quarterly Mobilization Meeting

- Operating Reports of Department Heads: Encourage employees to understand the Company's direction of businesses, business philosophy, and strategies and guidelines, so that all colleagues can unanimously proceed with our common objectives.
- Lecture on Special Subjects: A lecture on diversified subjects is arranged per quarter, including emotional management, creative thinking, official document writing, service etiquette, interpersonal relationship management, employee motivation, etc., for offering employees with life-wide learning and assisting employees at expanding their horizons and self-development.
- Shining Gold Award: Through election by ballot to recognize employees with extraordinary job performance and award the Shining Gold Award, which is expected to encourage all colleagues to continuously give full scope to creativity and service enthusiasm in work.

(c) Keep the Career Path Smooth for Employees

Regularly perform the performance appraisal and integrate it with the rules and procedures of performance bonuses and position promotion for providing excellent talents with a development platform to challenge themselves, keep going beyond, and be innovate continuously.

### 5.5.1.3 Retirement Systems

(a) For settling down colleagues' lives after retirement, the Company set up a Labor Retirement Reserve Committee in accordance with Labor Standards Act and Labor Pension Act, and appropriates labor pension reserve funds and contributes employees' labor pension funds on a monthly basis to employees' individual labor pension accounts of Bureau of Labor Insurance. Other than deposits in accordance with laws and regulations, the Company also regularly confirms the amount of appropriation every year for protecting the rights and interests of colleagues in claiming pensions in the future.

(1) For Employees to Whom the Old Labor Pension System Applies: The Company regularly appropriates a monthly labor pension reserve fund on the basis of 2% of the total salary and wage and deposits such amount in a designated account in Bank of Taiwan (formerly the Central Trust of China) to protect employees' rights.

(2) For Employees to Whom the New Labor Pension System Applies: Since July 1, 2005, the new retirement system released by the government has been adopted by the Company in parallel, in which the Company contributes 6% of the employee's salary and wage as labor pension funds to the employee's individual labor pension accounts on a monthly basis. Employees can voluntarily pay pension and the voluntarily withholding rate will be withheld from the employees' monthly salary and wage to the individual labor pension accounts of Bureau of Labor Insurance.

(b) The applicable regulations of the Company in accordance with Labor Pension Act are described as follows:

(1) Voluntary Retirement: A worker may apply for voluntary retirement under any of the following circumstances. (For the workers to whom the Labor Pension Act applies, they shall be handled in accordance with the provisions of the same regulations.)

- Where the worker has worked for fifteen years and attains the age of fifty-five.



- Where the worker has worked for more than twenty-five years.
- Where the worker has worked for ten years and attains the age of sixty.

(2) Mandatory Retirement: The Company shall not force a worker to retire unless any of the following circumstances has occurred:

- Where the worker attains the age of sixty-five.
- Where the worker is mentally or physically disabled and unable to perform his/her duties.

The Company may request the central competent authority to adjust the age prescribed in the preceding paragraph if the specific job entails risk, requires substantial physical strength or otherwise of a special nature; provided, however, that the age shall not be reduced below fifty-five.

#### (c) Pension Payment Standard

(1) Where the worker's seniority prior to and after his/her application to Labor Standards Act, where the worker chooses to be covered by the pension system of Labor Standards Act in accordance with the options regulated by Labor Pension Act, or where the worker retains the seniority prior to the enforcement of Labor Pension Act, the pension payment and standard shall be calculated in accordance with Article 84-2 and Article 55 of the Labor Standards Act.

(2) The employee with seniority prescribed in the preceding paragraph and is mandatorily retired in accordance with Subparagraph 2 of Paragraph 1 of Article 35 of Labor Pension Act, and his/her mental or physical disability is incurred because of the execution of the duties shall be paid an additional 20% on top of the amount calculated in accordance with Subparagraph 2 of Paragraph 1 of Article 55 of Labor Standards Act.

(3) For employees to whom the pension regulations of Labor Pension Act apply, the Company contributes 6% of the employee's salary and wage as labor pension funds to the employee's individual labor pension accounts on a monthly basis.

(d) Pension payment: The Company shall pay the pension to the employee within 30 days from the day of retirement.

#### Implementation Status of Pension System

Retirement System	Old Pension System	New Pension System (Since July 1, 2005)
Sources of Law	Labor Standards Act	Labor Pension Act
How to Allocate	The Company regularly appropriates a monthly labor pension reserve fund on the basis of 2% of the total salary and wage and deposits such amount in a designated account in Bank of Taiwan (formerly the Central Trust of China)	The Company contributes 6% of the employee's salary and wage as labor pension funds to the employee's individual labor pension accounts on a monthly basis. Employees can voluntarily pay pension and the voluntarily withholding rate will be withheld

		from the employees' monthly salary and wage to the individual labor pension accounts of Bureau of Labor Insurance.
Appropriation Amount	As of the end of 2021, the accumulated amount of the labor pension reserve fund of the old pension system was approximately NT\$13,371 thousand.	In 2021, a total of approximately NT\$6,027 thousand was allocated to the individual labor pension accounts of Bureau of Labor Insurance.

5.5.2 Any losses suffered by the company in the most recent year and up to the publication date of the annual report due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

As of 2021 and up to the publication date of the annual report, the Company has not been punished by the government competent authority of labor affairs for failing to do its job well after labor inspections.

## 5.6 Cyber security management

### (1) Cyber security risk management structure:

1. In order to improve information security management, the Company has established a cross-departmental "Information Security Group" in 2020, which coordinated and formulated the Company's information security management policy and implementation policy by the Management Group of the General Administration Division, reviewed the cyber security system on a quarterly basis, tracked and reviewed the improvement measures, and regularly reports the implementation to the Board of Directors.
2. Quarterly implementation review: The Management Team of the General Administration Division shall convene regular meetings of the Cyber Security Group on a quarterly basis to review the development direction and strategy of cyber security, so as to ensure the continuous and stable operation of the cyber security risk management system.
3. Regular reporting by the Board of Directors: The implementation of information security risk management is reported to the Board of Directors on a regular basis every year.

### (2) Information and communication security policies

The implementation of the Company's information security work is the most important basic key to providing a stable and sustainable information environment. In

order to ensure that the various information security management systems can be implemented, effectively operated, supervised and managed, and continuously carried out, in addition to ensuring the confidentiality, integrity and availability of various forms of information generated by operation, we will strive to ensure that they are not attacked, destroyed and leaked by malicious or accidental intrusion.

Information assets are related to the continuity of the Company's daily operations, and information assets must be protected according to their importance at different priority levels, and cooperate with the implementation of the Company's information security work, in order to effectively use resources and achieve the maximum information security effect. The Company's information security policy aims to ensure the smooth operation of the Company, the integrity of information, corporate confidentiality and security, in order to protect the credibility of the Company itself.

The objectives of the Company's Information Security Policy are described below:

Information Security Policy			
management aspect	confidential aspect	system aspect	consciousness aspect
Strictly prevent the occurrence of information security risks and threats, and reduce the impact of information security incidents.	Ensure that the confidentiality of information is not disclosed, and avoid improper use and access.	Improve the availability of information equipment and systems to ensure the normal operation of each information system.	Let all employees understand the responsibilities and obligations that should be observed in the information security system.

(3) Management plan and resources invested in cyber security management

Shining Building Business Co., Ltd.

Implementation of information security in 2021

Evaluation Item	Operation			Remark
	Yes	No	Brief Description	
1. Computer equipment safety management. Has a control mechanism been set up for the information room and is it managed by authorized and responsible staff?	V		1、The personnel in the information room shall inspect the machine room regularly and regularly, and lock it normally. Irrelevant persons are strictly prohibited to enter. The maintenance of the manufacturer shall be accompanied by the personnel in the information room. <u>There was only one abnormal air conditioner in the machine room in 2021. After the manufacturer's maintenance, the air conditioner has returned to normal operation.</u>	No major abnormality  No major abnormality
2. Network security management Are there firewalls and other necessary security facilities to control the transmission of data and access to resources between the external and internal networks?	V		2、Intranet and extranet are separated by firewall, and white list and blacklist are established for online management. The network firewall operates normally in 2021.	No major abnormality
3. Virus Protection and Management (a) Is endpoint protection software installed and regularly updated	V		3. (1) Use trend antivirus software and update virus code regularly.	No major abnormality

(3) Management plan and resources invested in cyber security management

Shining Building Business Co., Ltd.

Implementation of information security in 2021

Evaluation Item	Operation			Remark
	Yes	No	Brief Description	
on the server and internal personal computer equipment? (b) Is the email server equipped with email anti-virus and spam filtering mechanism to prevent viruses or spam?	V		The protection software will be updated regularly in 2021. (2) At present, the e-mail system is used to manage letters, isolate letters at risk, and send them to the user's mailbox only after the user confirms that they are safe and released. The protection software will be updated regularly in 2021.	No major abnormality  No major abnormality
4. System access control Are system programs regularly backed up and encrypted, and do you control the approval and access rights of employees to important data?	V		4、The system data shall be backed up regularly, and each colleague shall belong to the use group and set corresponding permissions. Only the files with permissions in the Group can be used.	No major abnormality
5. Ensuring the sustainable operation of the system Is the overall backup of the system carried out by information specialists and is a standard	V		5、The overall backup of the system is carried out every day, and the recovery action can be carried out quickly in case of accident.	No major abnormality

(3) Management plan and resources invested in cyber security management

Shining Building Business Co., Ltd.

Implementation of information security in 2021

Evaluation Item	Operation			Remark
	Yes	No	Brief Description	
operating procedure established in the event of an accident?				
6. System development and maintenance management mechanism The system procurement, development, and maintenance requirements are all set up in a form for each requesting unit to apply for, and are planned by the specialized information personnel?	V		6、The application for equipment upgrade, authority and system use right of Tongren shall be in accordance with the process, including bill of lading and purchase. After submitting the application form, the information personnel will evaluate the implementation method of the demand form and record the processing status.	
7. Information Security Promotion and Education Training Are the articles be written or seminars be provided from time to time to promote information security issues and raise the awareness of information security among your employees?	V		7、From time to time, the information security team will release the latest information on information security on the digital library page of the internal website to enhance the information security awareness of colleagues and understand the latest information security trends. <u>The implementation of asset safety advocacy,</u>	

(3) Management plan and resources invested in cyber security management

Shining Building Business Co., Ltd.

Implementation of information security in 2021

Evaluation Item	Operation			Remark
	Yes	No	Brief Description	
			<u>education and training in 2021 is as follows:</u> <u>(1) Release 8 information related to asset safety;</u> <u>(2) Handle three cloud online information security teaching initiatives.</u>	

(2) Losses, possible impacts and Countermeasures Caused by major information security incidents in the most recent year and up to the printing date of the annual report: none.

**5.7 Important Contracts (Contracts were either still effective as of the date of publication of the annual report, or expired in the most recent year.)**

Nature of Contract	Counterparty	Period	Major Contents	Restrictions
Construction Contract	Tai Yu Construction Co., Ltd.	2018/11/01+1,000 Calendar Days	Shining Tian Yun Construction Contract (New Construction)	Nil
Construction Contract	Tai Yu Construction Co., Ltd.	2019/01/08+1000 Calendar Days	Shining Chun Zhen Construction Contract (New Construction)	Nil
Construction Contract	Tai Yu Construction Co., Ltd.	2020/07/16+1000 Calendar Days	Shining Heng Mei Construction Contract (Structural Engineering)	Nil
Construction Contract	Tai Yu Construction Co., Ltd.	2020/8/6+180 Calendar Days	Shining Shan Hui Construction Contract (Real House)	Nil
Construction Contract	Tai Yu Construction Co., Ltd.	2020/11/17+60 Calendar Days	Shining Shihlin Residence Construction Contract (A Building, 4.6.7.8F Basic Apparatus and Equipment maintenance engineering)	Nil
Construction Contract	Tai Yu Construction Co., Ltd.	2020/11/18+180 Calendar Days	Shining Hai Hui Construction Contract (Additional works for public preliminary inspection and hydropower repair)	Nil
Construction Contract	Tai Yu Construction Co., Ltd.	2020/11/18+180 Calendar Days	Shining Shan Hui Construction Contract (Public facility maintenance engineering)	Nil
Construction Contract	Tai Yu Construction Co., Ltd.	2021/1/13+60 Calendar Days	Shining Shihlin Residence Construction Contract (First floor public facility maintenance engineering)	Nil
Construction Contract	Tai Yu Construction Co., Ltd.	2021/11/15+1000 Calendar Days	Shining Heng Mei Construction Contract (renovation engineering)	Nil
Construction Contract	Tai Yu Construction Co., Ltd.	2021/11/17+1,300 Calendar Days	Shining Yuan Ding Construction Contract (New Construction)	Nil



## VI. Financial Information Highlights

### 6.1 Condensed Balance Sheet, Statements of Comprehensive Income, and Names and Auditing Opinions of CPAs for the Last Five Years

#### 6.1.1 Condensed Balance Sheet and Statements of Comprehensive Income

##### Condensed Balance Sheet for Individual Financial Statements

Unit: New Taiwan Dollars (In Thousands)

Item \ Year		Financial Statements for the Last Five Fiscal Years (Note 1)					As of March 31, 2022 Financial Statements (Note 3)
		2017	2018	2019	2020	2021	
Current Assets		13,531,200	10,087,109	9,685,757	7,883,461	7,233,403	Not Applicable
Property, Plant and Equipment (Note 2)		769,574	747,334	738,321	729,779	720,241	
Intangible Assets		-	-	-	-	2,783	
Other Assets (Note 2)		6,748,498	9,347,201	9,718,557	10,304,722	10,706,834	
Total Assets		21,049,272	20,181,644	20,142,635	18,917,962	18,663,261	
Current Liabilities	Before Distribution	7,818,382	7,991,753	6,616,394	5,149,582	4,323,962	
	After Distribution	7,818,382	7,991,753	6,616,394	Note	Note	
Noncurrent Liabilities		1,709,392	543,224	2,058,380	2,269,034	3,602,885	
Total Liabilities	Before Distribution	9,527,774	8,534,977	8,674,774	7,418,616	7,926,847	
	After Distribution	9,527,774	8,534,977	8,674,774	Note	Note	
Equity Attributable to Shareholders of the Parent		11,521,498	11,646,667	11,467,861	11,499,346	7,926,847	
Capital Stock		9,264,255	9,727,468	9,824,742	9,775,892	Note	
Capital Surplus		141	141	141	21,754	7,926,847	
Retained Earnings	Before Distribution	2,663,094	2,364,075	2,332,506	2,498,400	1,910,729	
	After Distribution	2,663,094	2,364,075	2,332,506	Note	Note	
Other Equity		(405,992)	(445,017)	(689,528)	(796,700)	(971,961)	
Treasury Stock		-	-	-	-	-	
Non-Controlling Interests		-	-	-	-	-	
Total Equity	Before Distribution	11,521,498	11,646,667	11,467,861	11,499,346	10,736,414	
	After Distribution	11,521,498	11,646,667	11,467,861	11,499,346	Note	

Note: The proposal will be finalized after the resolution of the shareholders meeting.

\*If the company has prepared individual financial statements, a condensed individual balance sheet and individual comprehensive income statement for the most recent five years shall be prepared.

\*If the financial data using International Financial Reporting Standards (IFRS) is less than 5 Years old, the financial data using the Financial Accounting Standards of Republic of China shall be prepared and indicated in below Table 2.

Note 1: It is required to specify the fiscal year that has not been audited by a CPA.

Note 2: If in the current year there is revaluation of assets, it is required to specify the revaluation date and the revaluation value.

Note 3: The listed companies or OTC companies shall disclose the latest financial information audited or reviewed by a CPA as of the date of publication of the annual report.

Note 4: For the aforementioned financial data of after distribution, please fill out in Board of Directors or accordance with the resolutions approved by shareholders' meeting in the following year.

Note 5: For those who have been notified by the competent authorities to revise or recomposed their financial data, all the figures/numbers used shall be the revised ones, and the status and reasons for such revision shall be noted.

# Condensed Comprehensive Income Statements for Individual Financial Statements

Unit: New Taiwan Dollars (In Thousands)

Year Item	Financial Statements for the Last Five Fiscal Years (Note 1)					As of March 31, 2022 Financial Statements (Note 2)
	2017	2018	2019	2020	2021	
Operating Revenue	2,615,349	2,738,252	1,440,904	3,321,654	2,259,320	Not Applicable
Gross Profit	797,813	597,242	198,478	660,166	455,062	
Operating Income (Loss)	457,646	171,668	(237,864)	307,675	43,970	
Non-Operating Income and Expenses	233,498	55,085	440,002	(105,315)	(727,802)	
Income (Loss) before Income Tax	691,144	226,753	202,138	202,360	(683,832)	
Income from Operations of Continued Segments	584,076	162,391	64,860	166,820	(587,020)	
Loss from Discontinued Operations	-	-	-	-	-	
Net Income (Loss) for the Period	584,076	162,391	64,860	166,820	(587,020)	
Total Other Comprehensive Income (Net of Income Tax) for the Period	(119,217)	(37,245)	(243,667)	(108,099)	(175,912)	
Total Comprehensive Income for the Period	464,859	125,146	(178,807)	58,721	(762,932)	
Net Income Attributable to Shareholders of the Parent	N/A	N/A	N/A	N/A	N/A	
Net Income Attributable to Non-Controlling Interests	N/A	N/A	N/A	N/A	N/A	
Comprehensive Income Attributable to Shareholders of the Parent	N/A	N/A	N/A	N/A	N/A	
Comprehensive Income Attributable to Non-Controlling Interests	N/A	N/A	N/A	N/A	N/A	
Earnings per Share	0.63	0.17	0.07	0.17	-0.6	

\*If the company has prepared individual financial statements, a condensed individual balance sheet and individual comprehensive income statement for the most recent five years shall be prepared.

\*If the financial data using International Financial Reporting Standards (IFRS) is less than 5 years, the financial data using the Financial Accounting Standards of Republic of China shall be prepared and indicated in below Table 2.

Note 1: It is required to specify the fiscal year that has not been audited by a CPA.

Note 2: The listed companies or OTC companies shall disclose the latest financial information audited or reviewed by a CPA as of the date of publication of the annual report.

Note 3: The net loss from discontinued operations shall be indicated as the net amount after deducting income tax.

Note 4: For those who have been notified by the competent authorities to revise or recomposed their financial data, all the figures/numbers used shall be the revised ones, and the status and reasons for such revision shall be noted.

Condensed Balance Sheet for Consolidated Financial Statements

Unit: New Taiwan Dollars (In Thousands)

Unit: New Taiwan Dollars (in thousands)

Year  Item		Financial Statements for the Last Five Fiscal Years (Note 1)					As of March 31, 2022 Financial Statements (Note 3)
		2017	2018	2019	2020	2021	
Current Assets		32,678,054	25,086,741	20,936,175	18,078,309	17,776,301	18,210,017
Property, Plant and Equipment (Note 2)		4,188,413	7,528,539	7,875,898	7,995,766	10,768,527	11,085,098
Intangible Assets		102,025	92,657	66,416	38,782	6,955	6,567
Other Assets (Note 2)		1,285,440	4,471,954	4,923,395	5,755,329	6,714,497	70,649,51
Total Assets		38,253,932	37,179,891	33,801,884	31,868,186	35,266,280	36,366,633
Current Liabilities	Before Distribution	16,781,757	14,617,937	12,919,125	11,250,626	9,030,394	9,240,957
	After Distribution	16,781,757	14,617,937	12,919,125	11,250,626	Note	Note
Noncurrent Liabilities		9,167,168	10,482,528	8,383,587	8,157,597	14,748,015	15,647,380
Total Liabilities	Before Distribution	25,948,925	25,100,465	21,302,712	19,408,223	23,778,409	24,888,337
	After Distribution	25,948,925	25,100,465	21,302,712	19,408,223	Note	Note
Equity Attributable to Shareholders of the Parent		11,521,498	11,646,667	11,467,861	11,499,346	10,736,414	10,762,726
Capital Stock		9,264,255	9,727,468	9,824,742	9,775,892	9,775,892	9,775,892
Capital Surplus		141	141	141	21,754	21,754	21,679
Retained Earnings	Before Distribution	2,663,094	2,364,075	2,332,506	2,498,400	1,910,729	1,638,117
	After Distribution	2,663,094	2,364,075	2,332,506	2,498,400	Note	Note
Other Equity		(405,992)	(445,017)	(689,528)	(796,700)	(971,961)	(672,962)
Treasury Stock		-	-	-	-	-	-
Non-Controlling Interests		783,509	432,759	1,031,311	960,617	751,457	715,570
Total Equity	Before Distribution	12,305,007	12,079,426	12,499,172	12,459,963	11,487,871	11,478,296
	After Distribution	12,305,007	12,079,426	12,499,172	12,459,963	Note	Note

Note: The proposal will be finalized after the resolution of the shareholders meeting.

\*If the company has prepared individual financial statements, a condensed individual balance sheet and individual comprehensive income statement for the most recent five years shall be prepared.

\*If the financial data using International Financial Reporting Standards (IFRS) is less than 5 years, the financial data using the Financial Accounting Standards of Republic of China shall be prepared and indicated in below Table 2.

Note 1: It is required to specify the fiscal year that has not been audited by a CPA.

Note 2: If in the current year there is revaluation of assets, it is required to specify the revaluation date and the revaluation value.

Note 3: The listed companies or OTC companies shall disclose the latest financial information audited or reviewed by a CPA as of the date of publication of the annual report.

Note 4: For the aforementioned financial data of after distribution, please fill out in Board of Directors or accordance with the resolutions approved by shareholders' meeting in the following year.

Note 5: For those who have been notified by the competent authorities to revise or recomposed their financial data, all the figures/numbers used shall be the revised ones, and the status and reasons for such revision shall be noted.

Condensed Comprehensive Income Statements for Consolidated Financial Statements

Unit: New Taiwan Dollars (In Thousands)

<div> <div>Year</div> <div>Item</div> </div>	Financial Statements for the Last Five Fiscal Years (Note 1)					As of March 31, 2022 Financial Statements (Note 2)
	2017	2018	2019	2020	2021	
Operating Revenue	4,912,171	7,313,145	7,803,579	5,915,557	3,473,856	316,702
Gross Profit	1,807,009	2,291,447	2,940,778	1,660,081	959,566	7,530
Operating Income (Loss)	625,412	685,556	1,550,425	405,691	(417,082)	(279,546)
Non-Operating Income and Expenses	(19,734)	(531,838)	(666,776)	(255,433)	(446,292)	(95,202)
Income (Loss) before Income Tax	605,678	153,718	883,649	150,258	(863,374)	(374,748)
Income from Operations of Continued Segments	493,418	(29,667)	703,369	107,806	(776,028)	(338,185)
Loss from Discontinued Operations	-	-	-	-	-	-
Net Income (Loss) for the Period	493,418	(29,667)	(703,369)	(107,806)	(776,028)	(338,185)
Total Other Comprehensive Income (Net of Income Tax) for the Period	(119,223)	(36,915)	(243,863)	(108,127)	(175,684)	298,999
Total Comprehensive Income for the Period	374,195	(66,582)	459,506	(321)	(951,712)	(39,186)
Net Income Attributable to Shareholders of the Parent	584,076	162,391	64,860	166,820	(587,020)	(272,612)
Net Income Attributable to Non-Controlling Interests	(90,658)	(192,058)	638,509	(59,014)	(189,008)	(65,573)
Comprehensive Income Attributable to Shareholders of the Parent	464,859	125,146	(178,807)	58,721	(762,932)	26,387
Comprehensive Income Attributable to Non-Controlling Interests	(90,664)	(191,728)	638,313	(59,042)	(188,780)	(65,573)
Earnings per Share	0.63	0.17	0.07	0.17	(0.6)	(0.28)

\*If the company has prepared individual financial statements, a condensed individual balance sheet and individual comprehensive income statement for the most recent five years shall be prepared.

\*If the financial data using International Financial Reporting Standards (IFRS) is less than 5 years, the financial data using the Financial Accounting Standards of Republic of China shall be prepared and indicated in below Table 2.

Note 1: It is required to specify the fiscal year that has not been audited by a CPA.

Note 2: The listed companies or OTC companies shall disclose the latest financial information audited or reviewed by a CPA as of the date of publication of the annual report.

Note 3: The net loss from discontinued operations shall be indicated as the net amount after deducting income tax.

Note 4: For those who have been notified by the competent authorities to revise or recomposed their financial data, all the figures/numbers used shall be the revised ones, and the status and reasons for such revision shall be noted.

#### 6.1.2 Names and Auditing Opinions of CPAs for the Last Five Years

Year	Certified Public Accountants (CPAs)	Auditing Opinions
2017	Wang, Chia-Hsiang, Huang, Sheng-Yi	Unqualified Opinions with Emphasis Matter Paragraph
2018	Wang, Chia-Hsiang, Wang, Jih-Chun	Unqualified Opinions with Emphasis Matter Paragraph
2019	Wang, Chia-Hsiang, Wang, Jih-Chun	Unqualified Opinions
2020	Wang, Chia-Hsiang, Wang, Jih-Chun	Unqualified Opinions
2021	Wang, Chia-Hsiang, Wang, Jih-Chun	Unqualified Opinions



## 6.2 Financial Analysis for the Last Five Fiscal Years

### 6.2.1 Financial Analysis

#### 6.2.1.1 Individual Financial Statements

Year (Note 1)		Financial Analysis for the Last Five Fiscal Years					As of March 31, 2022 (Note 3)
Item (Note 4)		2017	2018	2019	2020	2021	
Financial Structure (%)	Debts Ratio (%)	45.26	42.29	43.07	39.21	42.47	Not Applicable
	Long-term Fund to Property, Plant and Equipment (%)	1,712.83	1,631.12	1,832.03	1,886.65	1,990.90	
Liquidity Analysis (%)	Current Ratio (%)	173.07	126.22	146.39	153.09	167.29	
	Quick Ratio (%)	48.65	17.11	27.76	35.08	42.66	
	Times Interest Earned (Times)	5.37	2.55	2.21	2.33	(4.72)	
Operating Performance Analysis	Accounts Receivable Turnover (Times)	11.57	85.02	15.8	16.89	13.53	
	Average Collection Period	31.55	4.293	23.101	21.61	26.98	
	Inventory Turnover (Times)	0.19	0.24	0.15	0.39	0.32	
	Accounts Payable Turnover (Times)	2.29	3.14	2.55	8.79	5.52	
	Average Days in Sales	1921.05	1520.833	2433.333	935.897	1140.625	
	Property, Plant and Equipment Turnover (Times)	3.37	3.61	1.94	4.53	3.12	
	Total Assets Turnover (Times)	0.12	0.13	0.07	0.17	0.12	
Profitability Analysis	Return on Total Assets (%)	3.31	1.38	0.98	1.48	(2.61)	
	Return on Stockholders' Equity (%)	5.17	1.4	0.56	1.45	(5.28)	
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 8)	7.35	2.33	2.06	2.07	(7)	
	Net Margin (%)	22.33	5.93	4.5	5.02	(25.98)	
	Earnings per Share (NT\$)	0.63	0.17	0.07	0.17	(0.6)	
Cash Flow	Cash Flow Ratio (%)	8.25	5.42	7.28	28.42	7.21	
	Cash Flow Adequacy Ratio (%)	155.48	131.17	131.89	199.55	275.72	
	Cash Flow Reinvestment Ratio (%)	5.42	3.71	3.54	10.56	2.27	
Leverage	Operating Leverage	1.46	2.7	0.2	1.65	6.08	
	Financial Leverage	1.53	6.79	0.59	1.97	(0.58)	

Please explain the causes of the changes in various financial ratios in the most recent two years. It can be exempted if the rate of increase or decrease does not reach 20%:

1. The change in interest protection multiple reached (302.58%): Mainly due to the decrease in net profit before tax in the current period compared with the same period last year,
2. The average number of collection days changed by 24.84%: Mainly due to the increase in net sales in the current period compared with the same period last year.
3. The turnover rate of payables changed by (37.2%): mainly due to the increase in the cost of goods sold in the current period compared with the same period last year,
4. The average number of sales days changed by 21.88%: mainly due to the slow destocking of the remaining houses in the current period compared with the same period last year.
6. The change in turnover rate of real estate, plant and equipment reached (31.13%): The net sales in the current period decreased compared with the same period last year.
5. The change in total asset turnover rate reached (29.41%): Mainly due to the decrease in net sales in the current period

compared with the same period last year.

6. The change in the return on assets reached (276.35%): Mainly due to the decrease in net profit after tax in the current period compared with the same period last year.

7. Change in return on equity of (464.14%): Mainly due to the decrease in net profit after tax in the current period compared with the same period last year.

8. Change in earnings per share of (452.94%): Mainly due to the decrease in net profit after tax in the current period compared with the same period last year.

9. Change in cash flow ratio of (74.63%): Mainly due to the decrease in net cash flow from operating activities in the current period compared with the same period last year.

10. The change in the cash flow allowability ratio reached 73.51%: mainly due to the decrease in capital expenditure in the past five years compared with the same period last year.

11. Change in cash reinvestment ratio of (78.5%): Mainly due to the decrease in net cash flow from operating activities in the current period compared to the same period last year.

12. The change in operating leverage reached 268.48%: mainly due to the decrease in operating profit in the current period compared with the same period last year.

13. Change in financial leverage up to (129.44%): Mainly due to a decrease in operating profit compared with the same period last year.

### 6.2.1.2 Consolidated Financial Statements

Year (Note 1)		Financial Analysis for the Last Five Fiscal Years					As of March 31, 2022 (Note 3)
Item (Note 4)		2017	2018	2019	2020	2021	
Financial Structure (%)	Debts Ratio (%)	67.83	67.51	63.02	60.90	67.43	68.44
	Long-term Fund to Property, Plant and Equipment (%)	512.66	289.26	265.15	257.86	243.63	244.70
Liquidity Analysis (%)	Current Ratio (%)	194.72	171.62	162.06	160.69	196.85	197.06
	Quick Ratio (%)	37.13	19.09	23.04	24.48	27.51	24.63
	Times Interest Earned (Times)	2.59	1.29	2.83	1.24	-0.21	(1.43)
Operating Performance Analysis	Accounts Receivable Turnover (Times)	19.59	97.72	59.52	18.28	11.77	18.84
	Average Collection Period	18.63	3.73	6.13	19.97	31.01	19.37
	Inventory Turnover (Times)	0.12	0.21	0.25	0.26	0.17	0.08
	Accounts Payable Turnover (Times)	1.67	2.92	2.89	2.87	1.46	0.58
	Average Days in Sales	3,041.66	1,738.09	1,460.00	1,403.85	2,147.05	4562.50
	Property, Plant and Equipment Turnover (Times)	1.15	1.25	1.01	0.75	0.37	0.12
	Total Assets Turnover (Times)	0.13	0.19	0.22	0.18	0.1	0.04
Profitability Analysis	Return on Total Assets (%)	2.09	1.03	3.07	1.86	(0.62)	(0.94)
	Return on Stockholders' Equity (%)	4.06	(0.24)	5.72	0.86	(6.48)	(2.95)
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 8)	6.54	1.58	8.99	1.54	(8.83)	(3.83)
	Net Margin (%)	10.04	(0.41)	9.01	1.82	(22.34)	(106.78)
	Earnings per Share (NT\$)	0.63	0.17	0.07	0.17	(0.6)	(0.28)
Cash Flow	Cash Flow Ratio (%)	4.87	1.16	25.29	18.23	(32.66)	(2.99)
	Cash Flow Adequacy Ratio (%)	NA	NA	268.35	579.48	65.88	44.78
	Cash Flow Reinvestment Ratio (%)	5.04	0.89	19.11	12.44	(13.7)	(1.24)
Leverage	Operating Leverage	2.23	2.29	1.45	3.09	(0.86)	0.33
	Financial Leverage	2.57	4.23	1.45	(1.81)	0.37	0.64

Please explain the reasons for the changes in various financial ratios in the last two years. (If the increase or decrease does not reach 20%, the analysis will be exempted)

1. The change in the current ratio reached 22.07%: the main reason was the decrease in current liabilities in the current period compared to the same period last year.
2. The change in the interest protection multiple reached (116.94)%: The main reason is that the profit this year was affected by the epidemic and decreased compared to the same period last year, resulting in a decrease in the interest protection multiple.
3. The change in the turnover rate of accounts receivable reached (35.61)%: the main reason was the decrease in net sales in the current period compared to the same period last year.
4. The change in the average number of payment days reached 55.31%: the main reason was the decrease in net sales in the current period compared to the same period last year.
5. The change in inventory turnover rate reached (34.62)%: the main reason was the decrease in sales costs in the current period compared to the same period last year.

6. The change in the turnover rate of accounts payable reached (49.13)%: the main reason was the decrease in the cost of sales in the current period compared to the same period last year.
7. The average number of days of sales has changed by 52.94%: the main reason is that sales have been affected by the epidemic.
8. The change in the turnover rate of real estate, plant and equipment reached (50.67)%: the main reason was the decrease in net sales in the current period compared to the same period last year.
9. The change in the rate of return on total assets reached (44.44)%: the main reason was the decrease in net sales in the current period compared to the same period last year.
10. The change in the return on assets reached (133.33)%: the main reason was the decrease in after-tax profit and loss in the current period compared to the same period last year.
11. The change in the rate of return on equity reached (853.49)%: the main reason was the decrease in after-tax profit and loss in the current period compared to the same period last year.
12. The change in the proportion of net profit before tax to paid-in capital reached (673.38)%: the main reason was the decrease in pre-tax profit and loss in the current period compared to the same period last year.
13. The change in net profit rate reached (1,327.47)%: the main reason was the decrease in after-tax profit and loss in the current period compared to the same period last year.
14. The change in earnings per share reached (452.94)%: the main reason was the decrease in the owner's profit and loss attributable to the parent company compared to the same period last year.
15. The change in the cash flow ratio reached (279.16)%: it was mainly due to the decrease in the net cash flow from operating activities in the current period compared to the same period last year.
16. The change in the allowable cash flow ratio reached (88.63)%: it was mainly due to the decrease in the net cash flow from operating activities in the past five years compared to the same period last year.
17. The change in the cash reinvestment ratio reached (210.57)%: the main reason was the decrease in the net cash flow from operating activities in the current period compared to the same period last year.
18. The change in operating leverage reached (127.83)%: the main reason was the decrease in operating profit compared to the same period last year.
19. The change in financial leverage reached (120.44)%: the main reason was the decrease in operating profit compared to the same period last year.

\*If the company has prepared individual financial statements, an analysis of the company's individual financial ratio shall be prepared.

\*If the financial data using International Financial Reporting Standards (IFRS) is less than 5 years, the financial data using the Financial Accounting Standards of Republic of China shall be prepared and indicated in below Table 2.

Note 1: It is required to specify the fiscal year that has not been audited by a CPA.

Note 2: The net cash flow from operations is negative, so it is not calculated.

Note 3: The listed companies or OTC companies shall analyze the latest financial information audited or reviewed by a CPA as of the date of publication of the annual report.

Note 4: The following equations should be included in the end of the above table:

#### 1. Financial Structure

- (1) Debt Ratio = Total Liabilities / Total Asset
  - (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Liquidity Analysis
- (1) Current Ratio = Current Assets / Current Liabilities
  - (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
  - (3) Times Interest Earned = Earnings before Interest and Taxes / Current Interest Expenses
3. Operating Performance Analysis
- (1) Accounts Receivable (including account receivable and note receivable from operating) Turnover = Net Sales/Average Receivables (including account receivable and note receivable from operating) Balance
  - (2) Average Collection Period = 365 Days/ Accounts Receivable Turnover
  - (3) Inventory Turnover (Times) = Cost of Goods Sold/Average Inventory
  - (4) Accounts Payable (including account payable and note payable from operating) Turnover = Cost of Goods Sold/ Average Accounts Payable (including account payable and note payable from operating)
  - (5) Average Inventory Turnover Days = 365 Days/ Inventory Turnover
  - (6) Property, Plant and Equipment Turnover (Times) = Net Sales / Average Net Property, Plant and Equipment
  - (7) Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability Analysis
- (1) Return on Total Assets = (Net Income + Interest Expenses \* (1 - Effective Tax Rate)) / Average Total Assets
  - (2) Return on Shareholder's Equity = Net Income/Average Total Shareholder's Equity
  - (3) Net Margin = Net Income / Net Sales
  - (4) Earnings per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Issued (Note 5)
5. Cash Flow
- (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
  - (2) Net Cash Flow Adequacy Ratio = Five-Year Sum of Cash from Operations / Five-Year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
  - (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital) (Note 6)

## 6. Leverage

(1) Operating Leverage = (Net Operating Income - Variable Operating Cost and Expense)/Operating Income (Note 7)

(2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

Note 5: The aforementioned calculation of earnings per share should be with the following matters included for consideration:

1. It is based on the weighted average outstanding number of common stock shares rather than the issued shares at the end of year.
2. For those who have cash capital increase or treasury stock transaction, the weighted average number of shares should be calculated in consideration of the circulation period.
3. Where there is a capitalization from earnings or capital reserve, when calculating earnings per share for the prior years and half-years, it should be retroactively adjusted by proportional capitalization without considering the issuance period of the capitalization.
4. If the preferred stock is non-convertible cumulative preferred stock, its dividends for the current year (whether distributed or not) should be deducted from net income, or added to the net loss. If the preferred shares are non-cumulative, when there is net income, preferred stock dividends should be deducted from net income after tax; when there is net loss, no adjustment is needed.

Note 6: The cash flow analysis should be with the following matters included for consideration:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities on the statement of cash flow.
2. Capital expenditures refer to the annual cash outflow of capital investment.
3. Inventory additions are included for calculation only when the balance at the end is greater than the balance at the beginning. If inventories are decreased at the end of year, it is counted as zero.
4. Cash dividends include cash dividends of common stock and preferred stock.
5. Gross property, plant, and equipment meant for the total amount of property, plant, and equipment before deducting the accumulated depreciation.

Note 7: The issuer shall have the operating costs and operating expenses classified as fixed and variable by the nature. If it involves estimates or subjective judgments, it should pay attention to its rationality and consistency.

Note 8: If the Company's stock is not denominated or the denomination is not NT\$10, the aforementioned calculation of ration with the paid-in capital should be calculated based on the equity attributable to the patent company's shareholders in the balance sheet.

### **6.3 Audit Committee's Review Report for Annual Financial Statements in the Most Recent Year**

Shining Building Business Co., Ltd.

#### **Audit Committee Review Report**

The Board of Directors prepares the 2021 annual business report, financial statements and profit and loss compensation proposal; among which contains Financial Reports audited and attested by CPAs Wang, Jhia-Hsiang and Wang, Jih-Chun of Crowe (TW) CPAs, with audit report issued; the aforesaid Business Report, Financial Statements and profit distribution or loss appropriation proposal have been reviewed and determined to be correct and accurate by the Audit Committee. In accordance with Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

To

Shining Building Business Co., Ltd. 2022 Annual General  
Shareholders' Meeting

Convener of the Audit Committee: Chiu, Wen- Jui

May 11, 2022

## **6.4 CPAs' Audit Opinions for Annual Financial Statements in the Most Recent Year**

### **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:

Accountant:

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

(In Thousands of New Taiwan Dollars)													
		2021. 12. 31		2020. 12. 31									
CODE	ASSETS	NOTE	AMOUNT	%	AMOUNT	%	CODE	LIABILITIES AND EQUITY	NOTE	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		17,776,301	50	18,143,022	57	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		9,030,394	26	11,250,626	35
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	Guarantee 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	8	1,110	-	1,002	-		Total non-current liabilities		14,748,015	41	8,157,597	25
1995	Other non-current assets		-	-	74,847	-		Total liabilities		23,778,409	67	19,408,223	60
	Total non-current assets		17,489,979	50	13,725,164	42							
								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)
								Total equity attributable to owners of parent		10,736,414	31	11,499,346	37
							36XX	NON - CONTROLLING INTERESTS	6(23)	751,457	2	960,617	3
								Total equity		11,487,871	33	12,459,963	40

(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

			(In Thousands of New Taiwan Dollars)			
			2021		2020	
CODE	ITEM	NOTE	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>	<u>7</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		(863,374)	(24)	150,258	3
7950	TAX INCOME(EXPENSE)	6(30)	87,346	3	(42,452)	(1)
8200	PROFIT(LOSS)		<u>(776,028)</u>	<u>(21)</u>	<u>107,806</u>	<u>2</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		(189,008)	(5)	(59,014)	(1)
	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		(188,780)	(5)	(59,042)	(1)
	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\$)		<u>\$ (0.60)</u>		<u>\$ 0.17</u>	
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 Equity
	Ordinary share	Capital Surplus	Retained Earnings			Other Equity					
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury shares			
									Total		
BALANCE, JANUARY 1, 2020	9,824,742	141	1,282,120	445,017	605,369	(688,935)	(593)	-	11,467,861	1,031,311	12,499,172
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)	107,806
Other comprehensive income (loss) for the year					(927)	(107,172)			(108,099)	(28)	(108,127)
Total comprehensive income (loss) for the year	-	-	-	-	165,893	(107,172)	-	-	58,721	(59,042)	(321)
Purchase of treasury shares								(40,400)	(40,400)		(40,400)
Retirement of treasury share	(48,850)	8,450						40,400	-		-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(11,652)	(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	\$ 12,459,963
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)	(776,028)
Other comprehensive income (loss) for the year					(651)	(175,261)			(175,912)	228	(175,684)
Total comprehensive income (loss) for the year	-	-	-	-	(587,671)	(175,261)	-	-	(762,932)	(188,780)	(951,712)
Changes in non-controlling interests										(20,380)	(20,380)
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)	1,289,091	1,078,919
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	(2,234,136)	2,677,709
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	(2,949,109)	2,051,017

(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>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(272,591)</u>	<u>(241,527)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	185,614	214,239
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	906,168	691,929
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:

<u>New Standards, Interpretations, and Amendments</u>	<u>New Standards, Interpretations, and Amendments</u>
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:

New Standards, Interpretations, and Amendments	New Standards, Interpretations, and Amendments (Note 1)
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 explains 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:

<u>New Standards, Interpretations, and Amendments</u>	<u>Effective date by IASB</u>
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 3,132thousand 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 Jiaying 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	<u>\$ 2,379,059</u>	<u>\$ 2,311,293</u>

ii. Statement of comprehensive income:

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

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	(4,896)	(341,297)
Net increase (decrease) in cash and cash equivalents	4,368	(132,159)
Cash and cash equivalents at beginning of the period	13,536	145,695
Cash and cash equivalents at end of the period	\$ 17,904	\$ 13,536

(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 recognized 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
	12.31		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	<u>\$ 29,378</u>	<u>\$ 4,431</u>

The Group had no notes receivable pledged to others.

(5) Accounts receivable, net

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

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%	<u>80,695</u>	<u>(32,845)</u>	<u>47,850</u>
		<u>\$ 142,852</u>	<u>\$ (33,361)</u>	<u>\$ 109,491</u>

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
		<u>\$ 521,158</u>	<u>\$ (40,636)</u>	<u>\$ 480,522</u>

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	<u>\$ 33,361</u>	<u>\$ 40,636</u>

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	-	-
	<u>\$ 352,450</u>	<u>\$ 359,655</u>

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	<u>\$ -</u>	<u>\$ -</u>

(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	<u>\$ 15,050,558</u>	<u>\$ 14,882,918</u>



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	<u>\$ 3,365,772</u>	<u>\$ 4,557,327</u>

(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	<u>\$ 857,321</u>	<u>\$ 125,333</u>

(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		<u>\$ 918,444</u>	<u>\$ 996,499</u>

(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
	<u>\$ 9,830,820</u>	<u>\$ 8,957,900</u>

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>	<u>-</u>
Total cost	12,779,834	9,582,702
Less: Accumulated depreciation	(1,990,400)	(1,566,029)
Accumulated impairment	<u>(20,907)</u>	<u>(20,907)</u>
Total	<u>\$ 10,768,527</u>	<u>\$ 7,995,766</u>

	Land	Buildings	Miscellaneous equipment	unfinished construction	Total
<u>Cost</u>					
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>

<u>Accumulated depreciation and impairment</u>					
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	Total
<u>Cost</u>				
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>

<u>Accumulated depreciation and impairment</u>				
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	16,913	16,913
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

Cost	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

Accumulated depreciation	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

<u>Item</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
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:

	<u>2021.12.31</u>	<u>2020.12.31</u>
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:

	<u>2021</u>	<u>2020</u>
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

<u>Item</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
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 (beginning 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

<u>Item</u>	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	Ell 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			
Impact of demographic hypothesis change	39	-	39
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%	\$ <u>623</u>	\$ <u>725</u>
Decrease 0.25%	\$ <u>(610)</u>	\$ <u>(709)</u>

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:

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

(19) Capital surplus

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

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 目

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	<u>\$ (971,368)</u>	<u>\$ (593)</u>	<u>\$ (971,961)</u>

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	<u>\$ (796,107)</u>	<u>\$ (593)</u>	<u>\$ (796,700)</u>

(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

<u>Item</u>	<u>2021</u>	<u>2020</u>
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	(20,380)	(11,652)
Ending balance	<u>\$ 751,457</u>	<u>\$ 960,617</u>

(24) Operating revenues

<u>Item</u>	<u>2021</u>	<u>2020</u>
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	28,043	-
	<u>\$ 3,473,856</u>	<u>\$ 5,915,557</u>

A. Breakdown of customer contract income

	<u>2021</u>			
	<u>Building Department</u>	<u>Construction Department</u>	<u>Other Department</u>	<u>Total</u>
Major regional markets:				
Taiwan	\$ 2,259,115	\$ 6,273	\$ -	\$ 2,265,388
Mainland China	<u>551,111</u>	<u>-</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>-</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
Engineerings gradually transferred over time	<u>-</u>	<u>6,273</u>	<u>-</u>	<u>6,273</u>
	<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	<u>\$ 378,338</u>	<u>\$ 803,023</u>

(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	54,435	41,604
	<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	(19,761)	(36,528)
	<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	(108,773)	(76,407)
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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)	<u>\$ (87,346)</u>	<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	(43,816)	(26,793)
	<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	\$ (172,674)	\$ 30,052
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	<u>\$ 437,586</u>	<u>\$ 199,067</u>

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)

Item	2020		
	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	Non-cash changes			December 31, 2021
			Exchange rate changes	Changes in fair value	Other non-cash changes	
Short-term loans	\$ 3,467,308	\$ (2,581,527)	\$ -	\$ -	\$ -	\$ 885,781
Short-term bills payable	777,459	1,370,400	-	110,267	-	2,258,126
Corporate bonds payable (including those due within one year)	1,600,000	(68,841)	-	-	-	1,531,159
Long-term loans(including those due within one year)	8,935,084	4,671,692	(183,370)	-	-	13,423,406
Deposits received	102,304	(68,625)	-	-	-	33,679
Other payables - related parties	1,512,934	201,798	-	-	-	1,714,732
Lease liabilities	13,607	(5,736)	(31)	-	-	7,840
Total liabilities from financing activities	<u>\$ 16,408,696</u>	<u>\$ 3,519,161</u>	<u>\$ (183,401)</u>	<u>\$ 110,267</u>	<u>\$ -</u>	<u>\$ 19,854,723</u>

	January 1, 2020	Cash flow	Non-cash changes			December 31, 2020
			Exchange rate changes	Changes in fair value	Other non-cash changes	
Short-term loans	\$ 4,341,056	\$ (873,748)	\$ -	\$ -	\$ -	\$ 3,467,308
Short-term bills payable	889,130	(112,000)	-	329	-	777,459
Corporate bonds payable (including those due within one year)	1,460,000	140,000	-	-	-	1,600,000
Long-term loans(including those due within one year)	9,206,637	(271,553)	-	-	-	8,935,084
Deposits received	89,650	12,654	-	-	-	102,304
Other payables - related parties	1,282,133	250,462	(19,661)	-	-	1,512,934
Lease liabilities	17,552	(3,945)	-	-	-	13,607
Total liabilities from financing activities	<u>\$ 17,286,158</u>	<u>\$ (858,130)</u>	<u>\$ (19,661)</u>	<u>\$ 329</u>	<u>\$ -</u>	<u>\$ 16,408,696</u>

(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
<u>Financial assets</u>				
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
<u>Financial liabilities</u>				
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

				2021.12.31			
	Foreign Currency (in thousands)	Exchange  rate	Carrying  Value (NTD)	Sensitivity Analysis			
				Variation	Profit and Loss Impact	Equity Impact	
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary item</u>							
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 liabilitiesMonetary item

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

	Foreign Currency (in thousands)	Exchange rate	2020.12.31			
			Carrying Value (NTD)	Sensitivity Analysis		
				Variation	Profit and Loss Impact	Equity Impact

(Foreign currency:  
functional currency)Financial assetsMonetary item

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

Financial liabilitiesMonetary 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 險

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					
		Within 1 year	1-2 years	2-5 years	Over 5 years	Contract Cash Flow	Carrying Value
<b>Non-derivative</b>	<b>financial</b>						
<b>liabilities</b>							
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		<u>\$ 8,841,941</u>	<u>\$ 3,339,845</u>	<u>\$ 11,805,841</u>	<u>\$ 655,476</u>	<u>\$ 24,643,103</u>	<u>\$ 22,461,930</u>
		2020.12.31					
		Within 1 year	1-2 years	2-5 years	Over 5 years	Contract Cash Flow	Carrying Value
<b>Non-derivative</b>	<b>financial</b>						
<b>liabilities</b>							
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		<u>\$ 10,743,334</u>	<u>\$ 2,833,390</u>	<u>\$ 4,566,015</u>	<u>\$ 777,990</u>	<u>\$ 18,920,729</u>	<u>\$ 18,238,410</u>

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

<u>Related Party Name</u>	<u>Related Party Category</u>
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

<u>Item</u>	<u>Related Party Category</u>	<u>2021</u>	<u>2020</u>
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

<u>Item</u>	<u>Related Party Category</u>	<u>2021</u>	<u>2020</u>
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

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

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

E. Lessee arrangements

<u>Item</u>	<u>Related Party Category</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Lease liabilities	Other related parties	<u>\$ 7,042</u>	<u>\$ 10,427</u>

<u>Item</u>	<u>Related Party Category</u>	<u>2021</u>	<u>2020</u>
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

<u>Item</u>	<u>Related Party Category</u>	<u>2021</u>	<u>2020</u>
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
		<u>\$ 1,409,166</u>	<u>\$ 1,317,082</u>

### (B) Interest expense

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

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	<u>\$ 680,000</u>	<u>\$ 680,000</u>

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	<u>\$ 56,648</u>	<u>\$ 33,301</u>	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 rejected the appraisal agency for construction in progress and its evaluation procedures. Chengdu 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 eagers 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:

Amounts in Thousands of New Taiwan Dollars

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 (Note 1)	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	Endorsee		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 Endorsement by Parent Company to Subsidiary	Provision of Endorsement by Subsidiary to Parent Company	Provision of Endorsement to the Party in Mainland China
		Name of endorsee	Relationship (Note 2)										
0	The Company	Nanjing Dingzheng Real Estate	b	10,736,413 (Note 3)	438,400	434,400	217,200	-	4.05 %	21,472,826 (Note 3)	Y	N	Y
		Taiyu Construction	b	10,736,413 (Note 3)	120,000	120,000	60,000	-	1.12 %	21,472,826 (Note 3)	Y	N	N
		Chengdu Dingkang Real Estate	b	10,736,413 (Note 3)	6,965,000	-	-	-	- %	21,472,826 (Note 3)	Y	N	Y
		Qingdao Dinglin International	b	10,736,413 (Note 3)	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	11,841,330 (Note 4)	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	11,343,330 (Note 5)	78,912	-	-	-	- %	11,343,330 (Note 5)	N	N	Y
		Qingdao Dinglin International	b	11,343,330 (Note 5)	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	2,127,340 (Note 6)	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	7,161,880 (Note 7)	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	8,677,672 (Note 8)	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	
Fast	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	Purchases/Sales	
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:

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				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):

Amounts in Thousands of New Taiwan Dollars/Foreign currency thousand / thousand shares

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	(USD-) 1,827,952 (USD65,128)	(USD-) - (USD-)	65,128	100.00%	(USD23) 1,432,376 (USD1,025)	(USD-) (28,699) (USD1,025)	(USD-) 28,758 (USD1,025)	Subsidiary
Fast	Century Up	Hong Kong	Investment	(USD31,237) 878,695 (USD31,237)	(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:

Amounts in Thousands of New Taiwan Dollars/Foreign currency thousand

Investee Company	Main Business and Products	Total Amount of Paid-in Capital	Investment method (Note 1)	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 (Note 2)	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	Unit: shares	
	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

#### 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				Total
	Building segment	Construction segment	Other	Reconciliation and elimination	
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				Total
	Building segment	Construction segment	Other	Reconciliation and elimination	
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

## **6.5 The Parent Company Only Financial Statements of the Company Certified by CPAs in the Most Recent Year**

### **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"), which comprise the balance sheets as of December 31, 2021, and 2020, the statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and 2020, and its financial performance and its 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 Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 parent company only financial statements of the Company for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter of the Company's parent company only financial statements for the year ended December 31, 2021, is as follows:

## 1. Revenue recognition

Please refer to Note 4(16) revenue recognition of parent company only financial statements for the accounting policies related to revenue recognition; For the description of revenue recognition, please refer to Note 6(21) revenue of parent company only financial statements.

Description of the key audit:

The Company 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 \$2,241,734 thousand, accounting for 99.22% of the total consolidated revenue. The timing of recognition of operating revenue and the authenticity of sales have a significant impact on the parent company only financial statements.

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. Therefore, the recognition of income is one of the important evaluation items for the CPA to perform the audit of the parent company only financial statements of the Company.

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 Company;
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.

## 2. Inventory valuation

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

#### Description of the key audit:

The real estate development activities of the Company 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 parent company only financial statements of the Company.

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 Company for the subsequent measurement of these real estate premises;
2. Obtain the appraisal data of the net realizable value of the inventory of the Company. 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. We analyzed 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 Company 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.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 the invested company adopting the equity method to express an opinion on the parent company only



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 financial statements for the year ended December 31, 2020, 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:

Accountant:

No.:

Financial-Supervisory-Securities-Auditing-102000328

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March 30, 2022

Shining Building Business Co. Ltd.  
PARENT COMPANY ONLY BALANCE SHEETS  
YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)													
				2021. 12. 31		2020. 12. 31				2021. 12. 31		2020. 12. 31	
CODE	ASSETS	NOTE	AMOUNT	%	AMOUNT	%	CODE	LIABILITIES AND EQUITY	NOTE	AMOUNT	%	AMOUNT	%
11XX	CURRENT ASSETS						21XX	CURRENT LIABILITIES					
1100	Cash and cash equivalents	6(1)	\$ 990,650	5	\$ 677,633	4	2100	Current borrowings	6(11), 7and8	\$ 437,070	2	\$ 3,383,708	18
1150	Notes receivable, net	6(3)	29,378	-	4,431	-	2110	Short-term notes and bills payable, net	6(12), 7and8	2,258,126	13	777,459	4
1170	Accounts receivable, net	6(4)	50,715	-	249,443	1	2130	Current contract liabilities	6(21)	421,911	3	383,683	2
1200	Other receivables		606	-	1,689	-	2150	Notes payables		56,351	-	53,318	-
1210	Other receivables due from related parties	7	11,139	-	11,842	-	2170	Accounts payables		212	-	212	-
1220	Current tax assets		845	-	2,795	-	2180	Accounts payable to related parties	7	348,959	2	194,546	1
130X	Current inventories	6(5)and 8	5,330,457	29	5,986,714	32	2200	Other payables		159,068	1	91,663	1
1410	Prepayments		58,200	-	90,522	-	2220	Other payables to related parties		91,616	-	150,527	1
1476	Other current financial assets		516,767	3	726,394	4	2230	Current tax liabilities		1,640	-	-	-
1479	Other current assets, others	8	244,646	2	196,711	1	2280	Current lease liabilities	6(9), 6	3,525	-	4,230	-
	Total current assets		7,233,403	39	7,948,174	42	2320	Long-term liabilities - current portion	6(13), 6(14), 7and8	485,750	3	73,500	-
							2399	Other current liabilities, others		59,734	-	36,736	-
	NON-CURRENT ASSETS							Total current liabilities		4,323,962	24	5,149,582	27
1517	Non-current financial assets at fair value through other comprehensive income	6(2)and6(30)	9	-	9	-							
1550	Investments accounted for using equity method	6(7)	9,416,871	50	9,778,271	52		NON-CURRENT LIABILITIES					
1600	Property, plant, and equipment	6(8) and 8	720,241	4	729,779	4	2530	Bonds payable	6(13), 7and8	1,183,659	6	1,600,000	9
1755	Right-of-use assets	6(9)	6,765	-	10,927	-	2540	Non-current portion of non-current borrowings	6(14), 7and8	2,354,509	13	606,500	3
1760	Investment properties, net	6(10) and 8	684,569	4	8,245	-	2570	Deferred tax liabilities	6(26)	36,558	-	36,453	-
1780	Intangible assets		2,783	-	-	-	2580	Non-current lease liabilities	6(9), 7	3,572	-	7,047	-
1840	Deferred tax assets	6(26)	595,803	3	432,298	2	2640	Net defined benefit liability, non-current		20,527	-	18,166	-
1920	Guarantee deposits paid	6(30) and 7	2,817	-	10,259	-	2645	Guarantee deposits received		4,060	-	868	-
	Total non-current assets		11,429,858	61	10,969,788	58		Total non-current liabilities		3,602,885	19	2,269,034	12
								Total liabilities		7,926,847	43	7,418,616	39
								EQUITY ATTRIBUTABLE TO OWNERS OF PARENT					
							3100	Ordinary share	6(16)	9,775,892	52	9,775,892	52
							3200	Capital surplus	6(17)	21,754	-	21,754	-
							3300	Retained earnings	6(18)	1,910,729	10	2,498,400	13
							3400	Other equity interest	6(19)	(971,961)	(5)	(796,700)	(4)
								Total equity attributable to owners of parent		10,736,414	58	11,499,346	61
	TOTAL		\$ 18,663,261	100	\$ 18,917,962	100		TOTAL		\$ 18,663,261	101	\$ 18,917,962	100

Shining Building Business Co. Ltd.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

			(In Thousands of New Taiwan Dollars)			
CODE	ITEM	NOTE	2021		2020	
			AMOUNT	%	AMOUNT	%
4000	OPERATING REVENUE	6(21)and7	\$ 2,259,320	100	\$ 3,321,654	100
5000	OPERATING COSTS	6(4)and7	(1,804,258)	(80)	(2,661,488)	(80)
5900	GROSS PROFIT		<u>455,062</u>	<u>20</u>	<u>660,166</u>	<u>20</u>
OPERATING EXPENSES						
6100	Selling expenses		(187,567)	(8)	(152,831)	(5)
6200	Administrative expenses		(223,525)	(10)	(199,660)	(6)
6450	Impairment loss determined in accordance with IFRS 9		-	-	-	-
6000	Total operating expenses		<u>(411,092)</u>	<u>(18)</u>	<u>(352,491)</u>	<u>(11)</u>
6900	NET OPERATING (LOSS)INCOME		<u>43,970</u>	<u>2</u>	<u>307,675</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES						
7100	Interest income	6(22)	2,007	1	12,828	1
7010	Other income		18,064	2	362	1
7020	Other gains and losses	6(23)	6,781	-	(5,194)	-
7050	Finance costs	6(25)and7	(119,635)	(5)	(151,656)	(5)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net		(635,019)	(28)	38,345	1
7000	Total non-operating income and expenses		<u>(727,802)</u>	<u>(30)</u>	<u>(105,315)</u>	<u>(2)</u>
7900	PROFIT BEFORE INCOME TAX		(683,832)	(30)	202,360	6
7950	TAX INCOME(EXPENSE)	6(26)	96,812	4	(35,540)	(1)
8200	PROFIT(LOSS)		<u>(587,020)</u>	<u>(26)</u>	<u>166,820</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS)						
8310	Components of other comprehensive income that will not be reclassified to profit or loss	6(26), 6(27)				
8311	Gains (losses) on remeasurements of defined benefit plans		(2,660)	-	(933)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		1,847	-	(226)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		162	-	232	-
8360	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		(219,077)	(10)	(133,965)	(4)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		43,816	2	26,793	1
8300	Other comprehensive income (loss) for the year, net of income tax		<u>(175,912)</u>	<u>(8)</u>	<u>(108,099)</u>	<u>(3)</u>
8500	TOTAL COMPREHENSIVE INCOME		<u>\$ (762,932)</u>	<u>(34)</u>	<u>\$ 58,721</u>	<u>2</u>
EARNINGS PER SHARE:						
9750	Basic earnings per share (NT\$)	6(28)	<u>\$ 0.60</u>		<u>\$ 0.17</u>	
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.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ITEM	Capital Stock		Retained Earnings			Other Equity		Treasury shares	Total
	Ordinary share	Capital Surplus	Legal Reserve	Unappropriate d Earnings	Unappropriate d Earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive		
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
Net profit for the year					166,820				166,820
Other comprehensive income (loss) for the year					(927)	(107,172)			(108,099)
Total comprehensive income (loss) for the year	-	-	-	-	165,893	(107,172)			58,721
Purchase of treasury shares								(40,400)	(40,400)
Retirement of treasury share	(48,850)	8,450			-			40,400	-
BALANCE, DECEMBER 31, 2020	9,775,892	21,754	1,288,691	689,528	520,181	(796,107)	(593)	-	11,499,346
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)
Other comprehensive income (loss) for the year					(651)	(175,261)			(175,912)
Total comprehensive income (loss) for the year	-	-	-	-	(587,671)	(175,261)			(762,932)
BALANCE, DECEMBER 31, 2021	\$ 9,775,892	\$ 21,754	\$ 1,305,280	\$ 796,700	\$ (191,251)	\$ (796,107)	\$ (593)	\$ -	\$ 10,736,414

(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.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ITEM	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before tax	\$ (683,832)	\$ 202,360
Adjustments for:		
Adjustments to reconcile profit (loss)		
Depreciation expense	18,330	13,762
Amortization expense	42,622	39,308
Interest expenses	119,635	151,656
Interest income	(2,007)	(12,828)
Share of loss (profit) of associates and joint ventures accounted for using equity method	635,019	(38,345)
Total adjustments to reconcile profit (loss)	813,599	153,553
Changes in operating assets and liabilities:		
Notes receivable	(24,947)	54,525
Accounts receivable	198,728	(168,887)
Decrease in other receivable	2,625	564
Other receivables - related parties	703	78,394
Inventories	(24,696)	1,765,094
Prepayments	(9,748)	(32,267)
Other current assets	(47,934)	10,326
Increase in contract liabilities	38,228	(199,704)
Increase in notes payable	3,033	(13,351)
Accounts payable	-	(7)
Accounts payable - related parties	154,412	(95,784)
Increase in other payable	76,452	(97,195)
Other payable - related parties	(58,911)	(27,888)
Adjustments for increase in other current liabilities	22,999	4,119
Increase in net defined benefit liability	233	(44)
Cash inflow (outflow) generated from operations	460,944	1,633,808
Interest received	(130,514)	(160,274)
Interest paid	464	20,637
Income tax paid	(19,183)	(30,852)
Net cash flows from operating activities	311,711	1,463,319

(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.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ITEM	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	-	(974)
Acquisition of investments accounted for using the equity method	(1,751,118)	(3,197,393)
Proceeds from capital reduction of investments accounted for using equity method	1,259,898	2,505,287
Decrease in refundable deposits	34,672	6,398
Acquisition of intangible assets	(3,335)	
Decrease in other receivables due from related parties	-	454,458
Decrease (Increase) in other financial assets	182,397	(44,078)
Dividends received	-	19,067
Net cash flows from investing activities	<u>(277,486)</u>	<u>(257,235)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in short-term loans	(2,946,638)	(828,198)
Increase (decrease) in short-term notes and bills payable	1,482,500	(112,100)
(Repayments) proceeds from issuing bonds	(68,841)	140,000
Proceeds (repayments) from long-term debt	1,812,759	-
Increase(decrease) in guarantee deposits received	3,192	785
Payments of lease liabilities	(4,180)	(4,066)
Payments to acquire treasury shares	-	(40,400)
Net cash flows from financing activities	<u>278,792</u>	<u>(843,979)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	313,017	362,105
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	677,633	315,528
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>\$ 990,650</u>	<u>\$ 677,633</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 Parent Company Only 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 in May, 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 housing.

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 parent company only 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:

<u>New Standards, Interpretations, and Amendments</u>	<u>Effective date by IASB</u>
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>Effective date by IASB (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, and amendments 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.

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). The Group will recognize the cumulative effect on the retained earnings on the first application date when the amendment is first applied.

**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 Company's financial condition and financial performance based on the Company'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:

<u>New Standards, Interpretations, and Amendments</u>	<u>Effective date by IASB</u>
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
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 Company 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 Company completes the evaluation.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only 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 parent company only 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) Foreign currency translation

- A. The parent company only 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, 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 parent company only 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).

(4) 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.

(5) 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)

(6) Financial 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 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 Company are classified as financial assets at fair value through profit or loss, financial assets not measured at amortized cost, debt instrument investment at fair value through other comprehensive income, and equity instrument investment at fair value

through other comprehensive income.

(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.

(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 measured at fair value through profit or loss are measured at fair value. 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. Please refer to Note for the determination method of fair value.

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 Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets: for those financial assets, the

Company 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 Company 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 Company's right to receive the dividends is established unless the Company'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 Company 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 Company 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 Company has transferred substantially all risks and rewards of ownership of the financial asset.
- c. The Company has not transferred substantially almost all risks and rewards; however, the Company 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 Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. 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 Company 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. The Company designated financial liabilities as measured at fair value through profit or loss in the original recognition when they meet one of the following criteria:
- (a) Hybrid (combined) contract; or
  - (b) Eliminating or significantly reducing inconsistency in 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 Company derecognizes financial liabilities when, and only when, the Company'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.

(7) 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.



(8) Investments accounted for under equity method/associates

- A. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under the equity method and are initially recognized at cost.
- B. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
- C. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- D. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- E. Upon loss of significant influence over an associate, the Company re-measures any investment retained in the former associate at its fair value. Any difference between fair value and the carrying amount is recognized in profit or loss.
- F. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- G. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the association

are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the association are transferred to profit or loss proportionately.

(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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. 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	55 years
Other equipment	3 to 11 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 Company assesses whether the contract is, or contains a lease. The Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

A. The Company as lessee

The Company 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 remeasurement 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 parent company only 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 Company 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 Company uses the lessee's incremental borrowing rate.

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 Company remeasures 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 remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only 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 Company 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 Company

continues to recognize the transferred assets and recognize the financial liabilities equal to the transfer price.

#### B. The Company 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 Company 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 Company 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 Company, as a lessee, has accounted for applying for 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 accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. The Company 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 Company's net investment outstanding in respect of the lease.

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.

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 Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the

amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less 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) 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 Company 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 Company'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 Company 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.

#### (15) Share capital & treasury stock

##### 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 Company 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 shall be weighted average and calculated separately according to the reasons 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.

#### (16) 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 Company 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 Company 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 is 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 Company'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.

(17) Revenue recognition

The Company's revenue recognition principle of customer contract is the following steps to recognize revenue:

- 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 Company 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 obligations, the Company 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 Company develops and sells residential real estate and often pre-sells real estate during or before construction. The Company recognizes revenue when the control over real estate is transferred. Due to contractual restrictions, the real estate usually has no other use for the Company. Therefore, the Company 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 Company has enforceable rights over the payment that has been performed so far. Therefore, the Company 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 are transferred to revenue when the real estate is transferred to the customer.

(B) Engineering contract

The Company 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 Company 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 Company 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.

(18) 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.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these parent company only financial statements in applying the Company's accounting policies and making critical assumptions and estimates consist of the following:

### (1) Critical judgments in applying accounting policies

#### Revenue recognition

The Company follows IFRS 15 to determine if it controls the specified good or service before that good or service is transferred to the customer, and the Company is acting as a principal or an agent in that transaction. When the Company acts as an agent, revenue is recognized on a net basis.

The Company acts as a principal as that it meets following situations:

- A. The Company gains control over the goods from the other party before transferring goods to customers.
- B. The Company 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 Company 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 Company controls the goods or services before transferring goods or services to customers:

- A. The Company has primary responsibilities for the goods or services it provides;
- B. The Company 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 Company 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.

#### Judgment with significant impacts on associates

Although the direct and indirect shareholding of Chengdu Dingkang real estate Co., Ltd. is less than 50%, in essence, the Company can still lead the operation activities of Chengdu Dingkang real estate Co., Ltd., has the right to participate in the variable remuneration and has the ability to affect it. Therefore, it is proposed to continue to include Chengdu Dingkang real estate Co., Ltd. in the associates of the Company in accordance with the judgment guidance of IFRS 10 and the special factors of the instruction described in IFRS 10: B18, B19, and B20.

### (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 Company 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 Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company'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 are at fair value with no active market, the Company determines whether to use outside appraisal and use proper evaluation techniques based on related regulations or its judgment. If the Level 1 input value is not available while evaluating, the Company 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 Company 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 Company 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 Company strategy might cause material impairment on assets in the future.

#### E. Impairment assessment on investment using the equity method 估

The Company assesses the impairment of investments accounted for using the equity method whenever triggering events or changes in circumstances indicate that an investment may be impaired and carrying value cannot be recoverable. The Company assesses the recoverable amount based on a projected future cash flow and a receivable cash dividend of the investees, and disposal-generating future cash flow to ensure the reasonableness of such assumptions.

#### F. 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 realisability 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.

#### G. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on the balance sheet date using judgments and estimates. The Company 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.

#### H. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Company 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.

#### I. 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.

#### J. 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	2020.12.31
Cash on hand and petty cash	\$ 1,131	\$ 1,613
Bank deposits	989,519	676,020
Total	<u>\$ 990,650</u>	<u>\$ 677,633</u>

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

expected to default.

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

(2) 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	<u>(741)</u>	<u>(741)</u>
Total	<u>\$ 9</u>	<u>\$ 9</u>

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

C. B. Please refer to Note 12 for the credit risk management and evaluation method.

(3) Notes receivable, net

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

The Company had no notes receivable pledged to others.

(4) Accounts receivable, net

Item	2021.12.31	2020.12.31
Accounts receivable	\$ 78,293	\$ 277,021
Less: Loss allowance	<u>(27,578)</u>	<u>(27,578)</u>
Net	<u>\$ 50,715</u>	<u>\$ 249,443</u>

A. The average credit period of the Company'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 Company had no account receivable pledged to others.

C. The Company 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 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 Company'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 Company'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 Company's provision matrix.

2021.12.31				
Aging range	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	-	-	-	-
31-180 days overdue	-	-	-	-
181-365 days overdue	-	500	-	500
More than 365 days overdue	37.58%	73,384	(27,578)	45,806
		<u>\$ 107,671</u>	<u>\$ (27,578)</u>	<u>\$ 80,093</u>

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	-	1,981	-	1,981
31-180 days overdue	-	-	-	-
181-365 days overdue	-	-	-	-
More than 365 days overdue	67.93%	40,598	(27,578)	13,020
		<u>\$ 281,452</u>	<u>\$ (27,578)</u>	<u>\$ 253,874</u>

D. Changes in loss allowance of accounts receivable:

	2021	2020
Balance at December 31 (Beginning balance)	<u>\$ 27,578</u>	<u>\$ 27,578</u>

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

(5) Inventories and sales costs

Item	2021.12.31	2020.12.31
Buildings and lands held for sale	\$ 3,397,513	\$ 4,607,078
Construction land	857,321	125,333
Construction in progress	918,444	997,554

Other expenses under construction	95,654	92,812
Prepayment for land purchases	<u>61,525</u>	<u>163,937</u>
Total	<u>\$ 5,330,457</u>	<u>\$ 5,986,714</u>

A. Inventory:

(A) Buildings and lands held for sale

Name	2021.12.31	2020.12.31
One Except You	\$ 2,220,971	\$ 2,901,925
G21 Headquarters	759,468	813,118
Living With Nature	188,397	674,829
Forever Young	164,687	211,145
True Life	63,990	-
Lalu Style Aesthetics	-	6,061
Total	<u>\$ 3,397,513</u>	<u>\$ 4,607,078</u>

(B) Land held for sale

Item	2021.12.31	2020.12.31
Yuanlin City, Zhanghua county (Huinong section of Yuanlin)	\$ 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	<u>\$ 857,321</u>	<u>\$ 125,333</u>

(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	110,216
True Life	2021	-	501,320
Bulk transfer		386,374	386,018
Total		<u>\$ 918,444</u>	<u>\$ 997,554</u>

(D) Other expenses under construction

Item	2021.12.31	2020.12.31
Prepaid real estate	<u>\$ 95,654</u>	<u>\$ 92,812</u>



(E) Prepayment for land purchases

Item	2021.12.31	2020.12.31
Nong'an street, Zhongshan District, Taipei	\$ 37,159	\$ 36,859
Da'an 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	\$ 1,799,581	\$ 2,661,273
Lease cost	4,677	215
Total operating costs	<u>\$ 1,804,258</u>	<u>\$ 2,661,488</u>

C. For the capitalized amount of interest on inventories in 2021 and 2020, please refer to Note 6(24) for details.

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

(6) Other financial assets - current

	2021.12.31	2020.12.31
Restricted bank deposits	\$ 479,284	\$ 661,681
Refundable deposits	37,483	64,713
Total	<u>\$ 516,767</u>	<u>\$ 726,394</u>

A. Restricted assets are mainly collateral for bank loans and trust funds for domestic pre-sale housing projects.

B. The refundable deposit is mainly the joint construction deposit paid in accordance with the urban renewal contract.

(7) Investment accounted for using the equity method

The investments of the Company using the equity method at the reporting date are listed as follows:

Item	2021.12.31	2020.12.31
Subsidiaries	<u>\$ 9,416,871</u>	<u>\$ 9,778,271</u>

A. For information about the Company's subsidiaries, please refer to Note 4(3) to the consolidated financial statements for 2021.

B. The cash dividends paid by subsidiaries in 2021 and 2020 are \$0 thousand and \$19,067 thousand respectively.

(8) Property, plant, and equipment

Item	2021.12.31	2020.12.31
Land	\$ 319,503	\$ 319,503
Buildings	476,682	476,682
Miscellaneous equipment	35,287	35,287
Total cost	831,472	831,472
Less: Accumulated depreciation	(90,324)	(80,786)
Accumulated impairment	(20,907)	(20,907)
Total	\$ 720,241	\$ 729,779

	Land	Buildings	Miscellaneous equipment	Total
<u>Cost</u>				
2021.12.31 Balance (Beginning Balance)	\$ 319,503	\$ 476,682	\$ 35,287	\$ 831,472
<u>Accumulated depreciation and impairment</u>				
2021.1.1 Balance	\$ 19,570	\$ 49,566	\$ 32,557	\$ 101,693
Depreciation	-	8,492	1,046	9,538
2021.12.31 Balance	\$ 19,570	\$ 58,058	\$ 33,603	\$ 111,231

	Land	Buildings	Miscellaneous equipment	Total
<u>Cost</u>				
2020.1.1 Balance	\$ 319,503	\$ 476,682	\$ 34,313	\$ 830,498
Additions	-	-	974	974
2020.12.31 Balance	\$ 319,503	\$ 476,682	\$ 35,287	\$ 831,472
<u>Accumulated depreciation and impairment</u>				
2020.1.1 Balance	\$ 19,570	\$ 41,075	\$ 31,532	\$ 92,177
Depreciation	-	8,491	1,025	9,516
2020.12.31 Balance	\$ 19,570	\$ 49,566	\$ 32,557	\$ 101,693

A. No interest capitalization of the Company'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
Buildings	\$ 16,913	\$ 16,913
Transport equipment	2,339	2,339
Total cost	19,252	19,252
Less: Accumulated depreciation	(12,487)	(8,325)
Net	\$ 6,765	\$ 10,927

Cost	Buildings	Transport equipment	Total
2021.12.31 Balance(Beginning Balance)	\$ 16,913	\$ 2,339	\$ 19,252
Accumulated depreciation			
2021.1.1 balance	\$ 6,766	\$ 1,559	\$ 8,325
Depreciation expense	3,383	779	4,162
2021.12.31 balance	\$ 10,149	\$ 2,338	\$ 12,487

Cost	Buildings	Transport equipment	Total
2020.1.1 balance	\$ 16,913	\$ 2,339	\$ 19,252
Additions	-	-	-
Decrease	-	-	-
2020.12.31 balance	\$ 16,913	\$ 2,339	\$ 19,252
Accumulated depreciation			
Depreciation expense	3,383	780	4,163
Decrease	-	-	-
2020.12.31 balance	\$ 3,383	\$ 780	\$ 4,163

B. Lease liabilities

Item	2021.12.31	2020.12.31
Carrying amount of lease liabilities		
current	\$ 3,525	\$ 4,230
noncurrent	3,572	7,047
	\$ 7,097	\$ 11,277

Ranges of discount rates for lease liabilities were as follows:

	2021.12.31	2020.12.31
Buildings	2.80%	2.80%
Miscellaneous equipment	2.80%	2.80%

Please refer to Note 6(31) 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	\$ 19,074	\$ 10,323
Low-value asset lease expense	\$ -	\$ -
Total cash outflow for leases (Note)	\$ 23,254	\$ 14,839

(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
Cost			
2021.1.1 balance	\$ 10,786	\$ 4,979	\$ 15,765
Reclassification	323,969	356,985	680,954
2021.12.31 balance	\$ 334,755	\$ 361,964	\$ 696,719

#### Accumulated depreciation and impairment

2021.1.1 balance	\$ 3,761	\$ 3,759	\$ 7,520
Depreciation expense	-	4,630	4,630
2021.12.31 balance	\$ 3,761	\$ 8,389	\$ 12,150

	Land	Buildings	Total
<u>Cost</u>			
2020.12.31 balance (beginning balance)	\$ 10,786	\$ 4,979	\$ 15,765
<u>Accumulated depreciation and impairment</u>			
2020.1.1 balance	\$ 3,761	\$ 3,676	\$ 7,437
Depreciation expense	-	83	83
2020.12.31 balance	\$ 3,761	\$ 3,759	\$ 7,520

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

	2021	2020
Rental income of investment properties	\$ 17,586	\$ 1,465
Direct operating expense incurred for the investment properties with current rental income	\$ 4,677	\$ 83
Direct operating expense incurred for the investment properties without current rental income	\$ -	\$ -

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 Company are shown in note 8.

(11) Short-term loans

Item	2021.12.31	2020.12.31
Collateralized borrowing	\$ 437,070	\$ 3,383,708
Interest rate (%)	2.10%~2.95%	1.78%~3.17%

Please refer to note 8 for details of the transactions between the Company 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 (%)	<u>0.58%~2.89%</u>	<u>0.01%~2.00%</u>
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Please refer to Note 8 for short-term bills payable and details of assets provided by the Company as a loan guarantee.(13) 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	<u>(347,500)</u>	<u>-</u>
Total	<u>\$ 1,183,659</u>	<u>\$ 1,600,000</u>

A. The information on the issuance of secured ordinary corporate bonds by the Company 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 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 and 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.
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 security 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 Company as security.

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

Item	2021.12.31	2020.12.31
Secured loan	\$ 2,492,759	\$ 680,000
Less: Due within one year	(138,250)	(73,500)
Total	\$ 2,354,509	\$ 606,500
Interest rate	1.850% ~ 2.74%	0.85% ~ 2.55%

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

(15) Retirement Benefit Plans

A. Defined contribution plan

(A) Since 1st, July 1985, 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 \$5,956 thousand and \$5,754 thousand, respectively.

B. Defined benefit plans

(A) The Company has 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 for 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 allocates 2% of the total salary to the retirement fund on a monthly basis and deposits it in the Bank of Taiwan in a special account in the name of the labor retirement reserve supervision committee. In addition, the Company estimates 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 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 Company for the years ended December 31, 2021, and 2020 were \$47 thousand and \$112 thousand, respectively.

C. The amount of obligations incurred by the Company due to the determination of the benefit plan is listed in the parent company only balance sheet as follows:

	2021.12.31	2020.12.31
Present value of defined benefit obligation	\$ 33,899	\$ 31,126
The fair value of plan assets	(13,372)	(12,960)
Net defined benefit liabilities	\$ 20,527	\$ 18,166



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	\$ 31,126	\$ (12,960)	18,166
Service cost			-
Interest cost (income)	80	(33)	47
Recognized in profit or loss	80	(33)	47
Remeasurement:			
Return on plan assets (excluding amounts included in net interest)	-	(219)	(219)
Actuarial (gain) loss			
Impact of demographic hypothesis change	31	-	31
Changes in financial assumptions	(655)	-	(655)
Experience adjustments	3,503	-	3,503
Recognized in other comprehensive income	2,879	(219)	2,660
Contributions from the employer	-	(346)	(346)
Benefits paid	(186)	186	-
2021.12.31 balance	\$ 33,899	\$ (13,372)	\$ 20,527

	2020		
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
2020.1.1 balance	\$ 33,318	\$ (15,853)	\$ 17,465
Service cost			
Interest cost (income)	213	(101)	112
Recognized in profit or loss	213	(101)	112
Remeasurement:			
Return on plan assets (excluding amounts included in net interest)	-	(522)	(522)
Actuarial (gain) loss			
Changes in financial assumptions	765	-	765
Experience adjustments	690	-	690
Recognized in other comprehensive income	1,455	(522)	933
Contributions from the employer	-	(344)	(344)
Benefits paid	(3,860)	3,860	-
2020.12.31 balance	\$ 31,126	\$ (12,960)	\$ 18,166

E. Through the defined benefit plans under the Labor Standards Law, the Company 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%</u>	<u>0.26%</u>
Expected rate of salary increase	<u>2.00%</u>	<u>2.00%</u>
The average duration of the defined benefit obligation	5 years	6 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>(473)</u>	\$ <u>(494)</u>
Decrease 0.25%	\$ <u>484</u>	\$ <u>507</u>
Future salary increases		
Increase 0.25%	\$ <u>476</u>	\$ <u>497</u>
Decrease 0.25%	\$ <u>(467)</u>	\$ <u>(487)</u>

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 Company for the year ending December 31, 2022 amount to \$413 thousand.

(16) 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	<u>977,589</u>	<u>977,589</u>

(17) 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	<u>\$ 21,754</u>	<u>\$ 21,754</u>

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.

(18) 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, 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 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, or 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 for the special reserve. If the company subsequently uses, disposes, or reclassifies the relevant assets, the proportion originally set aside as special reserve may be reversed into distributable retained earnings.
- 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 2021
- 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.

(19) 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	<u>\$ (971,368)</u>	<u>\$ (593)</u>	<u>\$ (971,961)</u>

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	<u>\$ (796,107)</u>	<u>\$ (593)</u>	<u>\$ (796,700)</u>

(20) 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, with 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 is 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.

(21) Operating revenues

<u>Item</u>	<u>2021</u>	<u>2020</u>
Real estate income	\$ 2,241,734	\$ 3,320,189
Lease income	<u>17,586</u>	<u>1,465</u>
Total	<u>\$ 2,259,320</u>	<u>\$ 3,321,654</u>

A. Breakdown of customer contract income

Major regional markets:	<u>2021</u>	<u>2020</u>
Asia	<u>\$ 2,259,320</u>	<u>\$ 3,321,654</u>

Main products / service lines:

Real estate sales	\$ 2,241,734	\$ 3,320,189
Other	<u>17,586</u>	<u>1,465</u>
	<u>\$ 2,259,320</u>	<u>\$ 3,321,654</u>

Income recognition time:

Goods transferred at a certain time point	\$ 2,241,734	\$ 3,320,189
Labor services gradually transferred over time	<u>17,586</u>	<u>1,465</u>
	<u>\$ 2,259,320</u>	<u>\$ 3,321,654</u>

B. Contract balances

	<u>2021.12.31</u>	<u>2020.12.31</u>
Contractual liabilities - construction engineerings	\$ 404,514	\$ 365,920
Contractual liabilities - payment received in advance	17,382	17,382
Contractual liabilities - rent received in advance	<u>15</u>	<u>381</u>
	<u>\$ 421,911</u>	<u>\$ 383,683</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:

<u>Item</u>	<u>2021</u>	<u>2020</u>
From the beginning contract liabilities recognized in the current period		
Sales contract	<u>\$ 249,809</u>	<u>\$ 298,836</u>

(22) Interest income

<u>Item</u>	<u>2021</u>	<u>2020</u>
Bank deposit interest	\$ 1,967	\$ 7,129
Other interest income	<u>40</u>	<u>5,699</u>
Total	<u>\$ 2,007</u>	<u>\$ 12,828</u>

(23) Other gains and losses

Item	2021	2020
Net currency exchange gain(loss)	\$ 12,735	\$ (5,194)
Other	(5,954)	-
Total	<u>\$ 6,781</u>	<u>\$ (5,194)</u>

(24) Finance costs

Item	2021	2020
Interest expense:		
Loans	\$ 137,555	\$ 157,908
Bonds payable	13,555	16,107
Interest on lease liabilities	306	420
Less: capitalized amount for qualified assets	<u>(31,781)</u>	<u>(22,779)</u>
Finance costs	<u>\$ 119,635</u>	<u>\$ 151,656</u>

(25) Labor cost, depreciation, and amortization

Item	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Labor cost						
Salaries	\$ -	\$ 146,000	\$ 146,000	\$ -	\$ 128,187	\$ 128,187
Insurance	-	11,570	11,570	-	10,612	10,612
Pension	-	6,003	6,003	-	5,866	5,866
Other employment	-	2,240	2,240	-	2,240	2,240
expenses						
Depreciation expense	-	4,290	4,290	-	3,851	3,851
Amortization	4,630	13,700	18,330	83	13,679	13,762
Total	<u>-</u>	<u>42,622</u>	<u>42,622</u>	<u>-</u>	<u>39,308</u>	<u>39,308</u>
Labor cost	<u>\$ 4,630</u>	<u>\$ 226,425</u>	<u>\$ 231,055</u>	<u>\$ 83</u>	<u>\$ 203,743</u>	<u>\$ 203,826</u>

A. Additional information on the Company's 2021 and 2020 employee numbers and employee benefit expenses are as follows:

	2021	2020
Cumber of employees	\$ 152	\$ 151
Number of directors who are not concurrently employees	4	4
Average employee compensation expense	\$ 1,134	\$ 1,010
Average employee salary expenses	\$ 986	\$ 872
Average employee salary adjustment	13.07%	2.68%

## B. Salary and Remuneration Policy

(A) The company has established an audit committee without supervisors.

(B) The performance evaluation and remuneration of the directors and managers of the Company shall refer to the general level of payment in the same industry, and consider the time invested by the individual, the responsibilities are undertaken, the achievement of personal objectives, the performance of other positions, the remuneration of the Company for equivalent positions in recent years, and to evaluate the reasonableness of the relationship between personal performance and the Company's operating performance and future risks via the achievement of the Company's short-term and long-term business objectives.

The Company's employee compensation policy: In order to attract, retain and motivate talents, the salary of employees of the Company is determined according to their academic background, professional knowledge, and technology, professional seniority and experience, and personal performance. For incentive salary and annual salary adjustment, the salary adjustment items and the amount shall be formulated respectively according to the company's operation status and taking into account the value of personal contribution and performance evaluation, so as to timely stimulate morale, retain excellent employees and keep the sustainable operation of the Company.

(C) 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.

D. 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, 2020, respectively, and the relevant amounts recognized in the parent company only 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.



D. 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.

(26) Income tax

A. Income tax expense (gain):

Item	2021	2020
<u>Current income tax</u>		
Current tax expense	\$ -	\$ -
Land value increment tax paid in the current year	14,682	29,819
Surtax on undistributed retained earnings	1,940	-
Other	5,619	-
<u>Deferred income tax</u>		
The origination and reversal of temporary differences	(119,053)	5,721
Income tax expense (gain)	<u>\$ (96,812)</u>	<u>\$ 35,540</u>

The applicable tax rate used by the Company is 20%. In addition, the tax rate applicable to unappropriated earnings is 5%.

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

Item	2021	2020
Re-measurement of defined benefit plans	\$ (531)	\$ (187)
Exchange differences on translation of foreign operations	(43,816)	(26,793)
Share of other comprehensive profits and losses of associates using the equity method	369	(45)
	<u>\$ (43,978)</u>	<u>\$ (27,025)</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>\$ (683,832)</u>	<u>\$ 202,360</u>
Income tax expense at the statutory rate	\$ (136,766)	\$ 40,472
Tax effect of adjusting items:		
The impact of items not included in the calculation of taxable income	25,578	(5,105)
Tax-free income	(7,864)	(29,646)
Land value increment tax	14,682	29,819
5% surtax on undistributed retained earnings	1,940	-
Adjustments for prior year's tax adjustments	5,618	-
Income tax expense recognized in profit or loss	<u>\$ (96,812)</u>	<u>\$ 35,540</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	\$ 206,476	\$ 132,996	\$ 43,816	\$ 383,288
Unrealized impairment loss	618	-	531	1,149
Other	79,430	(9,087)	-	70,343
Investment impairment	-	-	-	-
Loss deduction	145,774	(4,751)	-	141,023
Subtotal	\$ 432,298	\$ 119,158	\$ 44,347	\$ 595,803
Deferred income tax liabilities:				
Temporary differences				
Land financing interest listed as completed housing add back to cost	(30,122)	7,857	-	(22,265)
Foreign investment income by the equity method	(6,331)	(7,962)	-	(14,293)
Subtotal	\$ (36,453)	\$ (105)	\$ -	\$ (36,558)
Total	\$ 395,845	\$ 119,053	\$ 44,347	\$ 559,245

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	\$ 187,644	\$ (7,961)	\$ 26,793	\$ 206,476
Unrealized impairment loss	431	-	187	618
Other	84,893	(5,463)	-	79,430
Loss deduction	152,924	(7,150)	-	145,774
Subtotal	\$ 425,892	\$ (20,574)	\$ 26,980	\$ 432,298

Deferred income tax liabilities:

Temporary differences

Land financing interest listed as completed				
housing add back to cost	(44,975)	14,853	-	(30,122)
Foreign investment income by the equity				
method	(6,331)	-	-	(6,331)
Subtotal	\$ (51,306)	\$ 14,853	\$ -	\$ (36,453)
Total	\$ 374,586	\$ (5,721)	\$ 26,980	\$ 395,845

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

F. 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.

(27) 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:			
Remeasurement of defined benefit obligation	\$ (2,660)	\$ 531	\$ (2,129)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,847	(369)	1,478
Subtotal	\$ (813)	\$ 162	\$ (651)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	\$ (219,077)	\$ 43,816	\$ (175,261)

Item	2020		
	Before-tax	Income tax benefit	Net of tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	\$ (933)	\$ 187	\$ (746)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(226)	45	(181)
Subtotal	\$ (1,159)	\$ 232	\$ (927)

Items that may be reclassified subsequently to profit or loss:

Exchange differences on translation of foreign operations	\$	(133,965)	\$	26,793	\$	(107,172)
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(28) Earnings per share

Basic and diluted EPS

	2021	2020
Net profit (loss) attributable to ordinary equity holders of the parent entity	\$ (587,020)	\$ 166,820
Weighted average shares outstanding (in thousands)	977,589	978,633
Basic and diluted EPS(after-tax)(NT\$)	\$ (0.60)	\$ 0.17

(29) Reconciliation of liabilities from financing activities

	January 1, 2021	Cash flow	Exchange rate changes	Non-cash changes Changes in fair value	Other non-cash changes	December 31, 2021
Short-term loans	\$ 3,383,708	\$ (2,946,638)	\$ -	\$ -	\$ -	\$ 437,070
Short-term bills payable	777,459	1,482,500	-	(1,833)	-	2,258,126
Corporate bonds payable (including those due within one year)	1,600,000	(68,841)	-	-	-	1,531,159
Long-term loans(including those due within one year)	680,000	1,812,759	-	-	-	2,492,759
Deposits received	868	3,192	-	-	-	4,060
Other payables - related parties	150,527	(58,911)	-	-	-	91,616
Lease liabilities	11,277	(4,180)	-	-	-	7,097
Total liabilities from financing activities	\$ 6,603,839	\$ 219,881	\$ -	\$ (1,833)	\$ -	\$ 6,821,887

	January 1, 2020	Cash flow	Exchange rate changes	Non-cash changes Changes in fair value	Other non-cash changes	December 31, 2020
Short-term loans	\$ 4,211,906	\$ (828,198)	\$ -	\$ -	\$ -	\$ 3,383,708
Short-term bills payable	889,130	(112,100)	-	429	-	777,459
Corporate bonds payable (including those due within one year)	1,460,000	140,000	-	-	-	1,600,000
Long-term loans(including those due within one year)	680,000	-	-	-	-	680,000
Deposits received	83	785	-	-	-	868
Other payables - related parties	178,415	(27,888)	-	-	-	150,527
Lease liabilities	15,343	(4,066)	-	-	-	11,277
Total liabilities from financing activities	\$ 7,434,877	\$ (831,467)	\$ -	\$ 429	\$ -	\$ 6,603,839

30 Financial instruments

A. Fair value and 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
<u>Financial assets</u>				
Financial assets are measured at fair value through other comprehensive profit or loss	\$ 9	\$ 9	\$ 9	\$ 9
Financial assets measured at amortised cost				
Refundable deposit	2,817	2,817	10,259	10,259
<u>Financial liabilities</u>				
Financial liabilities measured at amortised cost				
Long-term loans (including those due within one year)	2,492,759	2,492,759	680,000	680,000
Deposits received	4,060	4,060	868	868
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 Company'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 Company's investments in government bonds, corporate bonds, financial debentures, convertible bonds, and most derivative instruments is included in Level 2.

(C) Level 3

Unobservable inputs for the asset or liability. The fair value of the Company'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 Company's financial instruments and investment property measured at fair value are measured at fair value based on repeatability. The information on the Company'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 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 Company 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 Central 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 Company 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 Company'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 Company 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 Company's credit quality.

(31) Financial risk management

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. 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 Company'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 Company 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.



## Foreign currency risk and sensitivity analysis

(Foreign currency: functional currency)	2021.12.31								
	Foreign Currency (in thousands)	Exchange  rate	Carrying  Value (NTD)	Sensitivity Analysis					
				Variation	Profit and Loss Impact		Equity Impact		
<u>Financial assets</u>									
<u>Monetary item</u>									
USD	\$	452	27.63	\$	12,489	increase 1%	\$	125	\$ -
RMB		243	4.319		1,050	increase 1%		11	-
HKD		50	3.519		176	increase 1%		2	-
<u>Financial liabilities</u>									
<u>Monetary item</u>									
USD	\$	(230)	27.63	\$	(6,355)	increase 1%	\$	64	\$ -

		2020.12.31								
(Foreign currency: functional currency)	Foreign Currency (in thousands)	Exchange  rate	Carrying  Value (NTD)	Sensitivity Analysis			Equity Impact			
				Variation	Profit and Loss Impact					
<u>Financial assets</u>										
<u>Monetary item</u>										
USD	\$	552	28.48	\$	15,732	increase 1%	\$	157	\$	-
RMB		1,813	4.38		7,941	increase 1%		79		-
<u>Financial liabilities</u>										
<u>Monetary item</u>										
USD		(230)	28.48		(6,546)	increase 1%		(65)		-
RMB		(7,924)	4.38		(34,682)	increase 1%		(347)		-

### (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	\$	1,469,934	\$	1,339,314
Financial liabilities		<u>(2,929,829)</u>		<u>(4,063,708)</u>
Net	\$	<u>(1,459,895)</u>	\$	<u>(2,724,394)</u>

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

The Company 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 Company 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 Company's financial instruments with variable interest rates are those with floating-rate. If the interest rate increases (decreases) by 1%, the net income will increase (decrease) by \$14,599 thousand and \$27,244 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 Company. The Company 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 Company 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 Company only deals with creditworthy counterparties, banks, and the government so no significant credit risk was identified. In addition, the Company has no financial assets at amortized cost and investments in debt instruments at fair value through other comprehensive income.

(C) Credit concentration risk

The Company 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 Company does not classify debt instrument investments at amortized cost and at fair value through other comprehensive profit or loss)
- c. The Company 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 Company 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 Company'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	Exceed 5 years	Contract Cash Flow	Carrying Value
Short-term loans	\$	448,043	\$ -	\$ -	\$ -	\$ 448,043	\$ 437,070
Short-term bills payable		2,261,400	-	-	-	2,261,400	2,258,126
Notes payable and accounts payable (including related parties)		405,522	-	-	-	405,522	405,522
Other payables (including related parties)		250,684	-	-	-	250,684	250,684
Corporate bonds payable (including those due within one year)		350,538	1,194,009	-	-	1,544,547	1,531,159
Long-term loans (including those due within one year)		141,486	588,051	1,502,936	318,639	2,551,112	2,492,759
Lease liabilities		3,722	3,672	-	-	7,394	7,097
Deposits received		4,060	-	-	-	4,060	4,060
Total	\$	3,865,455	\$ 1,785,732	\$ 1,502,936	\$ 318,639	\$ 7,472,762	\$ 7,386,477

		2020.12.31					
Non-derivative liabilities	financial	Within 1	1-2 years	2-5 years	Exceed 5	Contract	Carrying
		year			years	Cash Flow	Value
Short-term loans		\$ 3,481,632	\$ -	\$ -	\$ -	\$ 3,481,632	\$ 3,383,708
Short-term bills payable		778,900	-	-	-	778,900	777,459
Notes payable and accounts payable (including related parties)		248,076	-	-	-	248,076	248,076
Other payables (including related parties)		242,190	-	-	-	242,190	242,190
Corporate bonds payable (including those due within one year)		-	350,844	1,263,146	-	1,613,990	1,600,000
Long-term loans (including those due within one year)		75,374	100,499	301,497	219,970	697,340	680,000
Lease liabilities		2,243	2,225	7,411	-	11,879	11,277
Deposits received		868	-	-	-	868	868
Total		<u>\$ 4,829,283</u>	<u>\$ 453,568</u>	<u>\$ 1,572,054</u>	<u>\$ 219,970</u>	<u>\$ 7,074,875</u>	<u>\$ 6,943,578</u>

The Company 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.

(32) Capital risk management

As the Company needs to maintain sufficient capital to meet the needs of expanding and upgrading plant and equipment. Therefore, the Company's capital management is to ensure that it has the necessary financial resources and operating plans to meet the needs of working capital, capital expenditure, research and development expenses, debt repayment, and dividend expenditure in the next 12 months.

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

The Company is the ultimate controller of the Company.

### (2) Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Taiyu Construction Co., Ltd(Taiyu Construction)	Subsidiary
Dinglin International Enterprise Co., Ltd(Dinglin international enterprise)	Subsidiary
Headway Investment Ltd.(Headway)	Subsidiary
Billion Capital Holding Co., Ltd.(Billion)	Subsidiary
Nanjing Dingzheng Real Estate Co., Ltd(Nanjing Dingzheng Real Estate)	Subsidiary
Nanjing Dingzheng Hotel Co., Ltd (Nanjing Dingzheng Hotel)	Subsidiary
Qingdao Dinglin International Business Management Co., Ltd (Qingdao Dinglin International)	Subsidiary
Qingdao Dinglin Hotel Co., Ltd (Qingdao Dinglin Hotel)	Subsidiary
Chengdu Dingkang Real Estate Co., Ltd (Chengdu Dingkang Real Estate)	Subsidiary
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
<u>Related Party Name</u>	<u>Related Party Category</u>
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
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
Lai Cheng I	Other related persons and main management

(3) Significant transactions with related parties

A. Purchases

<u>Item</u>	<u>Related Party Category</u>	<u>2021</u>	<u>2020</u>
Operating cost	Subsidiary	<u>\$ 906,981</u>	<u>\$ 657,880</u>

The purchase items are mainly the spare parts for the project and the hotel contracted to the related parties. The Company handles the above-mentioned companies according to the contract operation regulations and contracts 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.

B. Receivables from related parties

<u>Item</u>	<u>Related Party Category</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Other receivables	Subsidiary	<u>\$ 11,139</u>	<u>\$ 11,842</u>

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

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

<u>Item</u>	<u>Related Party Category</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Accounts payable	Subsidiary	<u>\$ 348,959</u>	<u>\$ 194,546</u>
Other accounts payable	Subsidiary	<u>7,252</u>	<u>97,972</u>
Other accounts payable	Other related parties	<u>84,364</u>	<u>21,553</u>
		<u>\$ 440,575</u>	<u>\$ 314,071</u>

D. Lessee arrangements

<u>Item</u>	<u>Related Party Category</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Lease liabilities	Other related parties	<u>\$ 7,047</u>	<u>\$ 10,427</u>

<u>Item</u>	<u>Related Party Category</u>	<u>2021</u>	<u>2020</u>
Interest expense	Other related parties	<u>\$ 292</u>	<u>\$ 384</u>
Depreciation expense	Other related parties	<u>\$ 3,383</u>	<u>\$ 3,383</u>

As for the deposit paid by the Company 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.

E. Lease/sublease agreement

Item	Related Party Category	2021	2020
Operating income (rental income)	Subsidiary	\$ 206	\$ 206
	Other related parties	942	942
		<u>\$ 1,148</u>	<u>\$ 1,148</u>

F. Lending to related parties

(A) Ending balance

Item	Related Party Category	2021.12.31	2020.12.31
Other receivables -related parties	Subsidiary	<u>\$ -</u>	<u>\$ -</u>

(B) Interest income

Item	Related Party Category	2021	2020
Interest income	Subsidiary	<u>\$ -</u>	<u>\$ 5,677</u>
Interest rate range		<u>-</u>	<u>3.00%</u>

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

G. Loans from related parties

(A) Ending balance

Item	Related Party Category	2021.12.31	2020.12.31
Other payables - related parties	Subsidiary	<u>\$ -</u>	<u>\$ 31,002</u>

(B) Interest expense

Item	Related Party Category	2021	2020
Financial cost	Subsidiary	<u>\$ 435</u>	<u>\$ 359</u>
Interest rate range		<u>3.00%</u>	<u>3.00%</u>

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

H. Guarantee for related parties

Please refer to the attached table (2) for details of the endorsement and guarantee.

# I. Expenses

<u>Related Party Category</u>	<u>2021</u>	<u>2020</u>	<u>Transaction type</u>
Subsidiary	\$ 22,501	\$ -	Entertainment, repair, advertising, donation, and miscellaneous expenses
Other related parties	<u>3,570</u>	<u>4,424</u>	
	<u>\$ 26,071</u>	<u>\$ 4,424</u>	

## (4) Key management compensation

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

## 8. PLEDGED ASSETS

The carrying amount of the assets pledged and guaranteed by the Company 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	\$ 479,284	\$ 661,681	Short-term loans, corporate bonds payable, and long-term loans
Inventory - Construction	4,560,937	5,164,698	Short term loans, short-term bills payable, and corporate bonds payable
Property, plant and equipment	694,274	702,672	Short-term loans and short-term bills payable
Investment real estate	<u>674,202</u>	<u>8,245</u>	Short-term loans and short-term bills payable
	<u>\$ 6,408,697</u>	<u>\$ 6,537,296</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2021, and 2020, the guaranteed notes issued by the Company for loan line and other guarantees were \$7,112,538 thousand and \$6,442,608 thousand respectively.

### (2) Major litigation cases

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.

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.

(3) Please refer to Note 13(1) B for details of the amount and circumstances of endorsements and guarantees provided by the Company for others as of December 31, 2021.

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:

Amounts in Thousands of New Taiwan Dollars

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)	Transacti- on  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 3)
													Item	Value		
1	Taiyu Construction	Yusheng Design Engineering Co., Ltd	Temporary payments	No	24,000	24,000	24,000	1.50%	2	-	Operating capital	-	Obligati- on of construc- tion 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	73,761	73,761	73,761	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 parent company only financial statements.

## B. Endorsements/guarantees provided:

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Endorsers	Endorsee		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 No. (Note 1)
		Name of endorsee	Relationship (Note 2)										
0	The Company	Nanjing Dingzheng Real Estate	b	10,736,413 (Note 3)	438,400	434,400	217,200	-	4.05 %	21,472,826 (Note 3)	Y	N	Y
		Taiyu Construction	b	10,736,413 (Note 3)	120,000	120,000	60,000	-	1.12 %	21,472,826 (Note 3)	Y	N	N
		Chengdu Dingkang Real Estate	b	10,736,413 (Note 3)	6,965,000	-	-	-	- %	21,472,826 (Note 3)	Y	N	Y
		Qingdao Dinglin International	b	10,736,413 (Note 3)	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	11,841,330 (Note 4)	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	11,343,330 (Note 5)	78,912	-	-	-	- %	11,343,330 (Note 5)	N	N	Y
		Qingdao Dinglin International	b	11,343,330 (Note 5)	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	2,127,340 (Note 6)	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	7,161,880 (Note 7)	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	8,677,672 (Note 8)	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	

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		Remark
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Taiyu Construction	Transactions between parent and subsidiary companies	Construction procurements	906,981	60.18 %	Collection under contract	-	-	348,959	86.05 %	-
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 individuals have been written off when preparing parent company only 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	Name
					Amount	Action Taken			
Taiyu Construction	The Company	Subsidiary	348,959	-	-		-	-	-

Note: the above transactions related to individuals have been written off when preparing parent company only 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: Please refer to note 13 in the consolidated financial statements.

Amounts in Thousands of New Taiwan Dollars

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				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	966,667	-	2.82%
1	Taiyu Construction	The Company	2	Operating income	571,429	-	44.26%
2	Nanjing Dingzheng Real Estate	Nanjing Dingzheng Hotel	3	Other receivables	614,164	-	1.79%
2	Nanjing Dingzheng Real Estate	Qingdao Dinglin International	3	Other receivables	2,362,329	-	6.89%

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 individuals have been written off when preparing individual financial statements.

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

Amounts in Thousands of New Taiwan Dollars/Foreign currency thousand / thousand shares

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
				(USD-)	(USD-)			(USD23)	(USD-)	(USD-)	
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:

Amounts in Thousands of New Taiwan Dollars/Foreign currency thousand

Investee Company	Main Business and Products	Total Amount of Paid-in Capital	Investment method (Note 1)	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 (Note 2)	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)	\$ 4,318,560 (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:

Unit: shares		
Name of Major Shareholder	Number of Shares	Percentage of Ownership (%)
Quanyang Investment Co., Ltd	98,221,964	10.04 %
Dinglin Investment Development Co., Ltd	96,008,678	9.82 %
Dingzheng Investment Co., Ltd	94,131,799	9.62 %
Guangyu Investment Co., Ltd	64,998,854	6.64 %
Mingheng Investment Co., Ltd	56,978,163	5.82 %
Heting Investment Co., Ltd	55,575,514	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

Please refer to the 2021 consolidated financial statements for details.

SHINING BUILDING BUSINESS CO. LTD.

Statement of cash and cash equivalents

December 31, 2021

Amounts in Thousands of New  
Taiwan Dollars

Item	Index	Amount
Cash	Cash on hand and petty cash	\$ 1,131
Bank deposits	Checking accounts and demand deposits	989,519
		<u>\$ 990,650</u>

SHINING BUILDING BUSINESS CO. LTD.

Statement of notes receivable

December 31, 2021

Amounts in Thousands of New  
Taiwan Dollars

Name of the case	Description	Amount	Remark
Remain your heart	Real estate payment	\$ 5,864	Non-related party
Forever young	Real estate payment	18,150	Non-related party
Living With NatureB section	Real estate payment	5,340	Non-related party
Others	Real estate payment	<u>24</u>	Non-related party
		<u>\$ 29,378</u>	

SHINING BUILDING BUSINESS CO. LTD.

Statement of accounts receivable

December 31, 2021

Amounts in Thousands of New  
Taiwan Dollars

Name of the case	Description	Amount	Remark
True Life		\$ 49,172	Non-related party
Living With Nature A section		25,531	Non-related party
Living With Nature B section		1,800	Non-related party
Lalu Style Aesthetics Tanzi Daxin section		<u>1,790</u>	Non-related party
Total		78,293	
Less: Allowance for bad debts		<u>(27,578)</u>	
Net		<u>\$ 50,715</u>	

SHINING BUILDING BUSINESS CO. LTD.

Statements of other receivables

December 31, 2021

Amounts in Thousands of New  
Taiwan Dollars

Item	Description	Amount	Remark
Others	House and parking space management fee, etc	\$ 606	
Related party	Prepaid expenses	<u>11,139</u>	
		<u>\$ 11,745</u>	

SHINING BUILDING BUSINESS CO. LTD.

Statement of inventories

December 31, 2021

Amounts in Thousands of New  
Taiwan Dollars

Item	Description	Amount		Remark
		Cost	Net realizable value	
Property for sale	One Except You	\$ 771,940	\$ 771,781	
	G21 Headquarters	2,264,624	3,731,434	
	Forever young	170,923	196,696	
	Living With Nature	188,397	205,813	
	True Life	63,990	76,375	
Construction land	Central section, Wanhua District, Taipei	289,433	289,433	
	Dehui section A, Zhongshan District, Taipei	32,755	32,755	
	Dehui section B, Zhongshan District, Taipei	18,853	18,853	
	Yuanlin Huinong section of Zhanghua County	516,280	516,280	
Construction in progress	Lalu Yuan Ding	71,029	71,029	
	Remain your heart	461,041	461,041	
	Bulk transfer	386,374	386,374	
Other expenses under construction	Advance payment for decoration of sample house	95,654	95,654	
Prepayment for land purchases	Nong'an street, Zhongshan District, Taipei	37,159	37,159	
	Longquan section, Da'an District, Taipei	24,366	24,366	
Less: Valuation allowance		(62,361)	-	
		<u>\$ 5,330,457</u>	<u>\$ 6,915,043</u>	

SHINING BUILDING BUSINESS CO. LTD.

Statement of prepayments

December 31, 2021

Amounts in Thousands of New  
Taiwan Dollars

Item	Description	Amount	Remark
Offset against business tax payable	Business tax	\$ 278	
Prepaid rent	Rent for office, billboard, etc	1,976	
Prepaid insurance	Accident and product insurance	188	
Other prepayments	Urban renewal case sale of rights and compensation for demolition, etc.	20,631	
Other prepaid expenses	Corporate bond issuance fees, legal advisory fees, bank loan application fees, prepaid decoration fees, etc	35,127	
		<u>\$ 58,200</u>	

SHINING BUILDING BUSINESS CO. LTD.

Statements of other current assets

December 31, 2021

Amounts in Thousands of New  
Taiwan Dollars

Item	Description	Amount	Remark
Temporary payments	Land owners' compensation, land loans, interest, etc	\$ 163,885	
Payment on behalf of others	Payment of management committee expenses	<u>80,761</u>	
		<u>\$ 244,646</u>	



SHINING BUILDING BUSINESS CO. LTD.

Financial assets measured at fair value through other comprehensive profit or loss - statements of non-current changes

January 1 to December 31, 2021

Amounts in Thousands of New Taiwan

Dollars

Name	Beginning balance		Additions		Disposals		Ending balance		Cumulative impairment	Provision of guarantee or pledge Provision of guarantee or pledge	Remark
	Shares or in thousand shares	Fair value	Thousand shares	Amount	Shares or in thousand shares	Amount	Shares or in thousand shares	Fair value			
Lalu Network Technology Co., Ltd	75 thousand shares	\$ <u>9</u>	-	\$ -	-	\$ -	75 thousand shares	\$ <u>9</u>	\$ -	None	

SHINING BUILDING BUSINESS CO. LTD.

Statement of changes in investments accounted for using the equity method

January 1 to December 31, 2021

Amounts in Thousands of New Taiwan Dollars

Names	Beginning balance		Additions		Disposals		Ending balance			Market Value or Net Worth		Collateral	Remark
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit Price	Total Amount		
(Long-term equity investment)													
Taiyu Construction Co., Ltd	9,533,334	\$ 40,754	-	\$ -	-	\$ (8,355)	9,533,334	86.00%	\$ 32,399	\$ -	\$ -	None	
Headway Investment Ltd.	10,000,001	281,502	-	-	(357,415)	(10,987)	9,642,586	66.67%	270,515	-	-	None	
Baihuang Investment Co., Ltd	-	1,021	-	-	-	(2)	-	100.00%	1,019	-	-	None	
Dinglin International Enterprise Co., Ltd	25,500	394	-	-	-	(1)	25,500	51.00%	393	-	-	None	
168 Investment Ltd.	208,443,278	6,169,681	1,000	28	-	(529,085)	208,433,278	95.42%	5,640,624	-	-	None	
Billion Capital Holding Co. Ltd.	55,128,095	1,258,242	-	-	(55,128,095)	(1,258,242)	-	- %	-	-	-	None	
Diamond Overseas Co. Ltd.	514,817	4,126	-	-	(128,982)	(3,719)	385,835	100.00%	407	-	-	None	
Fast Growth Limited	85,696,624	2,022,551	17,433,634	504,997	-	(268,442)	103,130,258	100.00%	2,259,106	-	-	None	
Quantum Investment Ltd.	-	-	55,128,095	1,246,093	-	(33,685)	-	- %	1,212,408	-	-	None	
		\$ 9,778,271		\$ 1,751,118		\$ (2,112,518)			\$ 9,416,871	\$ -	\$ -		

Note: The decrease in the current period is based on the investment loss of \$635,019 thousand recognized by the investment company in accordance with the equity method, the exchange difference converted from the financial statements of foreign operating institutions of \$219,077 thousand, and the capital reduction of \$1,258,422 thousand.

SHINING BUILDING BUSINESS CO. LTD.

Statement of changes in property, plant, and equipment

January 1 to December 31, 2021

Refer to Note 6. (8) of the parent company only financial statements for the relevant information of "Statement of changes in property, plant, and equipment".

Refer to Note 6. (9) of the parent company only financial statements for the relevant information on "Right-use assets".

Refer to Note 6. (10) of the parent company only financial statements for the relevant information on "Investment real estate".

SHINING BUILDING BUSINESS CO. LTD.

Statement of changes in intangible assets

January 1 to December 31, 2021

Amounts in Thousands of New  
Taiwan Dollars

Item	Beginning balance	Additions	Disposals	Ending balance	Remark
Computer Softwares	\$ -	\$ 3,335	\$ (552)	\$ 2,783	

# SHINING BUILDING BUSINESS CO. LTD.

## Statement of short-term loans

December 31, 2021

Amounts in Thousands of New Taiwan Dollars

Types of loans	Bank	Ending balance	Contract period	Interest rate (%)	Financing Amount	Collateral	Remark
Secured loan	King's Town Bank	\$ 110,123	2020.7.27~2022.7.30	2.18%	\$ 110,123	Forever YoungChongyang section of Beitou-Land and houses for sale	
Secured loan	King's Town Bank	13,948	2021.11.26~2022.11.26	2.45%	13,948	Forever YoungChongyang section of Beitou-Land and houses for sale	
Secured loan	King's Town Bank	15,904	2021.12.03~2022.11.25	2.45%	15,904	Forever YoungChongyang section of Beitou-Land and houses for sale	
Secured loan	King's Town Bank	29,449	2021.11.26~2022.11.25	2.45%	29,449	One Except You-Land and houses for sale	
Secured loan	King's Town Bank	52,800	2021.11.26~2022.11.25	2.45%	52,800	One Except You-Land and houses for sale	
Secured loan	King's Town Bank	37,899	2021.11.26~2022.11.25	2.45%	37,899	One Except You-Land and houses for sale	
Secured loan	Jih Sun International Bank	122,947	2017.3.27~2022.11.30	2.95%	122,947	One Except You-Land and houses for sale	
Secured loan	Far Eastern Int'l Bank	34,000	2016.5.23~2022.6.18	2.50%	34,000	One Except You-Land and houses for sale	
Secured loan	Hua Nan Bank Business Deparement	20,000	2021.8.10~2022.2.10	2.10%	20,000	Reserve Account	
		<u>\$ 437,070</u>			<u>\$ 437,070</u>		

SHINING BUILDING BUSINESS CO. LTD.

Statement of short-term bills payable

December 31, 2021

Amounts in Thousands of New Taiwan Dollars

Item	Guarantee or acceptance agency	Contract period	Interest rate (%)	Amount			Remark
				Issuance amount	Unamortized discounts on short-term bills payable	Carrying amount	
Commercial paper payable	International Bills Finance Corporation	2021.10.28~2022.1.26	0.58~2.63%	\$ 2,100,000	\$ 3,207	\$ 2,096,793	
Commercial paper payable	China Bills Finance Corporation	2021.11.5~2022.1.4	2.89%	81,400	26	81,374	
Commercial paper payable	Mega Bills Finance Co., Ltd.	2021.12.8~2022.1.7	3%	80,000	41	79,959	
				<u>\$ 2,261,400</u>	<u>\$ 3,274</u>	<u>\$ 2,258,126</u>	

SHINING BUILDING BUSINESS CO. LTD.

Statement of notes payables

December 31, 2021

Amounts in Thousands of New  
Taiwan Dollars

Client Name	Description	Amount	Remark
A04876	Land purchase payment	\$ 32,000	Non-related party
A00001	Interior design fee	7,487	Non-related party
Others(Note)		<u>16,864</u>	Non-related party
		<u>\$ 56,351</u>	

Note: the individual amount does not exceed 5% of the balance of this account and is not listed separately.

SHINING BUILDING BUSINESS CO. LTD.

Statement of accounts payables

December 31, 2021

Amounts in Thousands of New

Taiwan Dollars

Client Name	Description	Amount	Remark
Taiyu Construction Co., Ltd	Construction payment	\$ 348,959	Related party
Others(Note)	Construction retention	<u>212</u>	Non-related party
		<u>\$ 349,171</u>	

Note: the individual amount does not exceed 5% of the balance of this account and is not listed separately.



SHINING BUILDING BUSINESS CO. LTD.

Statement of other payables

December 31, 2021

Amounts in Thousands of New  
Taiwan Dollars

Item	Description	Amount
Related parties		<u>\$ 91,616</u>
Non-related parties		
Salaries payable		21,880
Interest payable		2,721
Compensation payable to landowners		82,011
Others (less than 5% of the balance)		<u>52,456</u>
		<u>\$ 159,068</u>

SHINING BUILDING BUSINESS CO. LTD.

Statement of other current liabilities

December 31, 2021

Amounts in Thousands of New

Taiwan Dollars

Item	Description	Amount	Remark
Temporary payments	Customers receive deposits temporarily	\$ 23,503	
Payment on behalf of others	Salary income tax and agency fees, etc	<u>36,231</u>	
		<u>\$ 59,734</u>	

# SHINING BUILDING BUSINESS CO. LTD.

## Statement of bonds payable

December 31, 2021

Amounts in Thousands of New Taiwan Dollars

Bonds Name	Trustee	Issuance Date	Interest Payment Date	Coupon Rate	Amount					Repayment	Collateral	Remark
					Issue amount	Repayment paid	Ending balance	Unamortized premium (discount)	Carrying amount			
Shining Building Business Co. Ltd.2020 first secured ordinary corporate bonds	EnTie Commercial Bank	2020.11.23	請詳附註六.13	0.85%	\$ 1,300,000	\$ (68,841)	\$ 1,231,159	\$ -	\$ 1,231,159	Refer to Note 6(13)	Refer to Note 6(13)	
Shining Building Business Co. Ltd.2019 second secured ordinary corporate bonds	First Commercial Bank	2019.12.20	請詳附註六.13	0.98%	300,000	-	300,000	-	300,000			
Less: long-term liabilities due in one year or one business cycle				- %	-	-	(347,500)	-	(347,500)			
Total					<u>\$ 1,600,000</u>	<u>\$ (68,841)</u>	<u>\$ 1,183,659</u>	<u>\$ -</u>	<u>\$ 1,183,659</u>			

**SHINING BUILDING BUSINESS CO. LTD.**

**Statement of long-term loans**

**December 31, 2021**

**Amounts in Thousands of New  
Taiwan Dollars**

Creditor	Description	Amount	Contract Period	Interest rate	Collateral	Remark
Shanghai Commercial & Savings Bank		\$ 680,000	2017.8.28~2028.1.30	2.60%	Secured loan	
Land Bank of Taiwan		170,000	2021.11.22~2027.11.21		Land financing	
First Bank		200,000	2021.7.30~2025.7.30	2.7386%	Secured loan	
Bank of Kaohsiung		500,000	2021.7.30~2025.7.30	2.7386%	Secured loan	
Taipei Star Bank		444,750	2020.9.23~2023.9.23	2.50%	Secured loan	
Land Bank of Taiwan		179,509	2021.8.13~2026.8.6	2.15%	Construction financing	
Shanghai Commercial & Savings Bank		44,600	2021.1.8~2024.1.15	2.20%	General guarantee	
Taiwan Cooperative Bank		273,900	2021.2.8~2025.8.31	2.15%	Land financing	
Less: long-term loans due within one year or one business cycle		(138,250)				
		<u>\$ 2,354,509</u>				

SHINING BUILDING BUSINESS CO. LTD.

Statement of lease liabilities

December 31, 2021

Amounts in Thousands of New

Taiwan Dollars

Item	Description	Lease term	Discount rate	Ending balance	Remark
Office rental		within 1 year	2.8%	\$ 3,475	
		1~2 years	2.8%	3,572	
Benz car rental		within 1 year	2.8%	<u>50</u>	
				<u>\$ 7,097</u>	

SHINING BUILDING BUSINESS CO. LTD.

Statement of net revenue

January 1 to December 31, 2021

Amounts in Thousands of New  
Taiwan Dollars

Item	Description	Amount	Remark
Rental income	Science Building	\$ 583	
	Xianglin Office	354	
	G21 Headquarters	<u>16,649</u>	
	Subtotal	17,586	
Income from house sales	One Except You	29,838	
	Living With Nature	283,410	
	Forever young	19,524	
	Lalu Style Aesthetics	2,381	
	True Life	<u>587,531</u>	
	Subtotal	922,684	
Income from land sale	One Except You	25,630	
	Living With Nature	269,430	
	Forever young	38,080	
	Lalu Style Aesthetics	3,750	
	True Life	979,810	
	Lalu Yuan Ding	<u>2,945</u>	
	Subtotal	1,319,645	
Total operating revenue		2,259,915	
Less: sales discount		<u>(595)</u>	
		<u>\$ 2,259,320</u>	

SHINING BUILDING BUSINESS CO. LTD.

Statement of operating cost

January 1 to December 31, 2021

Amounts in Thousands of New  
Taiwan Dollars

	Amount	
Item	Subtotal	Total
beginning inventory		
Land under construction	\$ 162,407	
Construction in progress	960,480	
Other expenses under construction	92,812	
Property for sale	4,669,439	
Prepayment for land purchases	163,937	\$ 6,049,075
Add : Houses under construction	703,173	
Other expenses under construction	26,655	
Prepayment for land purchases	413,497	1,143,325
Less: Ending inventory		
Land under construction	857,322	
Construction in progress	918,444	
Other expenses under construction	95,654	
Property for sale	3,459,874	
Prepayment for land purchases	61,525	5,392,819
construction cost		1,799,581
Plus: rental cost		4,677
Inventory depreciation loss		-
		<u>\$ 1,804,258</u>

SHINING BUILDING BUSINESS CO. LTD.

Statement of operating expense

January 1 to December 31, 2021

Amounts in Thousands of New

Taiwan Dollars

Item	Sales expense	Management expense	Remark
Salary expenses	\$ 44,516	\$ 101,484	\$ 146,000
Repair expenses	12,032	99	12,131
Advertising expenses	81,668	81	81,749
Taxes	10,484	1,609	12,093
Depreciation	-	13,700	13,700
Amortization of various items	-	42,621	42,621
Others (the amount of individual items does not exceed 5%)	<u>38,867</u>	<u>63,931</u>	<u>102,798</u>
	<u>\$ 187,567</u>	<u>\$ 223,525</u>	411,092
			<u>\$ 411,092</u>



SHINING BUILDING BUSINESS CO. LTD.

Statement of other gains and losses

January 1 to December 31, 2021

Amounts in Thousands of New  
Taiwan Dollars

Item	Description	Amount	Remark
Interest income:			
Interest income		\$ 2,007	
Other income:			
Commission income from joint construction and sub-housing sales to landowners		\$ 13,316	
Others		4,748	
Subtotal		\$ 18,064	
Other gains and losses"			
Net currency exchange gain		\$ 12,735	
Other expenses		(5,954)	
Subtotal		\$ 6,781	
Financial cost: :			
Interest expenses			
Interest payment		\$ 137,555	
Convertible corporate bonds		13,555	
Interest on lease liabilities		306	
Less: capitalization		(31,781)	
Subtotal		\$ 119,635	

## VII. Review of Financial Conditions, Financial Performance, and Risk Management

### 7.1 Analysis of Financial Status (Consolidated Financial Statements)

New Taiwan Dollars (In Thousands)

Item \ Year	2020	2021	Difference	
			Amount	%
Current Assets	18,078,309	17,776,301	(302,008)	(1.67%)
Property, Plant and Equipment	7,995,766	10,768,527	2,772,761	34.68%
Intangible Assets	38,782	6,955	(31,827)	(82.07%)
Other Assets	5,755,329	6,714,497	959,168	16.67%
Total Assets	31,868,186	35,266,280	3,398,094	10.66%
Current Liabilities	11,250,626	9,030,394	(2,220,232)	(19.73%)
Noncurrent Liabilities	8,157,597	14,748,015	6,590,418	80.79%
Total Liabilities	19,408,223	23,778,409	4,370,186	22.52%
Capital Stock	9,775,892	9,775,892	-	0.00%
Capital Surplus	21,754	21,754	-	0.00%
Retained Earnings	2,498,400	1,910,729	(587,671)	(23.52%)
Other Equity	(796,700)	(971,961)	(175,261)	22.00%
Treasury Stock	-	-	-	-
Equity Attributable to Shareholders of the Parent	11,499,346	10,736,414	(762,932)	(6.63%)
Non-Controlling Interests	960,617	751,457	(209,160)	(21.77%)
Total Stockholders' Equity	12,459,963	11,487,871	(972,092)	(7.80%)

Note: The analysis and explanation of the changes in rate of increase or decrease reached 20% and with amount more than NT\$10 million in the most recent two years:

1. Real estate, plant and equipment increased by 34.62%: mainly due to the increase in unfinished projects in the current period.
2. Intangible assets decreased by 82.07%: Caused by the annual amortization of the company's computer software.
3. Non-current liabilities increased by 80.79%: mainly due to the increase in long-term borrowings in the current period compared with the previous period.
4. Total liabilities increased by 22.52%: mainly due to the increase in long-term borrowings in the current period compared with the previous period.
5. Retained surplus decreased by 23.52%: mainly due to the decrease in net profit after tax in the current period compared with the previous period
6. Other equity increased by 22%: Mainly due to the increase in the exchange difference converted into the financial statements of foreign subsidiaries in the current period compared with the previous period.
8. Non-controlling equity decreased by 21.77%: Mainly due to the increase in net loss of non-controlling equity in the current period compared with the same period last year.

## 7.2 Analysis of Business Performance (Consolidated Financial Statements)

### Review and Analysis of Business Performance

Unit: New Taiwan Dollars (In Thousands)

Item	2020	2021	Increase/ Decrease Amount	Variable Proportion (%)
Operating Revenue	5,915,557	3,473,856	(2,441,701)	(41.28%)
Gross Profit	1,660,081	959,566	(700,515)	(42.20%)
Operating Income	405,691	(417,082)	(822,773)	(202.81%)
Non-Operating Income and Expenses	(255,433)	(446,292)	(190,859)	74.72%
Net Income Before Tax from Operations of Continued Segments	150,258	(863,374)	(1,013,632)	(674.59%)
Income Tax	42,452	(87,346)	(129,798)	(305.75%)
Net Income After Tax for the Period from Operations of Continued Segments	107,806	(776,028)	(883,834)	(819.84%)

Note: The analysis and explanation of the changes in rate of increase or decrease reached 20% and with amount more than NT\$10 million in the most recent two years:

#### 1. Analysis and Explanation of the Variable Proportion of Increase or Decrease Amount:

(1) The Fluctuations in Operating Revenue Reached (41.28%): Mainly because of the recognized amount of completed houses in the current period is different from that of last year.

(2) The Fluctuations in Gross Profit Reached (42.2%): Mainly because of the recognized amount of completed houses in the current period is different from that of last year.

(3) The Fluctuations in Operating Income Reached (202.81%): Mainly because of the recognized amount of completed houses in the current period is different from that of last year.

(4) The Fluctuations in Non-Operating Income and Expenses Reached 74.72%: Mainly due to the higher foreign currency exchange gains in the same period last year than in the current period

(5) The Fluctuations in Net Income Before Tax from Operations of Continued Segments Reached (674.59%): Mainly because of the reduction in operating income for the current period in comparison with the same period last year.

(6) The Fluctuations in Income Tax Reached (305.75%): Mainly because of the reduction in income before income tax for the current period in comparison with the same period last year.

(7) The Fluctuations in Net Income After Tax for the Period from Operations of Continued Segments Reached (819.84%): Mainly because of the reduction in income after income tax for the current period in comparison with the same period last year.

#### 2. The Sales Volume Forecast and the Measures to be Taken in Response on the Basis of the Possible Effect upon the Company's Future Financial and Sales Performance

For sales volume forecast and the basis, please refer to page 1 of "I. Letter to Shareholders". All projects are implemented in accordance with the schedule plan. Hence, there is no material effect upon the Company's financial and sales performance.

### 7.3 Analysis of Cash Flow (Consolidated Financial Statements)

#### 7.3.1 Analysis of Cash Flow Changes in the Most Recent Year

Unit: New Taiwan Dollars (In Thousands)

Item \ Year	2020	2021	Increase(Decrease)
Net Cash Inflow (Outflow) of Operating Activities	2,051,017	(2,949,109)	(5,000,126)
Net Cash Inflow (Outflow) of Investment Activities	(660,540)	(159,180)	(501,360)
Net Cash Inflow (Outflow) of Financing Activities	(934,711)	3,566,494	4,501,205
Increase and Decrease Amount of Cash and Cash Equivalents of the Current Period, Net	214,239	185,614	(28,625)

7.3.1.1 Decrease in Net Cash Inflow (Outflow) of Operating Activities: The decrease in accounts receivable is due to the increase in inventory and accounts payable.

7.3.1.2 Increase in Net Cash Inflow (Outflow) of Investment Activities: This was due to an increase in deposit margin and a decrease in other financial assets..

7.3.1.3 Decrease in Net Cash Inflow (Outflow) of Financing Activities: This was due to an increase in short-term bills, long-term borrowings and a decrease in short-term borrowings.

7.3.1.4 Increase in the Amount of Cash and Cash Equivalents of the Current Period: This was due to an increase in inventories and an increase in the amount of long-term borrowings.

#### 7.3.2 Remedies for Insufficient Liquidity

The Company does not have insufficient liquidity issue since all the construction and sales of projects are supported by our own working capital together with banking financing.

#### 7.3.3 Analysis of Cash Liquidity in the Incoming Year (Consolidated Financial Statements)

Unit: New Taiwan Dollars (In Thousands)

Estimated Cash, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities for the Whole Year (2)	Estimated Cash Outflow for the Whole Year (3)	Estimated Cash Surplus (Deficit) (1)+(2)-(3)	Remedies of Estimated Cash Deficits	
				Investment Plans	Financing Plans
1,091,782	228,400	563,470	756,712	-	-
(1) Analysis of Changes in Cash Flow in This Year: <ul style="list-style-type: none"> <li>● Operating Activities: Carry on project sales and construction engineering in accordance with the Company's operating objectives.</li> <li>● Investment Activities: There is no new overseas investment for the moment.</li> <li>● Financing Activities: Conduct in accordance with the financing plan of construction projects.</li> </ul> (2) Remedies of Estimated Cash Deficits and Liquidity Analysis: Nil					

## 7.4 The Effect upon Financial Operations of any Major Capital Expenditures in the Most Recent Years

For the past few years, the Company has proactively involved in real estate development in China and the construction of hotels, shopping malls, offices, and service apartments, etc. Currently, hotels in Qingdao and Nanjing provide stable revenue. Villas in Qingdao and commercial integrated projects Nanjing have been completed and entered into accounts in succession which all will shift profits to the group.

## 7.5 The Company's Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits and Losses Generated from Reinvestments, and the Plan for Improving Re-Investment Profitability in the Incoming Year

Shining Building Business Co., Ltd. has been expanding its horizons in Taiwan and arranging the layout in China. Since the practice of "1030 Plan", to set up 30 hotels within 10 years, other than the investment in Lalu Hotel in China, the Company has also developed comprehensive development projects of commercial and residential buildings, etc., and reinvested in Qingdao for the projects of Lalu Hotel and Villa Ocean View Villas as well as in Nanjing for the Lalu Hotel and commercial integrated projects, which all have shifted stable profits into the Company. At present, the Investment Board, Ministry of Economic Affairs has authorized the investment projects in Qingdao, Nanjing, and Chengdu of China, which are related to five major projects with approval amount as US\$156 million, including the planning and construction of international recreation and tourism hotels, shopping malls, residences, offices, and villas. Prospect on the future, we will look forward to the aforementioned investment projects in China to shift successive and stable investment profits to the parent company after the operation.

## 7.6 The Analysis of Risk Matters

### 7.6.1 The Impact of the Fluctuation of Interest Rate, Exchange Rate, and Inflation Rate on the Company's Revenue, as well as Corresponding Actions

#### 7.6.1.1 Risks of Exchange Rate

- (a) There is no material change in the nature and degree of significant financial risks described in the 2021 consolidated financial statements. For relevant explanations, please refer to Note 6.35 of 2021 consolidated financial statements.

- (b) Analysis of Exchange Rate Risks and Sensitivity Analysis

(b) Analysis of Exchange Rate Risks and Sensitivity Analysis

				2022.3.31		
		Exchange Rate	Carrying Value (NT\$)	Sensitivity Analysis		
Foreign Currency (1,000)				Variation	(Profit and Loss Impact)	Equity Impact
(Foreign Currency: Functional Monetary)						
<u>Financial Assets</u>						
<u>Monetary Item</u>						
USD	\$	188	28.625	\$ 5,382 appreciation 1%	\$ 54	\$ -
RMB		553,488	4.506	2,494,017 appreciation 1%	24,940	-
HKD		100	3.656	366 appreciation 1%	4	-
<u>Financial Liabilities</u>						
<u>Monetary Item</u>						
USD	\$	(931)	28.625	\$ (26,650) appreciation 1%	\$ (267)	\$ -
RMB		(42,410)	4.506	(191,099) appreciation 1%	(1,911)	-

			2021.12.31			
			Carrying Value (NT\$)	Sensitivity Analysis		
				Variation	(NT\$)	Variation
	Foreign Currency (1,000)	Exchange Rate				
(Foreign Currency: Functional Monetary)						
<u>Financial Assets</u>						
<u>Monetary Item</u>						
USD	\$ 55	27.63	\$ 1,520	appreciation 1%	\$ 15	\$ -
RMB	1,045,420	4.319	4,515,169	appreciation 1%	45,152	-
HKD	100	3.519	352	appreciation 1%	4	-
<u>Financial Liabilities</u>						
<u>Monetary Item</u>						
USD	\$ (701)	27.63	\$ (19,369)	appreciation 1%	\$ (194)	\$ -
RMB	(61,922)	4.319	(267,441)	appreciation 1%	(2,674)	-

			110.3.31			
			Carrying Value (NT\$)	Sensitivity Analysis		
				Variation	(NT\$)	Variation
	Foreign Currency (1,000)	Exchange Rate				
(Foreign Currency: Functional Monetary)						
<u>Financial Assets</u>						
<u>Monetary Item</u>						
USD	\$ 556	28.54	\$ 15,868	appreciation 1%	\$ 159	\$ -
RMB	450,997	4.344	1,959,131	appreciation 1%	19,591	-
<u>Financial Liabilities</u>						
<u>Monetary Item</u>						
USD	(786)	28.54	(22,432)	appreciation 1%	(224)	-
RMB	(37,731)	4.34	(163,903)	appreciation 1%	(1,639)	-

### 7.6.1.2 Risks of Interest Rate

As of the reporting date, the Group's financial assets and financial liabilities subject to interest rate exposure are described as follows:

Item	Carrying Value		
	2022.3.31	2021.12.31	2021.3.31
Fair value interest rate risk:			
Financial liabilities	\$ (3,748,798)	\$ (3,789,285)	\$ (2,315,829)
Cash flow interest rate risk:			
Financial Assets	\$ 1,432,303	\$ 1,573,126	\$ 1,428,530
Financial Liabilities	(15,249,215)	(14,309,187)	(14,309,187)
Net	\$ (13,816,912)	\$ (12,736,061)	\$ (12,880,657)

#### (a) Sensitivity Analysis of Instruments with Fair Value Interest Rate Risks

None of the financial assets and liabilities with fixed interest rates is classified by the Company as the financial asset at fair value through profit and loss and the financial asset available for sales, nor has the specific derivatives (exchange of interest rate) be treated as hedge instruments under the accounting model of fair value hedge. Hence, fluctuations of interest rate in reporting date will not affect profit or loss and other comprehensive net incomes.

## (b) Sensitivity Analysis of Instruments with Cash Flow Interest Rate Risks

The Group's financial instruments with variable interest rate are assets (liabilities) with floating interest rate, so the change of market interest rate will change its effective interest rate and fluctuate the future cash flow. For every 1% increase (decrease) in the market interest rate, the net loss from January to March 2021 and 2022 will increase (decrease) by NT\$34,542,000 and NT\$32,202,000 respectively.

### 7.6.1.3 Inflation may bring about the price rising of land and raw materials.

Generally speaking, the rising in the costs of land and construction can often be rationally shifted to housing prices. Moreover, the housing market may have a more active trading sight because of the psychological expectations of consumers or even investors. The Company adequately gathers relevant information of lands and masters the market prices of raw materials for acquiring lands at a reasonable price and rigorously controlling construction costs, which shall be helpful at upholding the well-manage advantage.

### 7.6.2 The Major Reasons for the Company's Policies, Profit or Loss of High-Risk, Highly-Leverage Investments, Capital Loans to Other Parties, Endorsements, Guarantees, and Derivative Commodity and Future Response Measures

The Company did not get involved in the investments of high-risk and high-leverage derivatives. In response to the operational requirements of subsidiaries, the Board of Directors has passed the resolutions on providing fund loaning, endorsement, and guarantees, which will be handled in accordance with the Company's "Operation Procedures for Loaning Funds to Other Parties" and "Procedures for Endorsement and Guarantee".

### 7.6.3 Research and Development Work to be Carried Out in the Future, and Further Expenditures Expected for Research and Development Work

As for the land development plan and strategy in the prior period, the main direction is to acquire capacities and develop and integrate cultivated lands in Taipei City. The long-term plan is to expand the operating range of urban renewal and set up a land database to meet the requirements of annual development. Since the land supply in central Taiwan has attained saturation, there is no appropriate target in the short term, and the northern Taiwan will be the main force of development. As for the research and development of new construction methods, we continue to introduce the latest domestic and international construction techniques, cut down construction time, reinforce construction quality, decrease construction costs, and continuously research and innovate for enhancing the design concepts of space, function and safety in each project, and increase the additional value and market competitiveness of buildings. No research and development project is planned for the future, but in 2021, the group has set aside NT\$1.62 million as the expenses of continual education and training for employee and research and development of new methods of construction.

### 7.6.4 The Impact of Important Domestic and Overseas Policies and Legal Changes on the Financial Position of the Company and Future Countermeasures Please refer to page 1 of "I. Letter to Shareholders".

### 7.6.5 The impact of changes in technologies and industry on the financial position of the Company and future countermeasures

The price fluctuation of building materials has a considerable impact on the construction time and benefits of the real estate industry. Since the floor area ratio was implemented, the land use intensity has universally reduced and the difficulties of land purchase have heightened. Hence, the countermeasures of the Company are to have land development department watch over the dynamics of lands and the shift direction of floor area ratios at all times, to request the dedicated department of the Company's subsidiary, Tai Yu Construction Co., Ltd., to be on the alert for the relevant trends of building materials at all times, to apply the online marketing model on the promotion of construction product information, and to increase the supply of communication channels to customers for cutting down operating costs.

7.6.6 The Impact of Changes in Corporate Image on the Risk Management of the Company and Future Countermeasures

The Company has always placed value upon corporate image and organized charitable events one by one. Over a long period of time, it has been well known for its commitment on "Persistence, Perseverance, and Quality Assurance" without any change for the past few years and has maintained a consistently excellent corporate image. In the most recent years, it has proactively push forward the "Year of Brand Emozione" to enhance the story of Shining brand, reinforce emotion marketing, and plan the story gallery for every project in the designated area inside the construction project for having house buyers empathize with the value.

7.6.7 The Expected Resultant Benefits, Potential Risks, and Countermeasures of Implementation of Mergers and Acquisitions: Nil

7.6.8 The Expected Benefits and Potential Risks of Plant Expansion and Countermeasures: Nil

7.6.9 Risks and Countermeasures for the Concentration of Purchase and Sales

In consideration of the characteristics of construction industry, the major suppliers of the Company are construction companies and landlords. Most of the land acquisitions are from the foreclosure bidding of individuals or banks and the construction companies are the Company's reinvested subsidiaries. Although the purchases are concentrated, the risks are lower and the project quality can be controlled better. The source of customers is the general public and no risk for the concentration of sales accordingly.

7.6.10 The impacts, risks, and countermeasures of a large number of shares transferred or replaced by directors, supervisors, or shareholders holding more than 10% of the shares of the Company:

For the past few years, there has been no large number of shares transferred or replaced by directors, supervisors, or shareholders holding more than 10% of the shares of the Company.

7.6.11 Impacts and Risks Associated with the Change of Management Rights, and Countermeasures: No such a condition.



## 7.6.12 Litigation or Non-Litigation Events



Major litigation, non-litigation, or administrative arbitration event which involves the Company and the Company's directors, supervisors, presidents, persons in charge, major shareholders holding more than 10% of the shares and its subsidiaries with judgment confirmed or still in litigation, and its consequence may have material impact on the interests of shareholders or security prices: The cases still in litigation have no material impact on the interests of the Company's shareholders or security prices.






## 7.6.13 Other Important Risks and Countermeasures


The Company's Board of Directors approved the "Risk Management Policy" on September 30, 2020 and established the "Risk Management Group" for the purpose of strengthening the Company's governance and establishing sound risk management practices. the Company regularly evaluates various risks in accordance with its overall operating policies to effectively identify, measure and control risk factors, prevent possible losses within the tolerable risk range, and report annually to the Board of Directors on the implementation of the risk management policy.

Based on the principle of materiality, the Company integrates and manages all potential strategic, operational, financial, and hazard risks that may affect the Company's operations and profits, and identifies potential risks through risk categories, with the aim of providing appropriate risk management for all stakeholders. Based on the three major aspects of environment, society and corporate governance, we propose eight major risk items, including "environmental risk", "climate change risk", "operation and privacy risk", "construction design risk", "raw material risk", "financial risk", "human resources management risk" and "information security risk", and propose risk control and management measures respectively.

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Major Issues	Risk Item	Risk Control and Management Countermeasures
Environment	 Environmental Risk	Facing the changes in the general environment, government policies, price indices, etc., the development process of the company takes considerable amount of time from land acquisition, planning and design to the sales stage, It requires more time cost and in some cases, the development process is lengthy and needs to be reviewed for obsolescence, etc. , confirm whether it has complied with current laws, regulations, policies or market trends, and constantly cross review it over and over again to prevent businesses impacts caused by the environment.
	 Climate Change Risk	As extreme climate aggravates year after year, to confront with the more harsh threats of typhoons and floods than before and avoid making an effect on operating conditions, resulting in financial burdens, or giving rise to other risks, more costs shall be invested in the prevention of natural disasters and floods, the maintenance of post-disaster facilities, and the acquisition of operational capabilities, and shall incorporate the design concept of natural disaster prevention into the Company's construction projects. At present, flood control drills are one of the regular exercises for the internal staff. During the rainy and typhoon season, we recruit relevant staff to operate flood control equipment and observe the drainage condition of the surrounding external ditches and drains, and contact the chief by phone to help dredge the mud during the typhoon season to maintain the smooth drainage of the surrounding areas to avoid unnecessary damage and loss caused by poor drainage of the ditches.

Major Issues	Risk Item	Risk Control and Management Countermeasures
Society	 Operational and Privacy Risks	<p>We strictly set the approval authority for each work item and strictly control the use of confidential information for customers, suppliers or employees' personal information to prevent leakage. The sales content in the pre-sale stage is easy to fall behind the customers' cognition when delivering the houses. The publicity content is also part of the delivery content. Therefore, the fundamental solution is to strictly review the publicity and select and train the sales personnel. For the procurement of building materials for the pre-sale houses, if the manufacturer needs to purchase products of the same grade in case of supply there is any shortage, it shall notify the buyers in writing to avoid disputes.</p>
	 Construction Design Risk	<p>Relevant departments should be familiar with all building regulations and regularly update information; all relevant licenses and inspections have been entrusted to professional architects' offices and professional technicians to effectively face regulatory crisis management.</p>
	 Raw Material Risk	<p>In terms of building materials, Taiwan's steel prices are affected by fluctuations in the international raw material situation. In order to correspond to the market price, we have cultivated mutual trust and tacit cooperation with our suppliers and implemented the supply in accordance with the agreed contract content. It is also for us to spread the risk of market fluctuations, and in order to achieve sustainable management, the raw materials are based on environmentally friendly materials as a consideration.</p> <p>Pay attention to the market changes and industry trends of professional market reporting websites every week, and at the same time, through daily interaction with third-party manufacturers, pay attention to the supply of raw materials or market changes at any time, in order to avoid the risk of raw materials out of stock and sudden price spikes. In addition, due to the comprehensive effects of the new crown pneumonia, the increase in wages and the congestion of international maritime traffic have led to the extension of the shipping period. Therefore, perform the following response :</p> <ul style="list-style-type: none"> <li>● Propose alternatives that can reduce costs, and review them in close consultation with the planning and design department.</li> <li>● In line with the needs of planning, design and business sales, confirm the unit price or negotiate the price before placing the sample.</li> </ul> <p>Seek manufacturers with good quality, reasonable prices, and good cooperation to respond together.</p>
Corporate Governance	 Financial Risk	<p>In response to the revised financial standards of the Stock Exchange, the relevant professional knowledge of accounting personnel is strengthened every year, and accounting supervisors and agents receive 12 hours of certified class hours every year. The board of directors sets up two independent directors to supervise corporate governance behavior from an independent standpoint. Strictly standardize the ethical behavior of the company's management, and strengthen control and audits for information security and internal control to prevent fraud.</p>
Corporate Governance	 Human Resources Management Risk	<p>The fault risk of human resources, personnel health risk, attendance rates and salary positions of employees, whether there are potential labor disputes, department leadership and employee communication, and employee equality issues may all become human resources risks. Hence, the Company uses internal talent training, education and training, and project management as the internal control mechanism of the department, and the heads of various departments actively cultivate succession plans, and use internal organization and professional re-entrustment methods to face various crises.</p>

Major Issues	Risk Item	Risk Control and Management Countermeasures
	 Information Security Risk	<p>In order to improve information security management, the company has established an inter-departmental "Information security team" in 2020. The management team of the General Management Office coordinates and formulates the company's information security management policy and implementation policy. The system reviews and improves the information security system every quarter, tracks and reviews the improvement measures, and regularly reports the implementation to the board of directors to ensure the smooth operation of the Company, the integrity of information and data, and the security of corporate secrets to protect the company's own reputation. Information security management is divided into seven major programs, and the implementation items are as follows :</p> <ul style="list-style-type: none"> <li>● Computer equipment security management</li> <li>● Network security management</li> <li>● Virus protection and management</li> <li>● System access control</li> <li>● Ensure the sustainable operation of the system</li> <li>● System development and maintenance management mechanism</li> </ul> <p>Information security promotion and education and training</p>

## 7.7 Other Important Matters

### Employees Involved in Financial Transparency and the Status of Their Relevant Licenses Specified by the Competent Authority

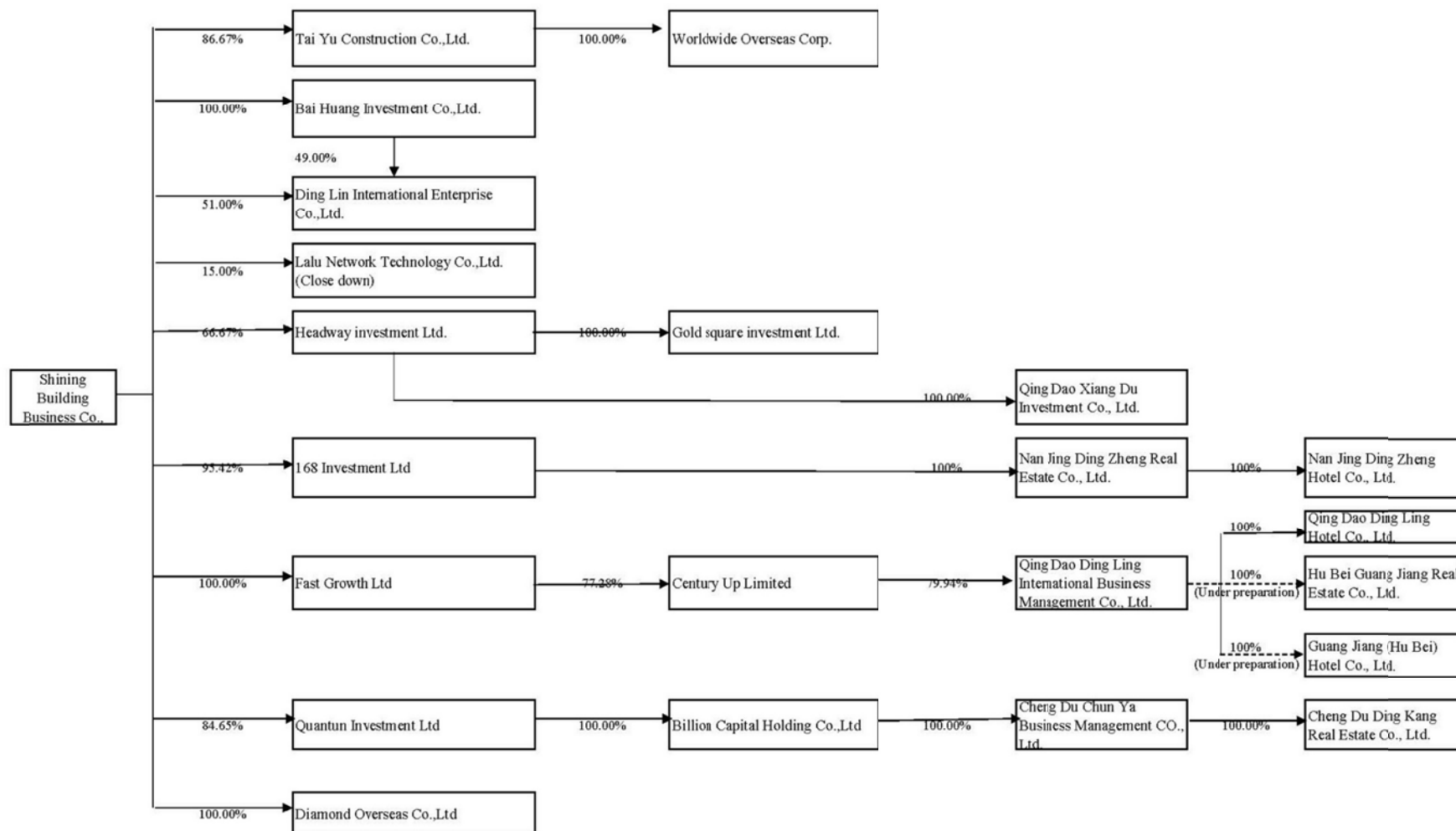
Department	Name	Relevant Studies and Licenses
Accounting Department	Liao, Pei-Chi	Professional Certification of Financial and Accounting Supervisors of Public Company

## VIII. SPECIAL DISCLOSURE

### 8.1 Information on Affiliated Companies

#### 8.1.1 Overview of Affiliated Companies

##### 8.1.1.1 Chart of Affiliated Companies



## 8.1.1.2 Basic Information of Affiliated Company

December 31, 2021 Unit: In Thousands				
Name of Affiliated Company	Date of Incorporation	Address	Paid-In Capital (NT\$)	Business Activities
Tai Yu Construction Co., Ltd.	October 1990	2nd Floor, No. 408, Section 2, Taiwan Boulevard, Taichung City	110,000	Mainly Engaged in Construction and Civil Engineering Businesses
Bai Huang Investment Co., Ltd.	January 2008	2nd Floor, No. 408, Section 2, Taiwan Boulevard, Taichung City	9,000	Engaged in Investment Services
Ding Lin International Enterprise Co., Ltd.	February 2008	2nd Floor, No. 408, Section 2, Taiwan Boulevard, Taichung City	500	Housing and Building Development and Rental Businesses
Headway Investment Ltd.	August 2007	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	399,638	Engaged in Investment Services
Gold Square Investment Ltd.	August 2007	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	-	Engaged in Investment Services
Fast Growth Ltd	April 2012	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	2,849,489	Engaged in Investment Services
168 Investment Ltd.	September 2011	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	6,035,311	Engaged in Investment Services
Quantum Investment Ltd	110/4	Maystar Chambers,P.O.Box 3269,Apia,Samoa	1,799,489	Engaged in Investment Services
Billion Capital Holding Co., Ltd.	November 2011	TMF Chambers, P.O. Box 3269, Apia, Samoa	1,799,489	Engaged in Investment Services
Diamond Overseas Co., Ltd	December 2011	TMF Chambers, P.O. Box 3269, Apia, Samoa	10,661	Engaged in Investment Services

Name of Affiliated Company	Date of Incorporation	Address	Paid-In Capital (NT\$)	Business Activities
Worldwide Overseas Corp.	January 2013	TMF Chambers, P.O. Box 3269, Apia, Samoa	28	Engineering Consulting
Century Up Limited	December 2007	Rm.1611, 16/F., Wealth Commercial Centre, 42-56 Kwong Wa St., Mong Kok, Kowloon, Hong Kong	863,075	Engaged in Investment Services
Qing Dao Ding Lin Business Management Co., Ltd.	September 2009	No. 277, Jiu Long Shan Road, Huang Dao District, Qing Dao City, Shandong Province	1,036,871	Business Management Services, Catering Production and Sales, Accommodation Services, Wholesale and Retail, Exhibition Services, and House Leasing, etc.
Qing Dao Ding Lin Hotel Co., Ltd.	November 2015	Building 41, No. 277, Jiu Long Shan Road, Huang Dao District, Qing Dao City, Shandong Province	43,190	Hospitality Operations Management
Nan Jing Ding Zheng Real Estate Co., Ltd.	January 2012	Building 2, No. 208, Yang Z Jiang Boulevard, Jian Ye District, Nanjing City	3,370,611	Engaged in Hotel Construction and Real Estate Development
Nan Jing Ding Zheng Hotel Co., Ltd.		Building 2, No. 208, Yang Z Jiang Boulevard, Jian Ye District, Nanjing City	518,280	Hospitality Operations Management
Chengdu Chunya	December 2020	No. 450, 4th Floor, Building 5, No. 118,	1,381,500	Business Management

Name of Affiliated Company	Date of Incorporation	Address	Paid-In Capital (NT\$)	Business Activities
Business Management Co., Ltd.		Weijiayan 1st Road, Jinniu District, Chengdu City, Sichuan Province		Services
Cheng Du Ding Kang Real Estate Co., Ltd.	July 2013	No. 8, Feng Tai Road, Jin Niu District, Cheng Du City, Sichuan Province	1,319,714	Engaged in Hotel Construction and Real Estate Development
Qing Dao Xiang Du Investment Co., Ltd.	December 2014	No. 277, Jiu Long Shan Road, Huang Dao District, Qing Dao City, Shandong Province	276,300	Construction and Business Management of Real Estate and Using Self-Owned Funds and Private Funds to Engage in Equity Investment, Investment Management, and Asset Management

8.1.1.3 The Same Shareholder Information of Those Companies Presumed to Have a Relationship of Control or Subordination: Nil

8.1.1.4 The Industries Covered by the Businesses of Overall Affiliated Companies: Construction Industry, Investment Services, Housing and Building Development and Rental, Hotel Construction, Hospitality Operation, Real Estate Development, Investment Management, and Asset Management, etc.

## 8.1.1.5 Names of Directors, Supervisors and Presidents of Affiliated Companies

April 27, 2022

Company	Title	Name or Representative	Shareholding (Shares)	Shareholding Ratio (%)
Shining Building Business Co., Ltd.	Chairman	Ding Lin Investment & Development Co., Ltd. — Lai, Cheng-I	96,008,678	9.82%
	Director	Ding Zheng Investment Co., Ltd.	94,131,799	9.63%
	Director	Zheng Kee Investment Co., Ltd.	42,824,268	4.38%
	Director	Yi Yang Investment Co., Ltd.	18,695,522	1.91%
	Independent Director	Chiu, Wen-Jui	12,426	0.00%
	Independent Director	Huang, Jian-Ji	-	-
	Independent Director	Yang, Chih-Chung	-	-
Tai Yu Construction Co., Ltd.	Chairman	Shining Building Business Co., Ltd. — Hung, Sheng Yi	9,533,334	86.67%
	Director	Shining Building Business Co., Ltd. — Lai, Cheng-I	-	-
	Director	Ding Lin Investment & Development Co., Ltd. — Chen, Shu Fen	110,000	1.00%
	Supervisor	Ding Zheng Investment Co., Ltd. — Lin, Ching-Feng	110,000	1.00%
Bai Huang Investment Co., Ltd.	Person In Charge	Shining Building Business Co., Ltd. — Lai, Cheng-I	-	100%
Ding Lin International Enterprise Co., Ltd.	Chairman	Shining Building Business Co., Ltd. — Lai, Cheng-I	25,500	51.00%
	Director	Shining Building Business Co., Ltd. — Hung, Sheng Yi	-	-
	Director	Shining Building Business Co., Ltd. — Chang, Ying-Yin	-	-
	Supervisor	Bai Huang Investment Co., Ltd. — Lin, Ching-Feng	24,500	49.00%



Company	Title	Name or Representative	Shareholding (Shares)	Shareholding Ratio (%)
Headway Investment Ltd.	Person In Charge	Shining Building Business Co., Ltd. — Liao, Pei-Chi	9,642,586	66.67%
Gold Square Investment Ltd.	Person In Charge	Headway Investment Ltd. — Liao, Pei-Chi	1	100.00%
FAST GROWTH Ltd.	Person In Charge	Shining Building Business Co., Ltd. — Lin, Ching-Feng	99,587,196	100.00%
168 Investment Ltd.	Person In Charge	Shining Building Business Co., Ltd. — Lian, Zhen-Dong	208,484,278	92.78%
Quantun Investment Ltd	Person In Charge	Shining Building Business Co., Ltd. — Chang, Ying-Yin	55,128,095	84.65%
Billion Capital Holding Co., Ltd.	Person In Charge	Quantum Investment Ltd. — Chang, Ying-Yin	95,128,095	100.00%
Diamond Overseas Co., Ltd.	Person In Charge	Shining Building Business Co., Ltd. — Lin, Ching-Feng	385,835	100.00%
Worldwide Overseas Corp.	Person In Charge	Tai Yu Construction Co., Ltd. — Hung, Sheng Yi	1,000	100.00%
Century Up Limited	Person In Charge	Wang, Zhi-Jie	39,125	0.02%
Qing Dao Ding Lin International Business Management Co., Ltd.	Chairman	Century Up Limited — Lin, Xian-Zhe	-	79.94%
	Director	Century Up Limited — Wang, Zhi-Jie	-	
	Director	Kun Shan Mei Fa Real Estate Development Co., Ltd. — Lian, Zhen-Dong	-	20.06%
	Supervisor	Century Up Limited — Liao, Pei-Chi	-	
Qing Dao Ding Lin Hotel Co., Ltd.	Chairman	Qing Dao Ding Lin Real Estate Co., Ltd. — Lin, Xian-Zhe	-	100.00%
	Supervisor	Qing Dao Ding Lin Real Estate Co., Ltd. — Liao, Pei-Chi	-	

Company	Title	Name or Representative	Shareholding (Shares)	Shareholding Ratio (%)
Nan Jing Ding Zheng Real Estate Co., Ltd.	Chairman	168 Investment Ltd. — Chang, Xiu-Quan	-	100.00%
	Director	168 Investment Ltd. — Chang, Ying-Yin	-	
	Director	168 Investment Ltd. — Lin, Ching-Feng	-	
	Supervisor	168 Investment Ltd. — Liao, Pei-Chi	-	
Nan Jing Ding Zheng Hotel Co., Ltd.	Executive Director	Nan Jing Ding Zheng Real Estate Co., Ltd. — Chang, Xiu-Quan	-	100.00%
	Supervisor	Nan Jing Ding Zheng Real Estate Co., Ltd. — Liao, Pei-Chi	-	
Chengdu Chunya Enterprise Management Co., Ltd.	Chairman	Billion Capital Holding Co. ,	-	100%
	Director	Ltd-Shieh Shang-tan	-	
	Director	Billion Capital Holding Co. ,	-	
	Director	Ltd-Chang Ying-yin	-	
		Billion Capital Holding Co. ,		
		Ltd-Lin Ching-feng		
Cheng Du Ding Kang Real Estate Co., Ltd.	Chairman	Chengdu Chunya Enterprise Management Co.	-	100.00%
	Director	Jiaxing Yuet Wing Corporate Management Partnership - Sun Bing	-	
	Director	Jiaxing Yuet Wing Enterprise Management Partnership - Jin Youcheng	-	
	Supervisor	Jiaxing Yuet Wing Enterprise Management Partnership - Dujuan	-	
Qing Dao Xiang Du Real Estate Co., Ltd.	Chairman	Headway Investment Ltd. — Lin, Xian-Zhe	-	100.00%

Company	Title	Name or Representative	Shareholding (Shares)	Shareholding Ratio (%)
	Director	Headway Investment Ltd. — Liao, Pei-Chi	-	
	Director	Headway Investment Ltd. — Chong Yuan Chen	-	
	Supervisor	Headway Investment Ltd. — Chang, Ying-Yin	-	

### 8.1.1.6 Operational Highlights of Affiliated Companies

December 31, 2021 Unit: New Taiwan Dollars (In Thousands)

Company	Paid-In Capital	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earnings (Loss) Per Share
Shining Building Business Co., Ltd.	9,775,892	18,663,261	7,926,848	10,736,413	2,259,320	(411,093)	(587,021)	(0.60)
Tai Yu Construction Co., Ltd.	110,000	613,051	520,961	92,090	942,253	(12,130)	(15,806)	(1.44)
Bai Huang Investment Co., Ltd.	9,000	1,018	-	1,018	-	2	2	N/A
Ding Lin International Enterprise Co., Ltd.	500	772	-	772	-	(2)	(2)	(0.03)
Worldwide Overseas Corp.	28	2,063	2,172	(157)	-	(19)	(26)	(0.93)
Headway Investment Ltd.	399,638	422,964	17,015	405,949	-	(30)	6,731	0.02
Gold Square investment Ltd.	0	637	-	637	-	(18)	(18)	N/A
Fast Growth Ltd.	2,849,489	2,474,892	215,786	2,259,106	-	(30)	(183,740)	(0.06)
168 INVESTMENT Ltd.	6,035,311	6,120,796	200,131	5,920,665	-	(69)	(432,750)	(0.07)
Quantum Investment Ltd	1,799,489	1,432,376	44	1,432,332	-	(45)	(28,744)	(0.02)
Billion Capital Holding Co., Ltd.	1,799,489	1,490,143	57,767	1,432,376	-	(96)	(28,699)	(0.02)
Diamond Overseas Co., Ltd.	10,661	406	-	406	-	(25)	(13)	(0.00)
Century Up Limited	863,075	345,981	192,372	153,609	-	(147)	(348,335)	(0.40)
Qing Dao Ding Lin International Business Management Co., Ltd.	1,036,871	8,086	7,660,796	425,468	5,411,844	(8,432,565)	(430,449)	N/A
Qing Dao Ding Lin Hotel Co., Ltd.	43,190	333,104	413,992	(80,888)	9,503,786	56,571	24,360	N/A
Qing Dao Xiang Du Investment Co., Ltd.	276,300	257,294	-	257,294	-	(365)	(3)	N/A

Company	Paid-In Capital	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earnings (Loss) Per Share
Nan Jing Ding Zheng Real Estate Co., Ltd.	3,370,611	11,407,180	7,725,537	3,681,643	12,201,155	(1,525,558)	(493,997)	N/A
Nan Jing Ding Zheng Hotel Co., Ltd.	518,280	991,683	560,921	430,762	8,907,895	(1,009,660)	(28,241)	N/A
Cheng Du Chun Ya Business Management CO., Ltd.	1,381,500	1,093,866	8,907	1,084,959	-	(7,296)	(38,923)	N/A
Cheng Du Ding Kang Real Estate Co., Ltd.	1,319,714	7,170,111	6,084,889	1,085,222	-	(822,407)	(38,658)	N/A

### **8.1.2 Consolidated Business Reports of Affiliated Companies: Nil**

### **8.1.3 Relationship Reports of Affiliated Companies: Nil**

### **8.1.4 Consolidated Financial Statements of Affiliated Companies**

#### **DECLARATION**

The entities that are required to be included in the consolidated financial statements of the Company as of and for the year 2021 (from January 1, 2021 to 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

**8.2 The Status of Private Placement of Securities in the Most Recent Year and as of the Date of Publication of the Annual Report: Nil**

**8.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Year and as of the Date of Publication of the Annual Report: Nil**

**8.4 Other Necessary Supplement: Nil**

**8.5 The Significant Impacts on Shareholders' Right or Share Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Act in the Most Recent Year and as of the Date of Publication of the Annual Report: Nil**

**8.6 In Case the Company and its Affiliated Companies have Financial Difficulties in the Most Recent Year and as of the Date of Publication of the Annual Report, the Impact on the Company's Financial Status: Nil**

**Shining Building Business Co., Ltd.**

**Chairman: Lai, Cheng-I**