Stock Code: 5324

Shihlin Development Company Limited

2021 Annual Report

Printed on April 30, 2022

The content of the Annual Report and the Company's related information can be found at the following link of the Market Observation Post System (MOPS): http://mops.twse.com.tw

1. **Name, title, contact number and email of the spokesperson and acting spokesperson:**
   Spokesperson
   Name: Ying-Yen Kuo
   Title: Assistant Manager of Finance and Accounting Department
   Contact number: (02)2834-8392
   Email: jack@sdc.com.tw

   Acting spokesperson
   Name: Tzu-Fan Lin
   Title: Manager of Finance Department
   Contact number: (02)2834-8392
   Email: sammi@sdc.com.tw

2. **Address and contact number of head office, branch and factory:**
   Head office address: 8F., No. 90, Sec. 6, Zhongshan N. Rd., Shihlin Dist., Taipei City
   Head office contact number: (02) 2834-8392

3. **Name, address, website and telephone number of the stock transfer agency:**
   Name: Stock Agency Department, Yuanta Securities
   Address: B1F., No.210, Sec.3, Chengde Rd., Datong Dist., Taipei City
   Website: http:// www.yuanta.com.tw
   Contact number: (02) 2586-5859

4. **Name, firm name, address, website and contact number of the CPAs certifying the most recent annual financial report:**
   CPAs: Tsung-Che Chen, Hsin-Ting Huang
   Firm name: KPMG Taiwan
   Address: 68F., No.7, Sec.5, Xinyi Rd., Xinyi Dist., Taipei City
   Website: http://www.kpmg.com.tw
   Contact number: (02)8101-6666

5. **The name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities:** None.

6. **Company website:** http://www.sldc.com.tw

SHIHLIN DEVELOPMENT COMPANY LIMITED
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One. A Report to the Shareholders

Shihlin Development Company Limited
2021 Business Report

Dear Shareholders,

First of all, I would like to express my gratitude to you all, ladies and gentlemen as our shareholders, for your continuous support during the past year. Our 2021 operating results and 2022 business outlook are as follows:

I. 2021 Operating Results

(I) Business plan implementation results

The operating revenue recognized for 2021 totaled NT$736,271 thousand.

(II) Budget implementation: Unit: NT$ thousand

Item	2021 actual number	2021 forecasted number	Achievement rate %
Operating revenue	736,271	Financial forecasts not published	Not applicable
Operating costs	(595,806)		
Gross profit	140,465		
Operating expenses	(328,570)		
Non-business income (expenditures)	40,351		
Net loss before tax	(147,754)		

(III) Analyses into financial revenues and expenditures and profitability Unit: NT$ thousand

	Year	2021	2020
Financial income and expenditures	Net operating income	736,271	369,550
	Gross profit	140,465	50,305
	Net loss after tax	(151,320)	(61,400)

	Year		2021	2020
Profit ability	Return on assets (%)		(1.63)	(0.82)
	Return on shareholders' equity (%)		(10.52)	(6.19)
	As a percentage of paid-in capital ratio (%)	Operating profit	(8.31)	(21.47)
		Income before tax	(6.53)	(4.64)
	Profit margin (%)		(20.55)	(16.61)
	Earnings per share (NT$)		(0.64)	0.11

(IV) Research and development work

We hold a firm grasp of the real estate market and can carefully evaluate the location of the product, features of the surrounding environment, and the needs of consumers, while developing plans for simple designs that live side by side with the environment. We also choose quality architectural teams and follow all applicable construction laws to plan our buildings, integrating aesthetics and practical functions to provide consumers with long-term housing that is "100% space efficient." In addition, the Company will carry out research associated with urban renewal, commercial real estate, and affordable housing in conjunction with future continuous development.

II. Summary of 2022 business plan

(I) Business policy:

1. The Company launched a pre-construction sale project in 2021 which has been sold up well up to our anticipated goal. On the other hand, nevertheless, the total land required for our construction projects is a bit below our requirements. We shall, therefore, accelerate our pace in acquiring large-scale plots in downtown areas of Taipei City ready for urban renewal development to assure stable business operation of the Company. In Year 2021, we successfully obtained and developed three urban renewal projects and successfully implemented the urban renewal programs.
2. Our strategy for land development will focus on purchasing land in the Greater Taipei area, supplemented by the joint construction of dangerous and old buildings as well as contracting urban renewal projects. At present, although our products are primarily residential buildings, we will keep striving for commercial and factory office projects.
3. We will modify and refine our product positioning targeting framework and continue to monitor environmental changes in demographic structure/family composition/aging/pandemic while developing work methods to prevent the outbreak. Introducing universal designs to create products that meet customer needs.
4. Aiming at the construction industry related products which are characterized by quite prolonged production cycles, we shall try to accelerate acquirement of construction licenses into commencement of the Projects as soon as we acquire the required land.
5. Strict quality and cost control with stringent budget management and a robust audit system to reduce cost and increase return on investment for efficient operations management. Implement operations engineering standardization for operations to thoroughly master engineering quality and strictly control the progress to improve quality and technology.
6. Meet customer needs and strengthen after-sales service, reinforce the service skills of customer service and sales personnel, establish a customer service system, and provide all-inclusive after-sales service and regular maintenance to increase customer satisfaction and trust.
7. Pay attention to updates and research on laws and regulations on par with government guidelines to adopt conservative strategies and ensure the rights and interests of shareholders.
8. Aiming at the Company requirements in long-term working capitals toward acquirement of land into urban renewal developments, the Company successfully completed capital increase through cash injection in total amount of NT$900 million in 2021 and further successfully issued NT$1.2 billion corporate bonds, tremendously upgrading the Company's financial structure to suffice the long-term working capitals for the Company and, in turn, successfully evade the fluctuation of the short-term interest rates.

(II) Projected sales volume and basis:

Project launched for sales

Project name	Location/base area	Description
Lin-Yi-Ruo-Zhuo	Zhongzheng District, approximately 131 *ping* (433 square meters)	The aggregate total sale amount might be approximately NT$670 million, with 50% of which had been sold out during the latent sales period. The entire project was completed and delivered to buyers in 2021. Subsequently as the market status may justify, we shall flexibly adjustment sales strategies.
Jing-An-Shu-Yu	Tianmu, approximately 505 *ping* (1669.4 square meters)	This project has been sold out, with a total sales amount of NT$1.1 billion and is expected to be completed in 2024.

Yang-Ming-Zhi-Yuan	Shipai, approximately 488 *ping* (1613.2 square meters)	This project has been sold out, with a total sales amount of NT$1 billion and is expected to be completed in 2024.
Mei-Hao-Ri-An	Tianmu, approximately 173 *ping* (571.9 square meters)	This project has been sold out, with a total sales amount of NT$0.3 billion and is expected to be completed in 2024.
Cheng-Xin-Yao-Yao	Datong District, approximately 1,009 *ping* (3335.5 square meters)	The aggregate total sales might be approximately NT$4.8 billion. In 2021 through open sales to public, we already accomplished 50% of the total target. Subsequently we shall flexibly adjust the sales strategies as the market status may justify. The entire Project is scheduled to be completed and delivered to buyers by 2026.

Looking into 2022, we will continue to sell the projects as mentioned above, as well as proactively promoting urban renewal projects in Bihu Section in Neihu District, Anhe Road and Rui'an Street in Da'an District, as well as prime locations in Taipei City and New Taipei City.

(III) Production and sales policies:

1. Production strategy-
   (1) Seek locations and products with good development prospects, convenient transportation links and strong value-added potential to gradually expand land development outside Taipei City and New Taipei City.
   (2) There are currently only a small number of commercial/factory office projects. However, we will be able to increase their proportion to meet market demand and increase profitability when suitable opportunities arise.
   (3) Meticulously plan and design acquired land based on regional characteristics and consumer needs.
   (4) Carefully select building materials and prioritize quality to improve living functions, increasing the added value of our products.
   (5) Continue to manage "Urban renewal, dangerous and old buildings" projects in prime locations in the city on par with the government's incentives for urban renewal and the Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings, to maintain stable projects in prime locations.

2. Sales strategy-
   (1) We carry out pre and off-plan sales, capturing homeownership and self-occupied customers to ensure the stability of the Company's revenue and profitability.
   (2) Our pre-sales projects aim at high price local regions; however, actual sales will be carried out at an appropriate price in accordance with current conditions to emphasize profitability and capital turnover while reducing inventory.
   (3) Inventory after sales of pre-sales projects will be sold while the project is being built so as to ensure better profit when future market prices recover.

(IV)Future development strategy, and the effect of external competition, the legal environment, and the overall business environment:

Looking back over Year 2021 in terms of real property markets, we noticed Taiwanese entrepreneurs returning to Taiwan to build factories amidst abundant working capital the entire world. The trend of low interest rates would remain unchanged within a foreseeable future. The prices of raw materials & materiel rise quite sharply, coupled with the coronavirus pandemic (COVID-19) hit, the migrant laborers are hardly available. Amidst the worldwide wafer shortage, Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC) puts forth maximum possible efforts to expand plants and strive for workers. As a result, the housing prices in entire Taiwan continually rise to new highs, in particular in Tainan and Kaohsiung where the housing prices have risen even more than double.

Looking forward to the upcoming year, we are prudentially optimistic toward future. Amidst the financial policy control (notably restrictions upon third personnel household loans, corporate loans and real estate loans), taxation systems (housing & land integration tax, housing speculator tax and other law amendments), pressure upon interest rate hike, trends in economic growth, rising construction costs and the like which are untowardly affecting real estate industry. Moreover, amidst the demographic changes along with social transition (notably low birthrates, old aging and such factors) which tend to make the housing market focus back to the fundamentals. Accordingly, those small-scale housing units in downtown regions backed up with transportation construction programs, enriched functions for daily rounds along with friendly old communities are more promising to live up to our needs.

As Greater Taipei is a comprehensive center that gathers Taiwan's political, cultural, economic, and medical communities, it is an area that would be difficult replace. The Company will proactively consider Taipei City and New Taipei City as the first choice for buying land and launching projects. Due to the fact that it is not easy to acquire land in Taipei City and New Taipei City, we will also take into account other quality redevelopment zones equipped with convenient transportation links and development projects in the distribution areas of related major construction.

Although external changes are unpredictable, we intend to use products that are on par with brand ideals and architectural concepts to continue to strictly control costs and expenses. By committing to the enhancement of the added value of our products, we can focus more on the creation of the community as a whole, increasing our competitive advantage in the market. We uphold a sustainable management philosophy and aim to maximize the interests of shareholders and employees, while proactively investing in multiple businesses to pursue operational growth and profitability.

Thank you for your long-standing support and encouragement, we will continue to make every effort to create value for the Company and share the operating results with you.

Yours Sincerely, Chairman Hsu Yu-Shan

Two. Company Description

I. Date of establishment: January 23, 1984.

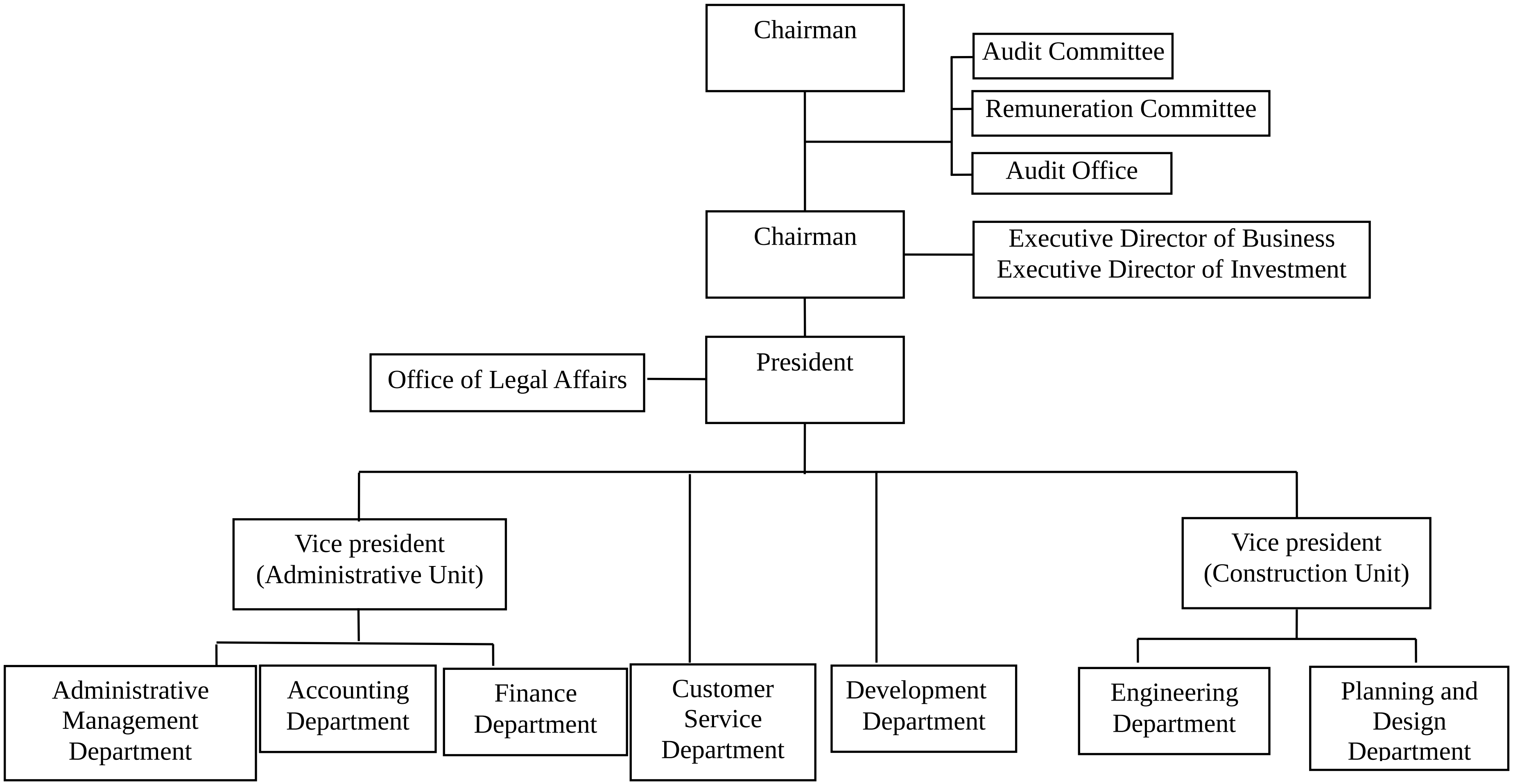
II. Company History:

Year	Important Notes
1984/01	Official establishment of the Company. In October of the same year, Hsinchu Factory I was completed and put into use.
1992/10	The Securities Commission of Ministry of Finance approved the public trading of the Company's shares
1996/11	Listing of shares was approved.
2000/03	Capital was increased by NT$153,000 thousand in cash, reaching NT$1,000,000 thousand.
2007/08	First private placement of unsecured convertible bonds for NT$12,000 thousand.
2007/11	First private placement of 80 million common shares, with the capital reaching NT$1,978,535 thousand. The Company changed and registered its name and relocated to 8F., No.90, Sec.6, Zhongshan N. Rd., Taipei City
2007/12	The capital was reduced by NT$700,000 thousand, while issuing second private placement of 65 million common shares, with the capital reaching NT$1,928,535 thousand.
2008/02	The land and buildings of Hsinchu Hukou factory were disposed of and factory registration cancelled. Land for new business ventures was purchased.
2008/04	Invested in 74% of Shihlin Development Company Limited.
2008/04	Officially listed and changed the company name to "De-Feng Innovation International Co., Ltd." on April 3.
2008/08	The capital was reduced by NT$1,620,000 thousand, while issuing private placement of 16,666,500 common shares, with the capital reaching NT$475,200 thousand.
2008/11	Invested in 26% of Shihlin Development Company Limited.
2010/03	Issuance of private placement of 17,000,000 preferred shares A by capital increase from conversion of preferred shares with Shihlin Development, with the capital reaching NT$645,200 thousand.
2010/09	Officially listed and changed the company name to "Shihlin Development Company Limited" on September 17.
2010/12	In 2005, NT$10 million of corporate bonds privately placed was converted into private placement of 1,440,921 shares, with the capital reaching NT$659,609 thousand.
2012/9	In 2012, earnings were transferred to increase capital by issuing 14,688,287 shares of common stock, with the capital reaching NT$806,492 thousand.
2013/10	In 2013, earnings were transferred to increase capital by issuing 12,729,848 shares of common stock, with the capital reaching NT$933,790 thousand.
2014/07	In 2014, the Company issued NT$600 million of secured corporate bonds to pay for construction work.
2015/12	In 2015, capital was increased by NT$300,000 thousand in cash, with the capital reaching NT$1,233,790 thousand.
2016/01	In 2016, capital was decreased by NT$170,000 thousand in preferred shares, with the capital reaching NT$1,063,790 thousand.
2019/07	In 2019, the Company issued NT$600 million of secured corporate bonds to repay the 2014-ordinary bonds.
2020/02	In 2019, capital was increased by NT$300,000 thousand in cash, reaching NT$1,363,790 thousand.
2020/11	In 2020, the Company issued NT1 billion of 2020-ordinary bonds to repay bank loans.
2021/07	In 2021, capital was increased by NT$900,000 thousand in cash, reaching NT$2,263,790 thousand.
2022/01	In 2022, the Company issued NT$1.2 billion of 2021-ordinary bonds to repay bank loans.

Three. Corporate Governance Report

I. Organizational system:

(I) Organizational structure



(II) Tasks of principal departments

Department	Business
Chairman Office	Assists upper management in managing company operations.
President Office	Develop, promote, follow up and analyze the Company's business vision, annual business plan, annual targets and business policies; research the company's medium and long-term business operation and direction of development; formulate the establishment, review, and adjustment of the internal operation model (including operation flows and organizational structure) Manage and direct business execution of each department of the company; formulate and promote the company's important policies and strategic project plans; conduct the feasibility analysis on new business investments
Audit Office	Plan and make additions and amendments to internal control and internal audit systems, self-assessments, and audit implementation operations.
Administrative Management Department	Plan and conduct human resources-related operations and systems of regulations; plan and conduct meeting operations (of the remuneration committee meeting and labor-management meeting) and annual income consolidated declaration; conduct education and training, administration and general affairs, office asset management, documentation, and computer system security maintenance and management
Finance Department	Conduct financial analysis, bank funds (including subsidiaries') management, cashier activities, (short- and long-term) investments prior analysis and suggestion and tracking management, supervision of subsidiaries (matters other than those of which the Audit Office and the Accounting Department in charge), stock affairs -related business execution (including corporate bonds, cash capital increase, preparation of annual reports), operations of the related business of the board of directors, audit committee and shareholders' meeting, material information reporting and publishing, juristic-person investors relationship management, and change in company business registration
Accounting Department	Prepare annual budget and construction budget as well as accounting treatment; collect and prepare individual and consolidated financial reports; perform tax affairs, establish accounting systems, conduct investment analysis on construction projects, evaluate investment profit and loss, conduct supervision of subsidiaries (such as regularly obtaining the monthly management report of the subsidiaries for analysis and review according to the law, arrangement and delivery of financial and business information, or hiring a CPA to carry out an audit or review of financial reports, etc. in accordance with the matters and time limit required for publishing and reporting by the laws and regulations), plan and conduct cost analysis, business declaration, and other relevant business, and assist subsidiary related business
Customer Service Department	Plan and conduct operations associated with construction project sales, signing and delivery, after-sales services, and handling of customer complaints
Development Department	Conduct market investigation and research, analysis and evaluation of land planning, property rights investigation and contract signing, payments, transfer of ownership, and tax-paying process for real estate transactions, procurement through a tendering process, and joint construction; plan and conduct real estate development, management and investment, urban renewal and other relevant businesses, and assist sales activities
Engineering Department	Plan and execute engineering matters and construction supervision, control, of project budget and progress, construction quality supervision and inspection, construction maintenance, construction safety and tracking and management of use permit Plan and execute electrical and mechanical planning and construction management operations Plan and execute construction procurement and contracting signing, bargaining on changed projects, design drawing review, and vendor assessment
Planning and Design Department	Plan and execute architectural design and construction permit application, review of building laws and regulations and drawing review, construction material recommendation, project budget compilation.
Office of Legal Affairs	Review external letters and contracts, execute matters related to lawsuits, and provide legal advice

II. Information on the company's directors, president, vice president, assistant managers, and managers of all departments and branch units:

(I) Information on Directors:

April 30, 2022

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Date on which current position was assumed	Term of contract	Commencement date of the first term (Note 3)	Shares held at the time of election		Current number of shares held		Current shares held by spouse, minor children		Shares held in the name of others		Principal work experience and academic qualifications (Note 4)	Position(s) held concurrently in the company and/or in any other company	Other managers, directors or supervisors who are spouses or second-degree relatives			Remarks (Note 5)
							Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relationship	
Chairman	Taiwan	Shunlin Investment Co., Ltd.	Male 61-70	2019/6/18	3 years	2007/10/29	238,263	0.22%	1,946,184	0.86%	0	0	0	0	Graduated from Department of Cooperative Economics, National Chung Hsing University Chairman, Shihlin Development	Chairman of Good One Company Limited, Yao ze Limited, Huide Development Company Limited; director of Shunlin Investment Co., Ltd., Prospect Hospitality Co., Ltd., Qun Xin Properties Co., Ltd., Deyu Co., Ltd.	None	None	None	None
		Representative: Hsu, Yu-Shan					0	0	0	0	4,600,182	2.03%	0	0						
Director	Taiwan	Li, Chang-Lin	Male 51-60	2019/6/18	3 years	2008/06/18	132,036	0.12%	260,250	0.11%	0	0	0	0	Graduated from Department of Economics, Boston University, USA Director, Shihlin Development	Chairman of Qun Xin Properties Co., Ltd., Prospect Hospitality Co., Ltd., Chuan Sheng Investment Co., Ltd., Chih-Chieh Co., Ltd., Deyu Co., Ltd.; director of the Ambassador Hotel Co., Ltd., SURV Planning And Development Co., Ltd., HCT Logistics Co., Ltd., Taiwan Creative Industry Development Co., Ltd.	None	None	None	None
Director	Taiwan	Xiemei Industrial Co., Ltd.	Male 61-70	2019/6/18	3 years	2013/06/13	6,529,951	6.14%	9,977,374	4.41%	0	0	0	0	Graduated from Department of Economics, San Francisco State University, USA Director, Shihlin Development	Chairman and president of Zhonghe Construction Co., Ltd, Chung Ho Spinning Co., Ltd; chairman of Changxie Investment Co., Ltd., Changxin Investment Co., Ltd., Xiemei Industrial Co., Ltd., Jinshan Food Industry Co., Ltd., Taiwan Malt Ind. Co., Ltd.; chairman of Hongqian Construction Co., Ltd.; director of Prospect Hospitality Co., Ltd., Deyu Co., Ltd., Ve Wong Corporation, Taian Insurance Co., Ltd.	None	None	None	None
		Representative: Yeh, Chi-Chao					0	0	0	0	0	0	0	0						
Director	Taiwan	Ambassador Investment Corp. Ltd.	Male 51-60	2019/6/18	3 years	2019/06/18	5,781,850	5.44%	5,781,850	2.55%	0	0	0	0	Graduated from Graduate Institute of Finance, Fu Jen Catholic University	Senior Director, Shihlin Electric Co., Ltd. Senior Assistant Manager, HCT Logistics Co., Ltd. Director, Qun Xin Properties Co., Ltd.	None	None	None	None
		Representative: Li, Ying-Chu					0	0	0	0	0	0	0	0						
Independent Director	Taiwan	Wang, Chia-Kun	Male 61-70	2019/6/18	3 years	2016/06/15	0	0	0	0	0	0	0	0	Master of Business Administration, National University, San Diego, USA	Director, Phihong Technology Co., Ltd. Member of the Audit Committee, Shihlin Development	None	None	None	None
Independent Director	Taiwan	Kuo, Chia-Wen	Female 61-70	2019/6/18	3 years	2016/06/15	0	0	0	0	0	0	0	0	Graduate Institute of Law, National Taiwan University	Legal Affairs Manager, Li Hsin Attorney-at-Law office Member of the Audit Committee, Shihlin Development	None	None	None	None

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Date on which current position was assumed	Term of contract	Commencement date of the first term (Note 3)	Shares held at the time of election		Current number of shares held		Current shares held by spouse, minor children		Shares held in the name of others		Principal work experience and academic qualifications (Note 4)	Position(s) held concurrently in the company and/or in any other company	Other managers, directors or supervisors who are spouses or second-degree relatives			Remarks (Note 5)
							Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relationship	
Independent Director	Taiwan	Shen, Ching-Mao	Male 71-80	2019/6/18	3 years	2019/06/18	0	0	0	0	0	0	0	0	Doctor of Business, Takushoku University	Member of the Audit Committee, Shihlin Development	None	None	None	None

Note 1: An institutional shareholder should list their name and the representative's name (for an institutional shareholder's representative, the name of the institutional shareholder should be stated) and fill in Table 1 below:

Note 2: Please provide the actual age, or it may be repressed as a range of age, such as aged 41~50, or aged 51~60.

Note 3: Please fill in the time of assuming the role of Company director or supervisor. If there is any interruption of service, please indicate.

Note 4: Experience related to the current position. If the person has worked for the Company's CPA firm or affiliates in the aforementioned period, please specify the tile of the position and the duties performed.

Note 5: Relevant information on the matter that where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. additional seats of Independent Directors, and that no more than half of the seats of directors are serving concurrently as an employee or a manager, or other ways).

(II) Major shareholders of institutional shareholders:

April 30, 2022

Name of institutional shareholder (Note 1)	Major shareholders of institutional shareholders(Note 2)
Shunlin Investment Co., Ltd.	Hsu, Yu-Shan (39.16%), Hsu, Mei-Kuei (0.35%), Hsu, Shen-Wei (0.14%), Hsu, Chien-Chen (30.18%), Hsu, Chiang (15.05%), Hsu, Wen-Wei (15.05%), Lin, Jin-Wei (0.07%)
Xiemei Industrial Co., Ltd.	Yeh, Ying-Mei (16.28%), Yeh, Chi-Chao (15.47%), Yeh, Ying-Hsia (12.42%), Chen, Tsang-Ku (10.88%), Yeh, Yuan-Chu (9.1%), Tseng, Shu-Yun (6.35%), Changxin Investment (6.25%), Yeh, Ying-Chiu (5.8%), Lai, Jung-Nien (3.25%), Yeh, Chien-Fang (2.55%)
Ambassador Investment Corp. Ltd.	Ambassador Hotel Co., Ltd. (99.99%), Hsu Chin-Te Memorial Foundation (0.01%)

Note 1: For directors and supervisors acting as the representatives of institutional shareholders, the names of the institutional shareholders shall be filled in.

Note 2: Please fill in the names of the major shareholders of institutional shareholders (top 10 in shareholding percentage) and the holding percentage of each. If any of the major shareholders is a legal entity, the following Table 2 shall be filled in.

Note 3: If an institutional shareholder is not a corporate organization, the name of the shareholder and shareholding percentage disclosed in the preceding paragraph shall be the name of the contributor or donor (referring to the announcements by the Judicial Yuan) and their contribution or donation ratio; if the donor passed away, a note indicating "deceased" shall be added.

(III) Major shareholders of the institutional shareholders whose major shareholders are legal entities:

April 30, 2022

Name of legal entity (Note 1)	Major shareholders of legal entity (Note 2)
Ambassador Hotel Co., Ltd.	Shihlin Electric Co., Ltd. (18.24%), HCT Logistics Co., Ltd. (7.67%), Dehong Investment Co., Ltd. (7.19%), Xinhe Investment Co., Ltd. (6.46%), Jindesheng Co., Ltd. (5.59%), Yuyoung Investment Co., Ltd., (5.38%), Shin Kong Life Insurance Co., Ltd. (4.01%), Agent Investment Account for Citibank as custodian of Firstrade Securities (Hong Kong) (3.59%), Changhong Investment Co., Ltd. (3.23%), Fubon Life Insurance Co., Ltd. (1.84%)
Changxin Investment Co., Ltd.	Yeh, Hsun-Wan (30.4%), Yeh, Hsun-Yang (16%), Tseng, Shu-Yun (10%), Yeh, Yuan-Chu (10%), Yeh, Chi-Chao (8%), Xiemei Industrial Co., Ltd. (8%), Yeh, Ying-Hsia (6%), Yeh, Ying-Chin (5.6%), Yeh Chien-Fang (2%)

Note 1: If the principal shareholders in Table 1 above is a legal entity, the name of the legal entity shall be filled in.

Note 2: Please fill in the names of the principal shareholders of the legal entity (top 10 in shareholding) and the shareholding ratio.

Note 3: If an institutional shareholder is not a corporate organization, the name of the shareholder and shareholding percentage disclosed in the preceding paragraph shall be the name of the contributor or donor (referring to the announcements by the Judicial Yuan) and their contribution or donation ratio; if the donor passed away, a note indicating "deceased" shall be added.

(IV) (1) Disclosure of information on the professional qualifications of directors and the independence of independent directors:

Requirement / Name	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Number of other public companies' independent directors concurrently serve as an independent director
Chairman Shunlin Investment Co., Ltd. Representative: Hsu, Yu-Shan	Director Hsu graduated from the Department of Cooperative Economics of National Chung Hsing University, with more than five years of work experience required for business, finance, and corporate business. He has devoted himself to construction industry related fields for many years, and has professional leadership, operations management, and strategic planning capabilities. In recent years, Director Hsu has led the company to acquire multiple urban renewal projects, setting a new milestone for sustainable development.	Not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	None
Director Li, Chang-Lin	Director Li graduated from the Department of Economics of Boston University, USA., with more than five years of work experience required for business, finance, and corporate business, and has an international perspective, global and professional market competition judgement and innovation leadership capabilities.	Not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	None
Director Xiemei Industrial Co., Ltd. Representative: Yeh, Chi-Chao	Director Yeh graduated from the Department of Economics, San Francisco State University, USA, with more than five years of work experience required for business, finance, and corporate business. He has devoted himself to construction industry related fields for many years and has extensive experience and expertise.	Not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	None
Director Ambassador Investment Corp. Ltd. Representative: Li, Ying-Chu	Director Li graduated from Institute of Finance of Fu Jen Catholic University, with more than five years of work experience required for business, finance, and corporate business. He works as a senior director of Shihlin Electric and a senior assistant managers of HCT Logistics, and specializes in corporate finance and accounting affairs, with extensive experience and expertise.	Not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	None
Independent Director Wang, Chia-Kun	Director Wang graduated with a MBA degree from San Diego State University, USA and is a convener of the Company's Audit Committee and a member of the Remuneration Committee, with more than five years of work experience required for business, finance, and corporate business. He has served as chairman of the construction industry, managerial officer at bank, and chief financial officer of a semiconductor company and specializes in business operations, financial planning, providing professional and comprehensive advice to the company.	All independent directors meet the following conditions: 1. Meeting the relevant requirements set forth under Article 369-1 of the Company Act and the "Regulations	None

<table>
<tr><td>Independent Director
Kuo, Chia-Wen</td><td>Director Kuo graduated with a master’s degree from Graduate Institute of Law of National Taiwan University, and is a member of the Company's Audit Committee and Remuneration Committee, with more than five years of work experience required for business, finance, and corporate business. He specializes in financial and legal fields, providing the company with legal professional consultation, and has extensive experience and expertise.</td><td rowspan="2">Governing Appointment of Independent Directors and Compliance Matters for Public Companies” (Note 2).
2. That the person (or the person under others’ names), the person’s spouse and minor children do not hold any shares of the company.
3. No amount of compensation has been received for providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the past 2 years.</td><td>None</td></tr>
<tr><td>Independent Director
Shen, Ching-Mao</td><td>Director Shen graduated with a PhD in Business Studies at Takushoku University, Japan, and is a member of the Company's Audit Committee and Remuneration Committee, with more than five years of work experience required for business, finance, and corporate business. He had served as a full-time professor in the College of Business and Management at Tamkang University, and specializes in business operations and market strategy analysis, with extensive experience and expertise.</td><td>None</td></tr>
</table>

(2) Diversity and independence of the board of directors:

1. Diversity of the board of directors:

According to the Company’s “Corporate Governance Practice Principles”, the composition of the board members shall take into account diversity. The Company shall formulate an appropriate diversity policy based on its operation, operational type, and development needs. All members of the board shall have the knowledge, skills, and qualities necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct management administration. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make policy decisions.

The specific goals and achievements of the board of directors of the Company are as follows:

Management objective	Status of achievement
The number of independent directors is not less than three and not less than 1/5 of the total number of directors as the objective.	Currently, there are three independent directors out of the seven directors, and the management objective has been achieved.
Gender equality in appointments of board members	Currently, there is one female director among the seven directors, and the management objective has been achieved.
Professional knowledge and skills	The board of directors of the Company is

	composed of 7 directors, including 3 independent directors, with professional knowledge in legal, financial, accounting, business and other fields, which has achieved the management objective.

The status of implementation of the diversity of board members is as follows:

Title	Name	Gender	Age			Years of service of independent directors			Diversified core abilities						
			Aged 51-60	Aged 61-70	Aged 71-80	Under 3 years	3-9 years	Over 9 years	Operations management	Leadership and decision-making	Industry knowledge	Commerce	Finance & accounting	Legal expertise	Risk management
Chairman	Shunlin Investment Co., Ltd. Representative: Hsu Yu-Shan	Male		V					V	V	V	V	V		V
Director	Li, Chang-Lin	Male	V						V	V	V	V	V		V
Director	Xiemei Industrial Co., Ltd. Representative: Yeh, Chi-Chao	Male		V					V	V	V	V	V		V
Director	Ambassador Investment Corp. Ltd. Representative: Li, Ying-Chu	Male	V						V	V	V	V	V		V
Independent Director	Wang, Chia-Kun	Male		V			V		V	V	V	V	V		V
Independent Director	Kuo, Chia-Wen	Female		V			V		V	V	V	V	V	V	V
Independent Director	Shen, Ching-Mao	Male			V		V		V	V	V	V	V		V

2. Independence of the board of directors

There are currently 7 members of the Board of Directors of the Company, including 3 independent directors (accounting for 43%) and 4 non-independent directors (accounting for 57%). As of the end of 2021, the Company has complied with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission with respect to independent directors for all independent directors, and none of the circumstances referred to in Article 26-3, Paragraph 3 and 4 of the Securities and Exchange Act have occurred among directors and independent directors. The Company's Board of Directors functions independently (please refer to page 8 of the Annual Report - Disclosure of information on the professional qualifications of directors and the independence of independent directors). For educational background, gender, and work experience of each director, (please refer to pages 5-6 of the Annual Report - Information on directors).

The Company's board of directors provides guidance for company strategies, supervises the management, and shall be responsible to the company and shareholders. For the various procedures and arrangements of its corporate governance system, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings in exercising its authority. The Company's board of directors places emphasis on the functions of independent operation and transparency. Directors and independent directors are independent individuals who exercise their duties independently. The three independent directors also comply with the relevant laws and regulations, coupled with the audit committee's duties, review the management and control of the company's existing or potential risks, and based on which, they ensure the supervision on the effective implementation of the internal control system of the Company, the hiring (and dismissal) and independence of certificated public accountants, and fair preparation of the financial reports. In addition, according to the Company’s “Regulations Governing Elections of Directors”, the cumulative voting method and the candidate nomination system shall be used for election of the directors at this Corporation. Shareholders are encouraged to participate, and shareholders holding more than a specific number of shares may submit a candidate list. The qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act shall be reviewed. The relevant acceptance procedures are carried out and announced in accordance with the law to protect shareholders’ rights and interests and to avoid monopoly or excessive nomination rights being monopolized or abused, thereby remaining independence.

The company has established the system for board of directors performance assessments. It conducts a board internal self-assessment and performance assessments of board members through self-assessments once a year. A performance assessment of the board of directors shall include the following five aspects: (1) the degree of participation in the company's operations; (2) the quality of decision making by the board of directors; (3) the composition and structure of the board of directors; (4) the election of the directors and their continuing professional education; and (5) internal controls. The performance assessments of board members through self-assessments shall include the following six aspects: (1) their grasp of the company's goals and missions; (2) their recognition of director's duties; (3) their degree of participation in the company’s operations; (4) their management of internal relationships and communication; (5) their professionalism and continuing professional education; and (6) internal controls. The results of the above-mentioned relevant self-assessments are all disclosed in the Company's annual report after submitting them to the board of directors.

(V) Information on the company's president, vice president, assistant managers, and the supervisors of all the company's departments and branch units

April 30, 2022

Title (Note 1)	Nationality	Name	Gender	Date on which current position was assumed	Shares held		Shares held by spouse, minor children		Shares held in the name of others		Principal work experience and academic qualifications (Note 2)	Position(s) held concurrently in any other company	Spouse or second-degree relatives serving as managerial officers			Remark (Note 3)
					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relationship	
President	Taiwan	Lin, Hsin-Cheng	Male	2019/03/27	3,055,880	1.34%	0	0	0	0	Graduated from Urban Planning Group, Graduate Institute of Industrial Planning, Chinese Culture University	Director, Qun Xin Properties Co., Ltd. Director, Good One Company Limited Director, Huide Development Company Limited Independent Director, Da-Cin Construction Co., Ltd.	None	None	None	None
Executive Director of Investment	Taiwan	Hsu, Yu-Shan	Male	2017/05/12	0	0	4,600,182	2.03%	0	0	Graduated from Department of Cooperative Economics, National Chung Hsing University	Please refer to Information on Directors	None	None	None	None
Vice president	Taiwan	Yuan, Cho-Tao	Male	2020/04/16	188,000	0.08%	0	0	0	0	Graduated from Department of Civil Engineering, National Taiwan University	None	None	None	None	None
Assistant Manager of Accounting Department (Note 1)	Taiwan	Tseng, Yu-Wen	Female	2007/12/24	70,000	0.03%	0	0	0	0	Graduated from Department of Accounting, National Chung Hsing University	Supervisor, SURV Planning And Development Co., Ltd.	None	None	None	None
Assistant Manager of Finance and Accounting Department (Note 2)	Taiwan	Kuo, Ying-Yen	Male	2021.09.01	0	0	0	0	0	0	Graduated from International Trade of EMGA Program, National Chengchi University	Supervisor, Good One Company Limited Supervisor, Huide Development Company Limited Director, Charter Leisure Co., Ltd.	None	None	None	None

Note: 1. Because of organizational structuring, the Company has restructured the Finance and Accounting Department to the Finance Department and the Accounting Department. The supervisor of the former Finance and Accounting Department Tseng, Yu-Wen has served only as Assistant Manager of Accounting Department starting from September 1, 2022 and resigned on February 10, 2022 due to personal career planning.

2. Because of organizational structuring, the Company has restructured the Finance and Accounting Department to the Finance Department and the Accounting Department. On September 1, 2021, Assistant Manager Kuo, Ying-Yen was newly hired as the supervisor of Finance Department and has also served concurrently as the supervisor of the Accounting Department starting from February 11, 2022 due to the resignation of the supervisor of the Accounting Department.

III. Remuneration paid to general directors, independent directors, supervisors, presidents and vice presidents in the most recent year

(I) Remuneration paid to general directors, independentdirectors

December 31, 2021 Unit: NT$ thousand

Title	Name	Remuneration to directors								The sum of A, B, C and D as a percentage of net income (Note 10)		Remuneration received as an employee								The sum of A, B, C, D, E, F, and G as a percentage of net income (Note 10)		Remuneration received from investees other than subsidiaries or the parent company (Note 11)
		Remuneration (A) (Note 2)		Pension (B)(Note 12)		Remuneration to directors (C) (Note 3)		Fees for services rendered (D)(Note 4)				Salaries, bonuses, special allowances, etc. (E)(Note 5)		Pension (F)(Note 12)		Remuneration to employees (G)(Note 6)						
		The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company		All companies included in the financial report (Note 7)		The Company	All companies included in the financial report (Note 7)	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Shunlin Investment Co., Ltd. Representative: Hsu, Yu-Shan	1,200	2,100	0	0	0	0	18	18	1,218 (1.19)	2,118 (2.06)	1,620	1,620	0	0	0	0	0	0	2,838 (2.77)	3,738 (3.64)	None
Director	Li, Chang-Lin	0	1,800	0	0	0	0	152	152	152 (0.15)	1,952 (1.90)	0	0	0	0	0	0	0	0	152 (0.15)	1,952 (1.90)	None
Director	Xiemei Industrial Co., Ltd. Representative: Yeh, Chi-Chao	0	0	0	0	0	0	18	18	18 (0.02)	18 (0.02)	0	0	0	0	0	0	0	0	18 (0.02)	18 (0.02)	None
Director	Ambassador Investment Corp. Ltd. Representative: Li, Ying-Chu	0	0	0	0	0	0	15	15	15 (0.01)	15 (0.01)	0	0	0	0	0	0	0	0	15 (0.01)	15 (0.01)	None
Independent Director	Wang, Chia-Kun	840	840	0	0	0	0	261	261	1,101 (1.07)	1,101 (1.07)	0	0	0	0	0	0	0	0	1,101 (1.07)	1,101 (1.07)	None
Independent Director	Kuo, Chia-Wen	600	600	0	0	0	0	141	141	741 (0.72)	741 (0.72)	0	0	0	0	0	0	0	0	741 (0.72)	741 (0.72)	None
Independent Director	Shen, Ching-Mao	240	240	0	0	0	0	141	141	381 (0.37)	381 (0.37)	0	0	0	0	0	0	0	0	381 (0.37)	381 (0.37)	None

1. Please provide in detail the policy, system, standards and structure of remuneration to independent directors, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors:
   As the Company still had accumulated losses in 2021, remuneration was not distributed to directors or supervisors in accordance with the Articles of Incorporation. In addition, remuneration to the Company's directors (including independent directors) is determined by the Remuneration Committee authorized by the Board of Directors in accordance with the Articles of Incorporation based on the degree of the director's involvement in the Company's operations as well their contribution and value, with reference to standard remuneration paid by peers. The Company's remuneration and travel expenses are paid in accordance with the "Payment Standards of Remuneration to Directors and Functional Committee Members" established by the Remuneration Committee.
2. Remuneration received by directors for providing service to any company included in the financial statements (e.g. serving as a consultant for non-employees) in the past year, except those disclosed in the above table: None.

Range of Remuneration

Range of remuneration paid to the Company's each director	Name of director			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies included in the financial report (Note 9) H	The Company (Note 8)	All companies included in the financial report (Note 9) I
Below NT$1,000,000	Li, Chang-Lin; Yeh Chi-Chao – Representative of Xiemei Industrial Co., Ltd.; Li, Ying-Chu, Kuo, Chia-Wen, Shen, Ching-Mao – Representatives of Ambassador Investment Corp. Ltd.	Yeh Chi-Chao – Representative of Xiemei Industrial Co., Ltd.; Li, Ying-Chu, Kuo, Chia-Wen, Shen, Ching-Mao – Representatives of Ambassador Investment Corp. Ltd.	Li, Chang-Lin; Yeh Chi-Chao – Representative of Xiemei Industrial Co., Ltd.; Li, Ying-Chu, Kuo, Chia-Wen, Shen, Ching-Mao – Representatives of Ambassador Investment Corp. Ltd.	Yeh Chi-Chao – Representative of Xiemei Industrial Co., Ltd.; Li, Ying-Chu, Kuo, Chia-Wen, Shen, Ching-Mao – Representatives of Ambassador Investment Corp. Ltd.
NT$1,000,000 (inclusive) – NT$2,000,000 (exclusive)	Representatives of Shunlin Investment Co., Ltd. – Hsu, Yu-Shan, Wang, Chia-Kun.	Li, Chang-Lin, Wang, Chia-Kun.	Wang, Chia-Kun.	Li, Chang-Lin, Wang, Chia-Kun.
NT$2,000,000 (inclusive) – NT$3,500,000 (exclusive)	-	Hsu, Yu-Shan, – Representatives of Shunlin Investment Co., Ltd.	Hsu, Yu-Shan, – Representatives of Shunlin Investment Co., Ltd.	-
NT$3,500,000 (inclusive) – NT$5,000,000 (exclusive)	-	-	-	Hsu, Yu-Shan, – Representatives of Shunlin Investment Co., Ltd.
NT$5,000,000 (inclusive) – NT$10,000,000 (exclusive)	-	-	-	-
NT$10,000,000 (inclusive) – NT$15,000,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive) – NT$30,000,000 (exclusive)	-	-	-	-
NT$30,000,000 (inclusive) – NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive) – NT$100,000,000 (exclusive)	-	-	-	-
Above NT$100,000,000	-	-	-	-
Total	7	7	7	7

Note 1: The names of the presidents and vice presidents are required to be presented separately (names of institutional shareholders and their representatives should be presented separately, and the amount of payments made may be presented in aggregate sums. If a director is also a president or vice president, this table or the following table (3-1) or the following tables (3-2-1) and (3-2-2).

Note 2: Refers to remuneration to directors in the past year (including salaries, allowances, severance pay, various bonuses and incentives).

Note 3: The amount of remuneration to directors approved by the most recent Board of Directors' meeting.

Note 4: Refers to remuneration to directors for services rendered (including travel, special allowances, all types of allowances, accommodation, company vehicle and other in-kind benefits). Where housing, cars, other transportation or personal expenses were provided, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of fuel and other payments are also disclosed. Where a personal driver was allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration.

Note 5: Refers to any salaries, allowances, severance pay, bonuses, incentives, travel, special allowances, all types of allowances, accommodation, company vehicles and in-kind benefits that the director received in the past year for assuming the role of a company employee (such as a president, vice president, other managerial officer or employee). Where housing, cars, other transportation or personal expenses were provided, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of fuel and other payments are also disclosed. Where a personal driver was allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration. Salary expense recognized in accordance with IFRS 2 – "Share-based Payment," including the acquisition of employee stock options, restricted employee shares and participation in cash capital increase to subscribe for shares are treated as remuneration.

Note 6: Refers to any remuneration that the director has received (in cash or in shares) in the past year for assuming the role of an employee (such as president, vice president, managerial officer or other employees). The amount of employee remuneration proposed by the Board of Directors in the past year has been disclosed. If it is impossible to make an estimate, the proposed distribution for the year will be calculated in proportion to the actual distribution amount past year, and Table 1-3 shall be filled in.

Note 7: The disclosure includes all companies in the consolidated financial statements (including the Company), and represents total amount of remuneration to the Company's directors.

Note 8: The total amount of remuneration to each director paid by the Company and the name of the director are disclosed in the range of remuneration.

Note 9: The details represent the range of remuneration paid by all companies in the consolidated report (including the Company) to each director. The name of the director must also be disclosed.

Note 10: Net income after tax refers to the net income after tax of the most recent year for standalone or separate financial reports.

Note 11:
a. This field represents all forms of remuneration that the Company's directors received from the Company's invested businesses other than subsidiaries or the parent company (if none, please fill in "none").
b. For directors who received remuneration from invested businesses other than subsidiaries or the parent company, amounts received from these invested businesses or the parent company have been added to column I of the Range of Remuneration table. In which case, column I will be renamed "all invested businesses."
c. Remuneration refers to any returns, remuneration (including remuneration received as an employee, director and supervisor) and fees for services rendered serving as directors, supervisors or managerial officers in invested businesses or the parent company other than subsidiaries.

(II) Remuneration to president and vice president

December 31, 2021 Unit: NT$ thousand

Title	Name	Salary (A) (Note 2)		Pension (B) (Note 10)		Bonuses, special allowances, etc. (C) (Note 3)		Remuneration to employees (D) (Note 4)				The sum of A, B, C and D as a percentage of net income (%) (Note 8)		Remuneration received from investees other than subsidiaries or the parent company (Note 9)
		The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company		All companies included in the financial report (Note 5)		The Company	All companies included in the financial report (Note 6)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Executive Director of Investment	Hsu, Yu-Shan	900	900	0	0	720	720	0	0	0	0	1,620 (1.58)	1,620 (1.58)	None
President	Lin, Hsin-Cheng	4,585	4,585	108	108	680	680	0	0	0	0	5,373 (5.24)	5,373 (5.24)	None
Vice president	Yuan, Cho-Tao	2,908	2,908	108	108	0	0	0	0	0	0	3,016 (2.94)	3,016 (2.94)	None

Range of Remuneration

Range of remuneration to the president and vice president	Name of president and vice president	
	The Company (Note 6)	All companies included in the financial report (Note 7) E
Below NT$1,000,000	-	-
NT$1,000,000 (inclusive) – NT$2,000,000 (exclusive)	Hsu, Yu-Shan.	Hsu, Yu-Shan.
NT$2,000,000 (inclusive) – NT$3,500,000 (exclusive)	Yuan, Cho-Tao.	Yuan, Cho-Tao.
NT$3,500,000 (inclusive) – NT$5,000,000 (exclusive)	-	-
NT$5,000,000 (inclusive) – NT$10,000,000 (exclusive)	Lin, Hsin-Cheng.	Lin, Hsin-Cheng.
NT$10,000,000 (inclusive) – NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) – NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) – NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) – NT$100,000,000 (exclusive)	-	-
Above NT$100,000,000	-	-
Total	3	3

Note 1: The names of the president and vice president are required to be presented separately; the amount of payments made may be presented in aggregate sums. If a director is also a president or vice president, this table or the following table (1-1) or the following tables (1-2-1) and (1-2-2).

Note 2: Refers to salaries, allowances, and severance pay made to the president and vice president in the past year.

Note 3: Refers to other remuneration such as bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, corporate vehicle or other in-kind benefits made to the president and vice president. Where housing, cars, other transportation or personal expenses were provided, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of fuel and other payments are also disclosed. Where a personal driver was allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration. Salary expense recognized in accordance with IFRS 2 – "Share-based Payment," including the acquisition of employee stock options, restricted employee shares and participation in cash capital increase to subscribe for shares are treated as remuneration.

Note 4: Refers to the amount of employee remuneration provided for the president and vice president (in cash or in shares), which the Board of Directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year's payout ratio), and Table 1-3 shall be filled in.

Note 5: The disclosure includes all companies in the consolidated financial statements (including the Company), and represents total amount of remuneration to the Company's president and vice president.

Note 6: The total amount of remuneration to each president and vice president paid by the Company and the name of the director are disclosed in the Range of Remuneration.

Note 7: The details represent remuneration paid by all companies in the consolidated report (including the Company) to each president and vice president. The name of the president and vice president must also be disclosed.

Note 8: Net income after tax refers to the net income after tax of the most recent year for standalone or separate financial reports.

Note 9:
a. This field represents all forms of remuneration that the Company's president and vice president received from the Company's invested businesses other than subsidiaries or the parent company (if none, please fill in "none").
b. For presidents and vice presidents who received remuneration from invested businesses other than subsidiaries or the parent company, amounts received from these invested businesses or the parent company have been added to column E of the Range of Remuneration table. In which case, column E will be renamed "all invested businesses."
c. Remuneration refers to any returns, remuneration (including remuneration received as an employee, director and supervisor) and professional service fees which the president and vice president received for serving as directors, supervisors or managerial officers in invested businesses or the parent company other than subsidiaries.

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

(III)Remuneration to top five management personnel

December 31, 2021 Unit: NT$ thousand

Title	Name	Salary (A) (Note 2)		Pension (B) (Note 8)		Bonuses and special allowances (C) (Note 3)		Remuneration to employees (D) (Note 4)				The sum of A, B, C and D as a percentage of net income (%) (Note 6)		Remuneration received from investees other than subsidiaries or the parent company (Note 7)
		The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company	All companies included in the financial report (Note 5)	The Company		All companies included in the financial report (Note 5)		The Company	All companies included in the financial report (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Executive Director of Investment	Hsu, Yu-Shan	900	900	0	0	720	720	0	0	0	0	1,620 (1.58)	1,620 (1.58)	None
President	Lin, Hsin-Cheng	4,585	4,585	108	108	680	680	0	0	0	0	5,373 (5.24)	5,373 (5.24)	None
Vice president	Yuan, Cho-Tao	2,908	2,908	108	108	0	0	0	0	0	0	3,016 (2.94)	3,016 (2.94)	None
Assistant Manager of Accounting Department (Note 8)	Tseng, Yu-Wen	2,169	2,169	107	107	0	0	0	0	0	0	2,276 (2.22)	2,276 (2.22)	None
Assistant Manager of Finance Department (Note 9)	Kuo, Ying-Yen	493	493	30	30	0	0	0	0	0	0	523 (0.51)	523 (0.51)	None

Note 1: The term of "Top Five Management Personnel" refers to managerial officers of the Company. The criteria for the determination of managerial officers are based on the scope of "managerial officers" in the Letter Tai-Cai-Zheng-San-Zi (3) No. 0920001301 dated March 27, 2003 issued by the former Securities and Futures Commission of the Ministry of Finance. The determination for the calculation of the "Top Five Executives with the Highest Remuneration" is based on the total amount of salaries, pensions, bonuses and special allowances received by the managerial officers from all companies included in the consolidated financial statements, as well as the amount of remuneration to employees (the total of A+B+C+D), and then ranked by the highest paid executives). If a director is also a supervisor listed above, this table and the table (1-1) above shall be filled in.

Note 2: Refers to salaries, allowances, and severance pay made to the top five executives with the highest remuneration in the last year.

Note 3: Refers to other remuneration such as bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, corporate vehicle or other in-kind benefits paid to the top five executives. Where housing, cars, other transportation or personal expenses were provided, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of fuel and other payments are also disclosed. Where a personal driver was allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration. Salary expense recognized in accordance with IFRS 2 – "Share-based Payment," including the acquisition of employee stock options, restricted employee shares and participation in cash capital increase to subscribe for shares are treated as remuneration.

Note 4: Refers to the amount of employee remuneration provided for the top five executives (in cash or in shares), which the Board of Directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year's payout ratio), and Table 1-3 shall be filled in.

Note 5: The disclosure includes all companies in the consolidated financial statements (including the Company), and represents total amount of remuneration to the Company's top five executives.

Note 6: Net income after tax refers to the net income after tax of the most recent year for standalone or separate financial reports.

Note 7:
a. This field represents all forms of remuneration that the Company's top five executives received from the Company's invested businesses other than subsidiaries or the parent company (if none, please fill in "none").
b. Remuneration refers to any returns, remuneration (including remuneration received as an employee, director and supervisor) and professional service fees which the top five executives received for serving as directors, supervisors or managerial officers in invested businesses or the parent company other than subsidiaries.

Note 8: The Assistant Manager of Accounting Department of the Company resigned on February 10, 2022.

Note 9: The new Assistant Manager of Finance Department of the Company took office on September 1, 2021.

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

(IV) Names of the managerial officers receiving employee remuneration and the distribution thereof

December 31, 2021 Unit: NT$ thousand

<table>
<tr><th colspan="2">Title
(Note 1)</th><th>Name
(Note 1)</th><th>Stock Amount</th><th>Cash Amount</th><th>Total</th><th>Ratio of total amount to profit after tax (%)</th></tr>
<tr><td rowspan="5">Managerial officer</td><td>Executive Director of Investment</td><td>Hsu, Yu-Shan</td><td rowspan="5">0</td><td rowspan="5">0</td><td rowspan="5">0</td><td rowspan="5">0</td></tr>
<tr><td>President</td><td>Lin, Hsin-Cheng</td></tr>
<tr><td>Vice president</td><td>Yuan, Cho-Tao</td></tr>
<tr><td>Assistant Manager of Accounting Department (Note 5)</td><td>Tseng, Yu-Wen</td></tr>
<tr><td>Assistant Manager of Finance Department (Note 6)</td><td>Kuo, Ying-Yen</td></tr>
</table>

Note 1: Names and titles have been disclosed separately, whereas the amount of profit distribution has been disclosed in aggregate amount.

Note 2: Refers to the amount of employee remuneration provided for the managerial officers (in cash or in shares), which the Board of Directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year’s payout ratio). The net income after tax refers to the net income after tax of the most recent fiscal year; if IFRSs have been adopted, the net income after tax refers to the net income after tax of the most recent year for standalone or separate financial reports.

Note 3: Pursuant to FSC Letter No. Tai-Cai-Zheng-San-Zi-No. 0920001301 dated March 27, 2003; the role of managerial officer covers the following positions:

(1) President or their equivalents

(2) Vice president or their equivalents

(3) Assistant managers or their equivalents

(4) Chief financial officer

(5) Chief accounting officers

(6) Other persons authorized to manage affairs and sign documents on behalf of the Company

Note 4: If a director, president or vice president has received employee remuneration (including stock and cash), other than filling in Table 1-2, this Table must also be filled in.

Note 5: The Assistant Manager of Accounting Department of the Company resigned on February 10, 2022.

Note 6: The new Assistant Manager of Finance Department of the Company took office on September 1, 2021.

(V) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or consolidated statements, as paid by this company and by each other company included in the consolidated financial statements in the most recent two fiscal years to directors, supervisors, the president, and vice president, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance:

(1) Analysis of the total remuneration, as a percentage of net income, as paid by the Company during the past two fiscal years to directors, supervisors, the president, and vice president:

Unit: NT$ thousand

Title	2020				2021			
	Total remuneration		As a percentage of net income(%)		Total remuneration		As a percentage of net income(%)	
	The Company	All companies included in the consolidated report	The Company	All companies included in the consolidated report	The Company	All companies included in the consolidated report	The Company	All companies included in the consolidated report
Director (Note 1)	6,767	7,407	47.06	51.51	5,246	7,946	(5.11)	(7.75)
Supervisor (Note 2)	0	0	0	0	0	0	0	0
President and vice president (Note 3)	9,642	9,642	67.05	67.05	10,009	10,009	(9.76)	(9.76)

Note 1: Total remuneration includes returns, remuneration to directors, fees for services rendered, part-time employees' salaries, pensions, bonuses, special expenses and remuneration to employees.

Note 2: Total remuneration includes returns, remuneration to supervisors, fees for services rendered.

Note 3: Total remuneration includes salaries, bonuses and special allowances, and employee remuneration.

(2) The Company's remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

A. Directors:

The Company's remuneration to directors (including independent directors) is determined by the Remuneration Committee authorized by the Board of Directors in accordance with the Articles of Incorporation based on the degree of the director's involvement in the Company's operations as well their contribution and value, with reference to standard remuneration paid by peers. The Company's remuneration and travel expenses are paid in accordance with the "Payment Standards of Remuneration to Directors and Functional Committee Members" established by the Remuneration Committee.

Where the Company makes profit, the amount of remuneration is resolved by the board meeting in accordance with the Articles of Incorporation.

B. Managerial officers and employees:

The Company's remuneration to managerial officers and employees consists of a fixed monthly wage (including basic salary and meal allowance) and bonuses for the three major festivals. Other allowances or appraisal bonuses are given in accordance with the Company's operating conditions and evaluation rules.

Wages for managerial officers and employees are determined based on their academic background, technical expertise and professional experience, regardless of their gender, race, religion and political positions.

Where the Company makes profit, remuneration to employees is resolved by the board meeting in accordance with the Articles of Incorporation.

IV. The state of the company's implementation of corporate governance:

(I) The state of operations of the board of directors:

In 2021, a total of 5(A) Board of Directors' meetings were held; below is the attendance of directors:

The 17th Board					
Title	Name (Note 1)	Actual Attendance (B)	Attendance by Proxy	Percentage of actual attendance (%) (B/A) (Note 2)	Remarks
Chairman	Representatives of Shunlin Investment Co., Ltd.: Hsu, Yu-Shan	5	0	100%	None
Director	Li, Chang-Lin	5	0	100%	None
Director	Yeh, Chi-Chao – Representative of Xiemei Industrial Co., Ltd.	2	3	40%	None
Director	Representative of Ambassador Investment Corp. Ltd.: Li, Ying-Chu	5	0	100%	None
Independent Director	Wang, Chia-Kun	5	0	100%	None
Independent Director	Kuo, Chia-Wen	5	0	100%	None
Independent Director	Shen, Ching-Mao	5	0	100%	None

Any other matters that require reporting:

I. For board meetings that meet any of the following descriptions, state the date, session of the meeting, the discussed agenda, independent directors' comments and how the company has responded to such comments.
   (I) Matters referred to in Article 14-3 of the Securities and Exchange Act: There were 5 sessions in total being held in 2021. Please refer to page 39 of the annual report for the details of the resolutions. The matters referred to in Article 14-3 of the Securities and Exchange Act as proposed were unanimously approved by all independent directors.
   (II) Except for the preceding matters, any matter resolved by the Board of Directors with an independent director expressing an objection or reservation that has been included in records or stated in writing: None.

II. For the implementation of directors' recusal of conflicts of interest, the names of directors, the content of the agenda, the reasons for avoiding conflicts of interest, and their participation in voting shall be specified: None.

III. Information on the evaluation cycle and period, evaluation scope, method and evaluation content of the Board's self- (or peer) evaluation:

Implementation of board evaluation

   (I) Implementation cycle of the evaluation of the Board of Directors: Once a year.
   (II) Coverage period of the evaluation of the Board of Directors: Performance of the Board was evaluated from January 1 to December 31, 2021.
   (III) Evaluation scope: Performance evaluation of the Board of Directors, individual board members and functional committees.
   (IV) Evaluation method: Performance evaluation includes internal self-evaluation of the Board of Directors, self-evaluation of Board members, peer evaluation, appointment of external professional organizations, experts or other suitable methods.
   (V) Evaluation content:
      (1) Performance evaluation of the Board of Directors: Including the degree of participation in the Company's operations, improvement of the Board's decision-making quality, composition and structure of the Board of Directors, election and continuing education of directors, internal control,

etc.

(2) Performance evaluation of each Board member: Including mastery of the Company's goals and tasks, awareness of directors' duties, the degree of participation in the Company's operations, internal relationship management and communication, professional and continuing education of directors, internal control, etc.

(3) Performance evaluation of functional committees: Including the degree of participation in the Company's operations, awareness of functional committees' duties, improvement of the functional committees' decision-making quality, functional committee composition and member election, internal control, etc.

IV. Evaluation of targets for strengthening of the functions of the board (e.g. establishing an audit committee, enhancing information transparency, etc.) during the current and immediately preceding fiscal years, and measures taken toward achievement thereof:

(I) In 2021, the Company had five board meetings, in compliance with the requirement that the Board of Directors should have at least one meeting once a quarter as required by the Rules of Procedure for Board of Directors Meetings. All-important motions are disclosed on the Market Observation Post System (MOPS) in accordance with the law for public announcement to enhance information transparency.

(II) On May 11, 2018, the Company completed the formulation of the Evaluation Rules of the Performance of the Board of Directors to implement corporate governance and improve the functions of the Board of Directors, establish performance objectives, and strengthen the efficiency of the Board of Directors. On November 12, 2019, the above Rules were amended in line with the new corporate governance roadmap initiated by the competent authority. According to the regulations, evaluation of the performance of the Board of Directors must be carried out every 6 months at the beginning of each year. After the evaluation, the overall average score for 2021 reached over 90, indicating that the Company's overall operations are intact, in compliance with corporate governance.

(III) On June 18, 2019, an election was held at the shareholders' meeting to establish an Audit Committee to replace duties of supervisors and enhance the functions of the Board of Directors.

Note 1: If a director or supervisor is a legal entity, the name of the institutional shareholder and their representative should be disclosed.

Note 2: (1) If a director/supervisor resigns prior to the end of the year, the date of their resignation should be noted in the Remarks column. The actual attendance rate (%) should be calculated based on the number of board meetings and the actual number of attendances during their employment.

(2) Prior to the end of the year, if there is an election for directors/supervisors, the new and former directors/supervisors must be listed. The date of election of the directors/supervisors, whether they are new, former or re-elected must also be stated in the Remarks column. The actual attendance rate (%) should be calculated based on the number of board meetings and the actual number of attendances during their employment.

(II) The state of operations of the Audit Committee

In 2021, a total of 5(A) Audit Committee meetings were held); below is the attendance of Audit Committee members:

1st Audit Committee					
Title	Name (Note 1)	Actual Attendance (B)	Attendance by Proxy	Percentage of actual attendance (%) (B/A) (Note 2)	Remarks
Audit Committee member	Wang, Chia-Kun	5	0	100%	The 1st Audit Committee was set up on June 18, 2019
Audit Committee member	Kuo, Chia-Wen	5	0	100%	
Audit Committee member	Shen, Ching-Mao	5	0	100%	

Any other matters that require reporting:

I. Annual priority tasks and duties of the audit committee

(I) The main function of the Audit Committee is to supervise the following matters:

1. Fair presentation of the financial reports of the Company.
2. The hiring (and dismissal), independence, and performance of certificated public accountants of the Company.

3. The effective implementation of the internal control system of the Company.
4. Compliance with relevant laws and regulations by the Company.
5. Management of the existing or potential risks of the Company.

(II) The powers of the Committee are as follows:

1. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
4. Matters in which a director is an interested party.
5. Asset transactions or derivatives trading of a material nature.
6. Loans of funds, endorsements, or provision of guarantees of a material nature.
7. The offering, issuance, or private placement of equity-type securities.
8. The hiring or dismissal of a certified public accountant, or their compensation.
9. The appointment or discharge of a financial, accounting, or internal audit officer.
10. Annual financial reports signed or sealed by the chairman, managerial officers, and accounting supervisor and the second quarter financial reports audited and attested by a CPA.
11. Other material matters as may be required by this Corporation or by the competent authority.

II. For Audit Committee meetings that meet any of the following descriptions, state the date of the meeting, session, the discussed agenda, Audit Committee members' comments and how the company has responded to such comments.

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date of Meeting	Term	Content of Agenda	Opinions of All Members of the Audit Committee	The Company's Reaction to the Audit Committee's Opinions
2021.03.29	The 11th Meeting of the 1st Term Audit Committee	1. Passed the acknowledgement of the motion for the 2020 financial statements. 2. Passed the acknowledgement of the motion for the 2020 business report and the summary of the 2021 operational plans. 3. Passed the acknowledgement of the motion for the 2020 profit and loss appropriation. 4. Passed the motion for the 2021 salary structure of the Company's director/supervisors and managerial officers. 5. Passed the motion for the Company's "2020 Declaration of Internal Control System" 6. Passed the motion to amend the Company's "Articles of Incorporation." 7. Passed the motion for the change of CPAs due to internal rotation adjustment of the accounting firm. 8. Passed the motion to invest in the construction project and serve as the implementer for the "urban renewal business project for 39 parcels of land, covering four small sections of land on Tonghua Section at Lot 121, Daan District, Taipei." 9. Passed the motion to invest in the construction project and serve as the implementer for the "urban renewal business project for 18 parcels of land, covering three	Unanimously approved by all Audit Committee members	Approved with the consent of all the directors attending the meeting

		small sections of land on Ruian Section at Lot 224-1, Daan District, Taipei.”		
2021.05.14	The 12th Meeting of the 1st Term Audit Committee	1. Passed the motion for the Company’s consolidated quarterly financial report for the first quarter of 2021. 2. Passed the motion for the explanation of the annual remuneration to CPAs and independence evaluation of CPAs. 3. Passed the Company’s 2021 cash capital increase through issuing new shares.	Unanimously approved by all Audit Committee members	Approved with the consent of all the directors attending the meeting
2021.08.11	The 13th Meeting of the 1st Term Audit Committee	1. Passed the motion for the Company’s consolidated quarterly financial report for the second quarter of 2021. 2. Passed the motion for the Company to invest in the construction project and serve as the implementer for the “urban renewal business project for 8 parcels of land, covering four small sections of land on Bihu Section at Lot 410, Neihu District, Taipei and rights exchange project.” 3. Passed the motion for the Company to participate in the cash capital increase of the subsidiary Qun Xin Properties Co., Ltd.	Unanimously approved by all Audit Committee members	Approved with the consent of all the directors attending the meeting
2021.11.11	The 14th Meeting of the 1st Term Audit Committee	1. Passed the motion for the Company’s consolidated quarterly financial report for the third quarter of 2021. 2. Passed the motion for the Company’s “annual audit plan for 2022 internal audit.” 3. Passed the motion of ratification on the inauguration of new supervisor of Finance Department. 4. Passed the motion of the appointment of the Company's new corporate governance officer.	Unanimously approved by all Audit Committee members	Approved with the consent of all the directors attending the meeting
2021.12.23	The 15th Meeting of the 1st Term Audit Committee	1. Passed the motion for the Company’s proposal to issue the first secured corporate bonds in 2020.	Unanimously approved by all Audit Committee members	Approved with the consent of all the directors attending the meeting

(II) Any matter that has not been passed by the Audit Committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee: None.

II. For the implementation and state of independent directors’ recusal for conflicts of interests, the independent directors’ name, topic discussed, reasons for the required recusal, and the participation in voting should be stated: None.

III. State of communication between independent directors, chief internal auditor and CPA (such as significant items, methods and results of communications on the Company’s finances and business status):

(I) The Company established an Audit Committee on June 18, 2019. Not only does the internal auditor compile reports from audit results, audit deficiencies and improvement conditions and submit the reports to the independent directors for review as required by the law, the independent directors will also give feedback or comments depending on the necessity of the report. If an independent director has questions in the Audit Committee meeting, he/she may directly communicate with the chief auditor at the meeting. In summary, the contact channels and communication between the Company’s independent directors and the chief auditor were good. The audit results for 2021 found no major irregularities and no independent directors had objections. Four communications were engaged this year and the following is a summary of past communications:

Meeting date	Matters communicated between the chief internal auditor and the Audit Committee members	Independent director comments
2021.3.29	1. Report on the execution of internal audit operations. 2. Review of the 2020 audit of the internal control system efficiency and the “Internal Control Statement.” 3. Review of the amendments to the “internal control system.”	Independent directors had no objections
2021.05.14	1. Report on the execution of internal audit operations.	Independent directors had no objections
2021.08.11	1. Report on the execution of internal audit operations.	Independent directors had no objections
2021.11.11	1. Report on the execution of internal audit operations. 2. Review of the annual audit plan for 2022 internal audit. 3. Review of the amendments to the “internal control system.”	Independent directors had no objections

(II) Depending on the contents of the motion, the Company’s CPAs may attend the Audit Committee meeting to communicate with the Audit Committee members.

Two communications were engaged in 2021 and the following is a summary of past communications:

Meeting date	Matters communicated between the CPAs and the Audit Committee members	Independent director comments
2021.03.29	1. Report on the audit results of the 2021 financial statements. 2. A report was carried out in accordance with the “communication of critical audit matters in an audit report” of the Auditing Standards No. 58.	Independent directors had no objections
2021.11.11	1. Report on the review results of the financial statements for the first 3 quarters of 2021. 2. A report was carried out in accordance with the “communication of critical audit matters in an audit report” of the Auditing Standards No. 58.	Independent directors had no objections

(I) The state of the company’s implementation of corporate governance, any variance of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEx Listed Companies, and the reason for any such variance

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Description	
1. Has the Company formulated Corporate Governance Best-Practice Principles in accordance with the “Corporate Governance Best-Practice Principles for TSEC/TPEx Listed Companies”?	V		The Company has formulated the “Corporate Governance Practice Principles” and disclosed the Principles on the designated section for “Corporate Governance” of MOPS.	No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEx Listed Companies.
2. Company’s equity structure and shareholders’ equity (1) Has the company established internal operating procedures for suggestions, questions, disputes and litigation from shareholders, and handle them in accordance with these procedures?? (2) Does the company have the list of the Company’s major shareholders and the list of the ultimate controllers of the major shareholders who have actual control over the company? (3) Has the company established and implemented a risk control and firewall mechanisms with affiliates? (4) Has the company set up internal norms to prohibit insiders from utilizing undisclosed information to trade securities?	V V V V		(1) The Company has established internal operating procedures as well as appointing a spokesperson in accordance with the regulations on handling related matters. There are also dedicated personnel in place for shareholders’ comments or issues such as disputes. (2) The Company’s stock agent is responsible for the list of major shareholders and the list of ultimate controllers of major shareholders, providing the register of shareholders and grasping the latest developments of the major shareholders who have actual control over the Company. (3) Not only are the affiliates of the Company independently run, business relationships between the Company and the affiliates are maintained based on a fair and reasonable principle. (4) The Company has formulated “Procedures for Handling Material Inside Information” to build sound material inside information handling and disclosure mechanisms. In doing this, we will avoid improper information leakage while ensuring information consistency and accuracy when publishing information externally.	No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEx Listed Companies.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">The state of operations (Note 1)</th><th rowspan="2">Any variance of such implementation from the Corporate Governance Best-Practice Principles for TSEC/ TPEx Listed Companies, and the reason for any such variance</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>3. Composition and duties of the Board of Directors
(1) Has the board of directors formulated any policy on diversity and specific management objectives, and ensured implementation?
(2) Apart from establishing the Remuneration Committee and Audit Committee in accordance with the law, has the company established other functional committees voluntarily?
(3) Does the company formulate the Regulations for Board Performance Evaluation and evaluation methods thereof, periodically conduct the performance evaluation every year, and report the evaluation results to the board of directors, and use them as a reference for compensation of individual director and nomination for re-election?
(4) Does the company regularly assess the independence of the CPAs?</td><td>V

V

V

V</td><td></td><td>(1) The diversity policy for the composition of the Company’s board members is stipulated in the Company’s Corporate Governance Best-Practice Principles. Our Board members have expertise in various fields, highly valuable for the development and operations of the Company. To achieve the ideal objectives of corporate governance, the Board of Directors as a whole should have the following competencies:
1. Judgement ability in operations.
2. Accounting and financial analysis abilities.
3. Operations management ability.
4. Crisis handling ability.
5. Industry knowledge.
6. International market view.
7. Leadership.
8. Decision-making ability.
The Company’s Board members have the following competencies
<table>
<tr><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">Gender</th><th colspan="7">Core Items of Diversification</th></tr>
<tr><th>Operations management</th><th>Leadership and decision- making</th><th>Industry knowledge</th><th>Commerce</th><th>Finance & accounting</th><th>Legal expertise</th><th>Risk management</th></tr>
<tr><td>Chairman</td><td>Hsu, Yu-Shan</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td></tr>
<tr><td>Director</td><td>Li, Chang-Lin</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td></tr>
<tr><td>Director</td><td>Yeh, Chi-Chao</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td></tr>
<tr><td>Director</td><td>Li, Ying-Chu</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td></tr>
<tr><td>Independent Director</td><td>Wang, Chia-Kun</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td></tr>
<tr><td>Independent</td><td>Kuo,</td><td>Female</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
</table></td><td>No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEx Listed Companies.</td></tr>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>Director</td><td>Chia-Wen</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Independent Director</td><td>Shen, Ching-Mao</td><td>Male</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td></tr>
</table>
(2) The Company has established a Remuneration Committee and Audit Committee in accordance with the law and has not yet established other functional committees.
(3) The report on the results of the Company’s 2020 Board of Directors’ performance evaluation is described as follows:
(1) Evaluation aspects: including company goal grasping, degree of involvement in the Company’s operations, directors’ duties and continuing education, internal communication, internal control, etc.
(2) Evaluation period: From January to December 2021.
(3) Evaluation results:
A. The overall average score of the Board of Directors’ self-evaluation was 93 (out of 100).
B. The overall average score of the Board members (self or peer)’ self-evaluation was 98.8 (out of 100).
C. The overall average score of the functional committees’ self-evaluation was 100 (out of 100).
The results show that the state of the Company’s Board of Directors is good, in compliance with corporate governance.
(4) The Company performs an annual inspection through the stock agent to ensure that the CPAs do not any hold any shares of the Company or hold any positions in the Company. The Company’s CPAs issued an independence statement which was submitted to the Board of Directors’ meeting held on May 14, 2021 and was approved. The Company’s appointed accounting firm and CPAs have no interest in the Company, meeting independence requirements stipulated in the Code of Ethics for Professional Accountants.
The evaluation on the independence of CPAs is as follows:
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<table>
<tr><th>Evaluation item</th><th>Yes</th><th>No</th></tr>
<tr><td>1. The certified public accountants do not have a direct financial interest or a material indirect financial interest in the Company, and vice versa.</td><td>V</td><td></td></tr>
<tr><td>2. The certified public accountants do not have a significant close business relationship with the Company.</td><td>V</td><td></td></tr>
<tr><td>3. The certified public accountants do not have a potential employment relationship with the Company.</td><td>V</td><td></td></tr>
<tr><td>4. The certified public accountants shall ensure their assistants comply with integrity, impartiality, and independence.</td><td>V</td><td></td></tr>
<tr><td>5. The certified public accountants have not accepted treats or gifts of great value (the value thereof does not exceed the criteria for general social etiquette) from the Company, the Company’s directors, or managerial officers.</td><td>V</td><td></td></tr>
<tr><td>6. The certified public accountants and the Company do not have any borrowing and lending money between each other.</td><td>V</td><td></td></tr>
<tr><td>7. The certified public accountants do not concurrently operate other businesses that may lose their independence.</td><td>V</td><td></td></tr>
<tr><td>8. The certified public accountants do not receive any business-related commissions.</td><td>V</td><td></td></tr>
<tr><td>9. The certified public accountants do not hold any shares of the Company.</td><td>V</td><td></td></tr>
<tr><td>10. The certified public accountants do not have regular work at the Company and receive a fixed salary.</td><td>V</td><td></td></tr>
<tr><td>11. The certified public accountants do not have any relationship of a joint investment or benefit sharing with the Company.</td><td>V</td><td></td></tr>
<tr><td>12. The certified public accountants are not involved in the Company’s management function of making decisions.</td><td>V</td><td></td></tr>
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<tr><th rowspan="2">Evaluation item</th><th colspan="3">The state of operations (Note 1)</th><th rowspan="2">Any variance of such implementation from the Corporate Governance Best-Practice Principles for TSEC/ TPEx Listed Companies, and the reason for any such variance</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td>13. The certified public accountants have not held any position as a director or managerial officer of the Company or has a significant influence on the audit case currently or in the last two years, and also ensured that they will not hold the above-mentioned relevant positions during the future audit periods.</td><td>V</td><td></td></tr>
<tr><td>14. During the audit period, the certified public accountants themselves and their spouse or dependent relatives do not serve as a director or managerial officer of the Company or any position that has a direct and significant influence on the audit work.</td><td>V</td><td></td></tr>
<tr><td>15. The certified public accountants shall issue the “Statement of Hyper-independence.”</td><td>V</td><td></td></tr>
</table></td><td></td></tr>
<tr><td>4. Has the company designated an appropriate number of personnel and a chief corporate governance officer that specializes in corporate governance affairs (including but not limited to providing directors/supervisors with the information needed and assist directors and supervisors in complying with the laws and regulations to perform their duties, convention of board meetings and shareholders’ meetings, preparation of board meeting and shareholders’ meeting minutes)?</td><td>V</td><td></td><td>The Company has designated a chief corporate governance officer to be in charge of corporate governance affairs. including: handle matters in relation to board meetings and shareholders’ meetings, company registration and change of registration, preparing minutes of board meetings and shareholders’ meeting, and provide information required for directors to carry out duties.</td><td>No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEx Listed Companies.</td></tr>
<tr><td>5. Has the company established channels for communication with the stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a section for stakeholders on the official website of the Company with a proper response to the concerns of the stakeholders on issues related to corporate social responsibility?</td><td>V</td><td></td><td>The communication channels between the Company and stakeholders are based on the nature of stakeholders’ matters. The Company’s related unit directly contact stakeholders for communication and coordination. Moreover, a section dedicated to stakeholders has been set up on the Company’s website to timely respond to important CSR issues concerned by stakeholders.</td><td>No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEx Listed Companies.</td></tr>
</table>

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Corporate Governance Best-Practice Principles for TSEC/ TPEx Listed Companies, and the reason for any such variance
	Yes	No	Description	
6. Has the company appointed a professional stock transfer agency to handle stock affairs related to shareholders’ meetings?	V		The Company entrusts a professional stock agency – Stock Agency Department of Yuanta Securities to handle stock-related matters. The “Regulations Governing Stocks” has also been formulated to regulate related matters.	No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEx Listed Companies.
7. Information Disclosure (1) Does the company have a website set up and the financial business and corporate governance information disclosed? (2) Has the company adopted other information disclosure methods (such as establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesperson system, and upload the procedure of institutional investor conference on its website)? (3) Does the company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	 V V	 V	(1) The Company discloses various business, financial information and material information on the MOPS on a regular basis as required. There is also a website in place to disclose the Company’s profile. (2) The Company has designated dedicated personnel to be responsible for the collection and disclosure of company information. We also implement the spokesperson system to fully understand the Company’s finances and business conditions. Moreover, we disclose information to the public in accordance with company polices and needs. (3) The Company currently reports financial reports and monthly operations on the dates required by the “List of Required Tasks for Bond Issuers.” The Company did not report annual financial reports within two months after the end of the fiscal year or make public announcement before the prescribed deadline.	No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEx Listed Companies.
8. Is there any important information (including but not limited to employee rights and benefits, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of the directors and supervisors, risk management policy and risk assessment implementation, the pursuit of customer	V		(1) Employee benefits: The Company’s welfare policy has been formulated as required by law, and the content specifies the rights and obligations of employees as well as welfare items to better protect their rights. (2) Employee care: Various social insurance policies are taken out in accordance with government requirements to ensure employee welfare. Moreover, birthday celebrations are organized from time to time.	No significant variance from the Corporate Governance Best-Practice Principles for

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">The state of operations (Note 1)</th><th rowspan="2">Any variance of such implementation from the Corporate Governance Best-Practice Principles for TSEC/ TPEx Listed Companies, and the reason for any such variance</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>policy, and the purchase of liability insurance for the company's directors and supervisors) that is helpful in understanding the corporate governance operation of the company?</td><td></td><td></td><td>(3) Investor relations: The Company announces various financial data on a periodic basis, while the spokesperson establishes smooth communication channels with investors.
(4) Supply relations: We carry out a supplier satisfaction survey from time to time to fully understand the collaboration effectiveness between suppliers and the Company. At present, we maintain a good supply-demand relationship.
(5) Stakeholder rights: Stakeholders may provide their views to communicate with us as we take their opinions very seriously. Stakeholders' feedback will be used as a reference for future work.
(6) Continuing education for directors:
<table>
<tr><th>Name</th><th>Date of continuing education</th><th>Organizer</th><th>Name of course</th></tr>
<tr><td>Wang, Chia-Kun</td><td>2021.10.20</td><td>Securities and Futures Institute</td><td>2021 Insider Equity Transaction Legal Compliance Advocacy Conference</td></tr>
<tr><td>Wang, Chia-Kun</td><td>2021.11.03</td><td>Securities and Futures Institute</td><td>2021 Preventing Insider Trading Advocacy Conference</td></tr>
<tr><td>Kuo, Chia-Wen</td><td>2021.10.18</td><td>Taipei Exchange</td><td>TPEx-listed and Emerging Market Companies Insider Equity Advocacy Conference</td></tr>
</table>
(7) Implementation of risk management policy and risk measurement standards: The Company has set up a comprehensive internal control system, which has been effectively implemented and is regularly</td><td>TSEC/TPEx Listed Companies.</td></tr>
</table>

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Corporate Governance Best-Practice Principles for TSEC/ TPEx Listed Companies, and the reason for any such variance
	Yes	No	Description	
			reviewed in accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies.” In response to the Company’s internal and external change, the design and implementation of the system ensures continuous effectiveness. (8) Customer policy implementation: The Company has set up a customer service department that handles customer-related issues. At the same time, customer satisfaction survey is conducted from time to time, and items that customers are less happy with are reviewed and improved alongside the related department so as to improve product quality and customer satisfaction. (9) The Company’s directors and supervisors are covered by liability insurance, and this was reported at the board meeting held on August 11, 2021.	

9. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TSEC Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified.

Item	Number	Indicator	Descriptions
1	1.8	Does the company upload the annual report before 16 days before the date of a regular shareholders’ meeting?	The company will speed up the preparation and upload the annual report before 16 days before the date of the meeting.
2	1.9	Does the company upload the shareholders’ meeting notice in English concurrently before 30 days before the date of a regular shareholders’ meeting?	The company will upload the shareholders’ meeting notice in English concurrently in 2022.
3	2.17	Does the company’s board of directors regularly evaluate the independence of CPAs who are engaged by the company and correctly disclose the evaluation procedures in detail in the annual report?	The company will correctly disclose the evaluation procedures in detail in 2021.
4	2.21	Does the company designate a chief corporate governance officer to be in charge of corporate governance affairs and describe his/her duties and continuing education on the company’s website and annual report.	The Company has designated a chief corporate governance officer and will describe his/her duties and continuing education on the annual report.
5	3.2	Does the company concurrently disclose material information in English?	The company has concurrently disclosed material information in English since 2022.

Evaluation item			The state of operations (Note 1) Yes	No	Description	Any variance of such implementation from the Corporate Governance Best-Practice Principles for TSEC/ TPEx Listed Companies, and the reason for any such variance
6	3.19	Does the company website provide shareholders' meeting information, including at least the most recent annual report of the shareholders' meeting, meeting notice, meeting handbook and meeting minutes?			Enhance information disclosure on the Company's website.	
7	4.16	Has the company formulated a system to report illegal (including corrupt) and unethical conducts for the company's internal and external personnel and disclose them on its website in detail?			Enhance information disclosure on the Company's website.	

(IV) If the company has established a remuneration committee, its composition, duties and state of operations shall be disclosed:

The Company held an election on June 18, 2019. The board meeting held on August 12, 2019 reappointed the Company's three independent directors (Wang, Chia-Kun, Kuo, Chia-Wen, Shen, Ching-Mao) as members of the Remuneration Committee. The Remuneration Committee is responsible for formulating and reviewing the policy, system, standards and structure for the performance evaluation and remuneration of directors and managerial officers. Furthermore, it is also in charge of evaluation and determining the remuneration of directors and managerial officers. In 2021, the Company held four Remuneration Committee meetings and resolutions were reported at the board meeting.

(1) Information on members of the Remuneration Committee

Identity (Note 1)	Requirement / Name	Professional qualifications and experience (Note 2)	Status of independence (Note 3)	Number of other public companies of which he/she concurrently serves as a remuneration committee member
Independent Director	Wang, Chia-Kun	Please refer to Information on Directors		0
Independent Director	Kuo, Chia-Wen			0
Independent Director	Shen, Ching-Mao			0

(2) Information on the operation of the Remuneration Committee

I. The Company's Remuneration Committee is made up of three members.

II. Term of this Committee members: From June 18, 2019 to June 17, 2022. In 2021, a total of four Remuneration Committee meetings were held (A); the qualification and attendance of members are as follows:

Title	Name	Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Wang, Chia-Kun	4	0	100%	None
Member	Kuo, Chia-Wen	4	0	100%	None
Member	Shen, Ching-Mao	4	0	100%	None
Any other matters that require reporting: 1. If the board of directors declines to adopt or modify a recommendation of the remuneration committee, the date, session, topic discussed and the resolution of the board meeting and handling of the resolution of the remuneration committee shall be specified (if the remuneration package approved by the Board is better than the recommendation made by					

the committee, please specify the discrepancy and its reason): None.

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

3. Reasons for discussion and results of resolution at the Remuneration Committee meeting:

Meeting Date	Term	Content of Agenda	Results of Resolution	The Company's Reaction to the Remuneration Committee's Opinions
2021.02.01	The 6th Meeting of the 4th Term Remuneration Committee	Discussion on distribution of 2021 project bonus of the Company's managerial officers	Approved with the consent of all the members attending the meeting	Not applicable
2021.03.29	The 7th Meeting of the 4th Term Remuneration Committee	Discussion on 2020 distribution of remuneration to employees and directors	As of 2020, the company still has accumulated losses, so no remuneration to employees and directors is distributed. The proposal was approved with the consent of all the members attending the meeting.	Not applicable
2021.08.11	The 8th Meeting of the 4th Term Remuneration Committee	(1) The Company's 2021 cash capital increase with stock subscriptions of employees and managerial officers (2) The remuneration for Company's appointment of managerial officers	Approved with the consent of all the members attending the meeting	Not applicable
2021.11.11	The 9th Meeting of the 4th Term Remuneration Committee	(1) Review on the Company's 2022 annual salary structure proposal for the salary structure of directors and managerial officers (2) Formulation of the 2022 work plan of the Company's Remuneration Committee	Approved with the consent of all the members attending the meeting	Not applicable

(V) The status of the company's implementation of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance

Promotion Event	Status of Implementation (Note 1)			Any variance from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Description	
1. Does the company establish corporate governance frameworks and an exclusively (or concurrently) dedicated unit to promote sustainable development, and how does the senior management handle as authorized by the board of directors and how does the board of directors supervise?		V	The Company has not established an exclusively dedicated unit to promote sustainable development.	There is no significant variance from the Sustainable Development Best Practice Principles.
2. Has the company performed risk assessments on environmental, social, and corporate issues in relation to the company's operations according to material principles and formulated relevant risk management policies or strategies? (Note 2)	V		According to its "Corporate Social Responsibility Best Practice Principles", the Company shall exercise corporate governance, conduct risk assessments risk assessments of environmental, social and corporate governance issues pertaining to company operations, foster a sustainable environment, and preserve social public welfare.	There is no significant variance from the Sustainable Development Best Practice Principles.
3. Environmental issues (1) Does the company have an appropriate environmental management system established according to its industrial characteristics?	V		The Company proposes building plans while taking into consideration climate and environmental change in order to improve the quality of life of occupants.	There is no significant variance from the Sustainable Development Best Practice Principles.
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	V		The EEWH certification issued by the Ministry of the Interior is regarded as our basic standard and our objective is to launch new building projects that have an EEWH certification. To protect the working and natural environment, we abide by the safety building regulations, fire safety regulations, labor health and safety regulations, Waste Disposal Act, and energy conservation and carbon reduction management regulations.	There is no significant variance from the Sustainable Development Best Practice Principles.
(3) Does the company assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures?	V		The Company proposes building plans while taking into consideration climate and environmental change in order to improve the quality of life of occupants.	There is no significant variance from the Sustainable Development Best Practice Principles.
(3) Did the company calculate greenhouse gas	V		We introduce paperless office and achieve energy	There is no significant variance

emissions, water usage and total waste volume in the last two years and implement policies to reduce greenhouse gas, water or other waste management?			conservation in the office through air conditioning temperature and water and electricity consumption control.	from the Sustainable Development Best Practice Principles.
4. Social issues (1) Has the company formulated management policies and procedures in accordance with the applicable laws and regulations and international human rights conventions?	V		We comply with relevant laws and regulations and follow international human rights conventions, such as gender equality and the right to work and we prohibit discrimination. To fulfill these responsibilities and protect human rights, we follow the relevant labor laws and regulations. Moreover, the appointment, dismissal and remuneration of employees are handled in accordance with the Company's internal control system management rules.	There is no significant variance from the Sustainable Development Best Practice Principles.
(2) Has the company established and implemented reasonable measures for employee benefits (including: remuneration, holidays and other benefits) and appropriately reflect the business performance or achievements in the employee remuneration?	V		The Company has formulated a reasonable remuneration policy, and requires its employees to follow the Company's Code of Conduct and practice the corporate value of "treating people with integrity." The Company handles labor insurance, national health insurance and pension of employees, in accordance with the law. Our employees are also covered with group insurance and receive regular health examination.	There is no significant variance from the Sustainable Development Best Practice Principles.
(3) Does the company provide employees with a safe and healthy working environment and regularly provide safety and health education to employees?	V		Protection measures for the workplace and employee safety: 1. Access control: We have a strict access control monitoring system in place as well as security personnel day and night to protect the safety of employees. 2. Health examination: We provide an annual health examination to all employees. 3. Insurance and medical assistance: Employees are covered with labor insurance and health insurance as required by law. Furthermore, we provide accident insurance and accidental injury insurance to employees. 4. Equipment maintenance and inspection: The buildings leased by the Company are regularly maintained. Lifts, air conditioning, drinking fountains, firefighting equipment, electrical and mechanism equipment are inspected in accordance with the requirements stipulated the Public Safety	There is no significant variance from the Sustainable Development Best Practice Principles.

			Inspection Regulations and the Fire Services Act.	
(4) Has the company established an effective career capability development training program for employees?	V		The Management Department plans a range of professional courses for personnel in each department. In doing so, we establish effective development training projects to help further our employees' career capabilities. Meanwhile, the Company's operating performance and achievements are appropriately reflected in the remuneration policy of employees to ensure consistent recruitment, retention and encouragement, achieving the goal of sustainable management.	There is no significant variance from the Sustainable Development Best Practice Principles.
(5) Does the company follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, their products and services, and establish policies on customer protection or consumer rights and interests and procedure for accepting consumer complaints?	V		We have established a Customer Service Department to build a concept of customer-orientation operations. Moreover, we fully understand the needs of customers through telephone, E-Mail and face-to-face meetings while at the same time formulating plans to quickly respond to the customer.	There is no significant variance from the Sustainable Development Best Practice Principles.
(6) Has the company formulated a supplier management policy that requires suppliers to follow relevant regulations with respect to environmental protection, occupational safety and health or labor rights/human rights issues, and their implementation status?	V		We understand and communicate with suppliers on environmental, safety and health issues. We also encourage suppliers to improve their environmental, safety and health performances so as to promote the implementation of corporate social responsibility.	There is no significant variance from the Sustainable Development Best Practice Principles.
5. Does the company adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports and other reports to disclose non-financial information of the Company? Are the abovementioned reports supported by the assurance or opinion of a third-party verification unit?		V	The Company has not prepared the Corporate Sustainability Report.	There is no significant variance from the Sustainable Development Best Practice Principles.
6. f the company has established its own corporate social responsibility principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please specify the state of the company's implementation, and any variance from its own Principles: The Company has formulated the "Corporate Social Responsibility Principles" which has been approved by the board of directors to strengthen the implementation of corporate social responsibility. The company regularly reviews the state of its implementation in accordance with the Principles and improves the implementation accordingly. So far there has been no variance from the Principles.				
7. Other significant information that will provide a better understanding of the state of the company's promotion of sustainable development: (1) Environmental protection: The Company is committed to environmental building projects that incorporate green spaces, base water conservation, and daily				

energy savings. In addition, we have also formulated office management rules to promote the adjustment of air conditioning units to the optimum temperature and used paper recycling and reuse to reduce the impact of the Company's operations on the natural environment.

(2) Social welfare: a. We sponsor the Taiwan Residential Architecture Award organized by Green Magazine. Through the selection of outstanding green buildings, we hope to recognize the architects and builders, further stimulating the public to acknowledge the importance of green building planning.

b. We sponsor the Cross-Straits Tree Protection Seminar organized by the China University of Science and Technology. Through the detailed and proper techniques of tree protection, we hope to preserve a green environment.

(3) Consumer rights: The Company has an after-sales unit in place and dedicated personnel to handle after-sales services. Consumers can also make complaints via phone or mail.

(4) Human rights and safety and health: The Company handles labor insurance, national health insurance and pension of employees, in accordance with the law. Our employees are also covered with group insurance and receive regular health examination.

Note 1: Regardless of checking "yes" or "no," it should be explained in Description.

Note 2: For companies that have prepared a corporate social responsibility report, the Description may be completed by providing page references to the corporate social responsibility report.

(VI) The state of the company's performance in the area of ethical corporate management, any variance from the Ethical Corporate Management Best-Practice Principles for TSEC/TPEx Listed Companies, and the reason for any such variance

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Ethical Corporate Management Best-Practice Principles for TSEC/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Description	
1. Establishment of ethical corporate management policies and action plans (1) Has the company established an ethical corporate management policy that its board of directors has passed, and clearly specified in its rules and external documents the ethical corporate management policies and the commitment by the board of directors and senior management on the rigorous and thorough implementation of such policies and methods? (2) Has the company established a risk assessment mechanism against unethical behavior, analyzed and assessed business activities within their business scope regularly that are at a higher risk of being involved in unethical behavior, and established prevention programs at least covering the preventive measures specified in Paragraph 2, Article 7 "Ethical Corporate Management Best-Practice Principles for TSEC/TPEx Listed Companies"? (3) Has the company specified operating procedures, behavioral guidelines, disciplines of violations, as well as an appeal system in the program against unethical behavior, and implemented such programs, and reviewed and revised the previous program on a regular basis?	V V V		(1) The Company has established "Ethical Corporate Management Best-Practice Principles" and the "Code of Ethical Conduct" in order to regulate the Company's directors and managerial officers against conflict of interest and bribery. In regard to employee conduct, we have formulated the "Employee Work Rules" illustrating how to avoid conflicts of interest such as bribes, gifts and business entertainment. (2) Aside from formulating the Employee Work Rules, mentioned above as well as the Code of Ethical Conduct for Directors/Supervisors and Managerial Officers, we also provide education and training on the above rules to new employees and personnel working in a high-risk environment. By doing this, we raise the awareness of compliance and business ethics of all employees. (3) If a director/supervisor, managerial officer, or employee is engaged in misconduct, they will be disciplined in accordance with the Company's internal rules; if any employee is found guilty of abusing their position and accepting bribes or commissions, stealing, embezzling public funds or property resulting in significant financial loss or damage to the Company's reputation, they will be dismissed. Where a supplier violates the integrity and honesty commitment, the Company will cancel the supplier's privileges and any outstanding orders.	No significant variance from the Ethical Corporate Management Best-Practice Principles for TSEC/TPEx Listed Companies.
2. Implementation of ethical corporate management			(I) Prior to engaging in a business relationship, the	No significant variance from

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Ethical Corporate Management Best-Practice Principles for TSEC/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Description	
(1) Does the company evaluate the ethics records of all counterparties it has business relationships with? Are there any ethics clauses in the agreement the company signs with the counterparty?	V		Company takes into account the legitimacy of contractors, suppliers, customers or other counterparties, and whether they are involved in misconduct. The Company also carries credit investigation in a timely manner.	the Ethical Corporate Management Best-Practice Principles for TSEC/TPEx Listed Companies.
(2) Has the company set up a dedicated unit to promote corporate ethical management under the board of directors, and has such unit reported its execution in terms of ethical corporate management policy and preventive programs against unethical conduct and the supervision status to the board of directors on a regular basis (at least once a year)?	V		(2) The Company has set up an Audit Office directly under the Board of Directors. Auditing operations are reported at the Board of Directors' meeting each quarter.	
(3) Has the company established a policy that prevents conflicts of interest and provided an appropriate channel for reporting and have them both implemented?	V		(3) The Company's directors and managerial officers should recuse themselves from matters in which they have an interest. The recusal situation is set forth in the Company's annual report.	
(4) Has the company established an effective accounting system and internal control system in order to implement ethical corporate management, and propose relevant audit plans according to the assessment results of the risks of unethical conduct, and review the compliance status of the prevention of unethical conduct, or entrust an accountant to carry out the review?	V		(4) The Company's Audit Office performs risk-based on-site audit or review based on the annual audit plan passed by the Board of Directors. This helps the Board of Directors and managerial officers reasonably ensure that the internal control system is continuously and effectively implemented, including the achievement of the objectives of the results and efficiency of the Company's operations, reliability of financial reporting and compliance with regulatory compliance.	
(5) Does the company organize internal or external training on a regular basis to maintain ethical corporate management?	V		(5) The Company will establish a regular communication mechanism and promote ethical corporate management standards.	
3. Whistleblowing system (1) Does the company have a specific whistleblowing and reward system established, a convenient reporting channel established, and a responsible staff designated to handle the individual being reported?	V		(1) The Company will establish an email and letter box for whistleblowing, which is received by the Auditing unit, and is then reported to the chairman. The chairman appoints a project investigator to conduct an independent investigation.	No significant variance from the Ethical Corporate Management Best-Practice Principles for TSEC/TPEx Listed Companies.
(2) Has the company implemented any standard procedures	V		(2) If a Company employee discovers any misconduct,	

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">The state of operations (Note 1)</th><th rowspan="2">Any variance of such implementation from the Ethical Corporate Management Best-Practice Principles for TSEC/TPEx Listed Companies, and the reason for any such variance</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconducts?

(3) Has the company taken appropriate measures to protect the whistle-blower from suffering any consequences of reporting an incident?</td><td>

V</td><td></td><td>wrongdoing or breach of fiduciary duty in the event of carrying out a business activity, they should report such matter to the auditing unit with related information. The auditing unit will report to the chairman and the chairman then appoints a project investigator to conduct an independent investigation. The auditing unit keeps the identity of the whistleblower and the content of the report confidential. After an investigation has been conducted, the investigation report is passed on to the board of directors, who make decision on the disciplinary action as well as listening to the opinions of the individual being reported.
(3) The Company has formulated “Reporting Guidelines” and related operating procedures that specify that the identity of the whistleblower and the content of the report shall be kept confidential and protected. As well as this, the investigator involved in such matter may not disclose the information at their will to prevent mistreatment, retaliation and threats against the whistleblower.</td><td></td></tr>
<tr><td>4. Enhancement of information disclosure
Has the company disclosed the content and the effectiveness of its-established Ethical Corporate Management Best-Practice Principles on its website and MOPS?</td><td>V</td><td></td><td>The Ethical Corporate Management Best-Practice Principles are disclosed on MOPS.</td><td>No significant variance from the Ethical Corporate Management Best-Practice Principles for TSEC/TPEx Listed Companies.</td></tr>
<tr><td colspan="5">5. If the company has established its own Ethical Corporate Management Best-Practice Principles in accordance with the “Ethical Corporate Management Best-Practice Principles for TSEC/TPEx Listed Companies,” elaborate the state of implementation and any variation thereof:
The Company has established its “Ethical Corporate Management Best-Practice Principles.” However, related provisions stipulated in the “Code of Ethical Conduct for Directors/Supervisors and Managerial Officers” and “Code of Conduct for Employees” are revised in conjunction with the spirit of the Ethical Corporate Management Best-Practice Principles for TSEC/TPEx Listed Companies” to incorporate the essence of ethical management into its practical operations.</td></tr>
<tr><td colspan="5">VI. Other important information that helps understand the practice of ethical management: (e.g. the review and revision of its established Ethical Corporate Management Best-Practice Principles)</td></tr>
</table>

Evaluation item	The state of operations (Note 1)			Any variance of such implementation from the Ethical Corporate Management Best-Practice Principles for TSEC/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Description	
Ethics and integrity are the most important cornerstones of the Company. We strengthen the positive image of the Company in the construction industry to gain the trust and respect of our customers, shareholders, employees, suppliers and society. The Company respects and follows the law and standards agreed upon by the industry. At the same time, we adopt higher standards in pursuit of better management.				

Note 1: Regardless of checking "yes" or "no," it should be explained in Description.

(VII) If the Company established the corporate governance guidelines and related articles, please disclose the inquiry method: MOPS→Corporate Governance→Rules and Regulations in Relation to Corporate Governance.

(VIII) Other important information that is sufficient to enhance the understanding of the operation of corporate governance:

The Company has established the Corporate Governance Best-Practice Principles which specify regulations with respect to the protection of shareholder interests, strengthening of the functions of the Board of Directors and enhancement of the transparency of information. The Company also reviews the evaluation indicator for corporate governance appraisal in the hope that it will help the Company gradually construct a sound corporate governance system to better improve the effectiveness of corporate governance. The state of the Company's corporate governance is available on MOPS.

(VII) The section on the state of implementation of the company's internal control system shall furnish the following:

(1) Declaration of Internal Control.

Shihlin Development Company Limited
Declaration of Internal Control System

Date: March 21, 2022

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

1. We understand it is the responsibility of the Company's management to have internal control system established, enforced, and maintained. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with the relevant law and regulations.
2. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental, and situational changes may affect the effectiveness of internal control policies. Nevertheless, the internal control system of the Company contains self-monitoring mechanisms, and corrective action is taken whenever a deficiency is identified.
3. The Company has based on the criteria of the internal control system effectiveness in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (referred to as the "Regulations" hereinafter) to determine the effectiveness of the internal control system design and implementation. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to the "Governing Rules" for the details of the said items.
4. The Company has adopted the above judgment items of internal control system to assess the design and operating effectiveness of the internal control system.
5. Based on the findings of the evaluation, the Company believes that, as of December 31, 2021, its internal control system (including supervision and management of subsidiaries) as well as monitoring the achievement of its objectives concerning operational effectiveness and efficiency; reliability, timeliness and transparency of the reporting and compliance with applicable laws and regulations, etc., were effective in design and operation, and reasonably assured the achievement of the above-mentioned objectives.
6. The Declaration of Internal Control is the content of our annual report and prospectus for the information of the public. For any forgery and concealment of the aforementioned information to the public, we will be held responsible by law in accordance with Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
7. The declaration has been passed by boar meeting held on March 21, 2022, with all six attending directors (including one by proxy) affirming the content of the declaration.

Shihlin Development Company Limited

Chairman: Hsu Yu-Shan

President: Lin Hsin-Cheng

(2) If a CPA was entrusted to perform a special audit on the internal control system, the audit report shall be disclosed: None.

(VIII) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None

(IX) Material resolutions of a shareholders' meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

(1) Shareholders' meeting

Meeting year	Meeting time	Material resolutions:	Status of implementation
2021	Shareholders' meeting on August 27, 2021	1. Acknowledgement of the motion for the 2020 business report and financial statements.	Resolution passed and announced as required.
		2. Acknowledgement of the motion for 2020 profit and loss appropriation.	Resolution passed and announced as required.
		3. Amendment to the "Articles of Incorporation"	Resolution passed and change registration approved on September 27, 2021.

(2) Board meeting

Meeting year	Meeting time	Material resolutions:
2021	2021.03.29	1. Passed the acknowledgement of the motion for the 2020 financial statements. 2. Passed the acknowledgement of the motion for the 2020 business report and the summary of the 2021 operational plans. 3. Passed the acknowledgement of the motion for the 2020 profit and loss appropriation. 4. Passed the motion for the 2021 salary structure of the Company's director and managerial officers. 5. Passed the motion for the Company's "2020 Declaration of Internal Control System" 6. Passed the motion to amend the Company's "Articles of Incorporation." 7. Passed the motion to amend the Company's "Evaluation Rules of the Performance of the Board of Directors." 8. Passed the motion to amend the Company's "Remuneration Committee Charter." 9. Passed the motion for the change of CPAs due to internal rotation adjustment of the accounting firm. 10. Passed the motion to invest in the construction project and

Meeting year	Meeting time	Material resolutions:
		serve as the implementer for the "urban renewal business project for 39 parcels of land, covering four small sections of land on Tonghua Section at Lot 121, Daan District, Taipei." 11. Passed the motion to invest in the construction project and serve as the implementer for the "urban renewal business project for 18 parcels of land, covering three small sections of land on Ruian Section at Lot 224-1, Daan District, Taipei." 12. Passed the motion for the date, location and agenda of the Company's 2021 annual general meeting. 13. Passed the motion for shareholders' right to make proposals at the 2021 annual general meeting.
	2021.05.14	1. Passed the motion for the Company's consolidated quarterly financial report for the first quarter of 2021. 2. Passed the motion for the explanation of the annual remuneration to CPAs and independence evaluation of CPAs. 3. Passed the Company's 2021 cash capital increase through issuing new shares.
	2021.08.11	1. Passed the motion for the Company's consolidated quarterly financial report for the second quarter of 2021. 2. Passed the motion for postponing the date of 2021 shareholders' meeting. 3. Passed the motion for the Company to invest in the construction project and serve as the implementer for the "urban renewal business project for 8 parcels of land, covering four small sections of land on Bihu Section at Lot 410, Neihu District, Taipei and rights exchange project." 4. Passed the motion for the Company to participate in the cash capital increase of the subsidiary Qun Xin Properties Co., Ltd.
	2021.11.11	1. Passed the motion for the Company's consolidated quarterly financial report for the third quarter of 2021. 2. Passed the motion for the Company's "annual audit plan for 2022 internal audit." 3. Passed the motion of ratification on the inauguration of new supervisor of Finance Department. 4. Passed the motion of the appointment of the Company's new corporate governance officer.
	2021.12.23	1. Passed the motion for the Company to issue the first secured corporate bonds in 2021.
2022	2021.03.21	1. Passed the motion for the 2021 financial statements. 2. Passed the motion for the 2021 business report and the summary of the 2022 operational plans. 3. Passed the motion for 2021 appropriation to cover losses. 4. Passed the motion of ratification of the change of the Company's accounting supervisor and spokesperson. 5. Passed the motion to amend the Company's "Procedures for the Acquisition or Disposal of Assets." 6. Passed the motion for the 2022 salary structure of the Company's director and managerial officers. 7. Passed the motion for the Company's "2021 Declaration of Internal Control System" 8. Passed the motion for overall reelection of all directors of the

Meeting year	Meeting time	Material resolutions:
		Company. 9. Passed the motion for the Company's nomination of the 2022 roster of director (including independent director) candidates. 10. Passed the motion of lifting the non-compete restriction on newly elected directors and their representatives. 11. Passed the motion for the date, location and motions of the Company's 2022 annual general meeting. 13. Passed the motion for acceptance of shareholders' nomination of the roster of director and independent director candidates. 14. Passed the motion for shareholders' right to make proposals at the 2022 annual general meeting.

(X) Any other documented objections or qualified opinions raised by directors or supervisors against board resolutions in relation to matters, and their content in the most recent fiscal year and up to the date of publication of the annual report: None.

(XI) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of personnel related to the Company (including chairperson, president, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer):

Title	Name	Date of post	Date of dismissal	Reason for resignation or dismissal
Accounting Supervisor	Tseng, Yu-Wen	2007.12.24	2022.02.10	Resigned due to personal career planning

V. Information on the Professional Fees of the CPAs:

Information on the Professional Fees of the Attesting CPAs

Unit: NT$ thousand

Name of accounting firm	Name of CPAs	CPAs' Audit Period	Audit fee	Non audit fee	Total	Remark
KPMG Taiwan	Chen Tsung-Che Huang, Hsin-Ting	2021/01~2021/12	2,412	450	2,862	Corporate bonds and cash capital increase review and tax attestation fees

(I) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: The company's current construction project business is relatively simple in nature and is in the stage of early integration, and has discussed and negotiated with the accounting firm to reduce professional fees.

(II) Over 10% decrease in audit fee on a year-to-year basis, the decreased amount, percentage and reason of the audit fee shall be disclosed: Not applicable.

VI. Information on Change of CPAs:

(I) About former CPAs

<table>
<tr><td>Date of change</td><td colspan="4">March 15, 2021</td></tr>
<tr><td>Reason for change and explanation</td><td colspan="4">Internal rotation adjustment of the accounting firm</td></tr>
<tr><td rowspan="3">Explain whether the appointment is terminated or declined by the appointer or CPA</td><td colspan="2">Parties involved / Status</td><td>CPA</td><td>Appointer</td></tr>
<tr><td colspan="2">Appointment terminated at will</td><td colspan="2" rowspan="2">(Not applicable)</td></tr>
<tr><td colspan="2">(Continued) Appointment no longer accepted</td></tr>
<tr><td>If the former CPA issued an audit report during the most recent 2 years containing an opinion other than an unqualified opinion, state the opinion and reason</td><td colspan="4">None</td></tr>
<tr><td rowspan="5">Different opinion from the issuer</td><td rowspan="4">Yes</td><td>-</td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td>-</td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td>-</td><td colspan="2">Audit scope or steps</td></tr>
<tr><td>-</td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">v</td></tr>
</table>

	Descriptions	-
Other matters to be disclosed (matters covered in item 1-4 to 1-7, paragraph 6, Article 10 of these Regulations should be disclosed)	None	

(II) About the successor CPAs

Name of firm	KPMG Taiwan
Name of CPAs	Chen Tsung-Che, Chien Ti-Nuan (Note)
	Chen Tsung-Che, Huang Hsin-Ting (Note)
Date of appointment	March 15, 2021
Matters regarding which the successor CPAs were consulted, and which were related to the accounting treatment or accounting principles of specific transactions	None
Written disagreements from the successor CPAs against the opinions made by the former CPA	None

Note: Due to personnel adjustment and internal job rotation of the accounting firm, starting from the first quarter of 2021, the Company's CPAs for the financial reports have been changed from the original Chen Tsung-Che and Chien, TIi-Nuan to Chen Tsung-Che and Huang, Hsin-Ting.

(III) Former CPAs' response to item 1 and item 2-3, paragraph 6, Article 10: of these Regulations: None.

VII. Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None.

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

(I) Change in equity interests by a director, supervisor, managerial officer and major shareholder:

Unit: shares

Title (Note 1)	Name	2021		As of April 30, 2022	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairman	Shunlin Investment Co., Ltd.	1,654,167	0	0	0
	Representative: Hsu, Yu-Shan	0	0	0	0
Director	Li, Chang-Lin	89,922	0	0	0
Director	Xiemei Industrial Co., Ltd.	3,447,423	0	0	0
	Representative: Yeh, Chi-Chao	0	0	0	0
Director	Ambassador Investment Corp. Ltd.	0	0	0	0
	Representative: Li, Ying-Chu	0	0	0	0
Independent Director	Wang, Chia-Kun	0	0	0	0
Independent Director	Kuo, Chia-Wen	0	0	0	0
Independent Director	Shen, Ching-Mao	0	0	0	0
President	Lin, Hsin-Cheng	1,055,880	0	0	0
Vice president	Yuan, Cho-Tao	168,000	0	0	0
Accounting Supervisor (Left the company on February 10, 2022)	Tseng, Yu-Wen	0	0	0	0
Supervisor of Finance and Accounting Department (Served as Finance Supervisor on September 1, 2021/concurrently served as Accounting Supervisor on February 11, 2022)	Kuo, Ying-Yen	0	0	0	0

(II) Information on directors, managerial officers and major shareholders during the transfer of equity interests in which the counterparty is a related party: None.

(III) Information on directors, managerial officers and major shareholders during the pledge of change in equity interests in which the counterparty is a related party: None.

IX. Information on the relationship between top 10 shareholders:

Unit: shares

Name (Note 1)	Shares held		Shares held by spouse, minor children		Total shares held in the name of others		Number of shares held in the name of others, names and relationship of top ten shareholders who are related parties, spouses or within second-degree of kinship to each other (Note 3).		Remarks
	Number of shares	Shareholding ratio (%) (Note 4)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Name	Relationship	
Choice Development, Inc.	21,526,014	9.51%	0	0	0	0	Chen, Hui-Yu	Chen, Hui-Yu is the person in charge of Choice Development	None
Representative: Chen, Hui-Yu	6,381,120	2.82%	0	0	0	0			
Chuang Sheng Investment Co., Ltd.	20,374,118	9.00%	0	0	0	0	None	None	None
Representative: Li Chang-Lin	260,250	0.11%	0	0	0	0	None	None	None
Yao ze Limited	20,374,118	9.00%	0	0	0	0	None	None	None
Representative: Hsu Yu-Shan	0	0	4,600,182	2.03%	0	0	None	None	None
Chen Chieh Investment Limited	13,570,201	5.99%	0	0	0	0	None	None	None
Representative: Kao, Mei-Feng	0	0	0	0	0	0	None	None	None
Xiemei Industrial Co., Ltd.	9,977,374	4.41%	0	0	0	0	None	None	None
Representative: Yeh, Chi-Chao	0	0	0	0	0	0	None	None	None
Hesheng Investment Co., Ltd.	9,821,556	4.34%	0	0	0	0	None	None	None
Representative: Yang Hsiu-Chu	0	0	0	0	0	0	None	None	None
Chen, Hui-Yu	6,381,120	2.82%	0	0	0	0	Choice Development	Chen, Hui-Yu is the person in charge of Choice Development	None
Ambassador Investment Corp. Ltd.	5,781,850	2.55%	0	0	0	0	None	None	None
Representative: Chao Chieh-Yun	0	0	0	0	0	0	None	None	None
Benz Investment Corp. Ltd.	5,207,066	2.30%	0	0	0	0	None	None	None
Representative: Chao Chieh-Yun	0	0	0	0	0	0	None	None	None
Citibank Taiwan has been entrusted with the custody of the investment account of First Worldsec Securities Limited	4,912,800	2.17%	0	0	0	0	None	None	None

Note 1: List the top 10 shareholders. If they are institutional shareholders, list both the titles of the institutional shareholders and their representatives separately.

Note 2: The calculation of the percentage of shareholding refers to the calculation of the percentage of shareholding in the name of themselves, spouse, minor children or others separately.

Note 3: The shareholders listed in the preceding paragraph include both legal entities and natural persons, and the relationship between them should be disclosed.

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

2022/04/30 Unit: Shares; %

Investment business (Note)	The Company's investment		Investment by directors, supervisors, managerial officers in directly or indirectly controlled business		Consolidated investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Charter Leisure Co., Ltd. (Charter Leisure)	2,166,167	43.30%	0	0	2,166,167	43.30%
SURV Planning And Development Co., Ltd.	1,750,000	35%	0	0	1,750,000	35%
Huide Development Company Limited (Huide)	11,500,000	100%	0	0	11,500,000	100%
Newkind Co., Ltd. (Newkind Co., Ltd.) (Note 2)	0	0	0	0	0	0
Good One Company Limited (Good One) (Note 3)	8,000,000	100%	0	0	8,000,000	100%
Qun Xin Properties Co., Ltd. (Qun Xin)	23,000,000	79.31%	0	0	23,000,000	79.31%
T-Design Co., Ltd.	1,980,000	33%	0	0	1,980,000	33%
Shi Hong Interior Design Co., Ltd. (Note 4)	0	0	0	0	0	0
Kinship Restaurant Group Ltd. (Note 5)	0	0	0	0	0	0

Note 1: Investments by the Company are accounted for using the equity method.

Note 2: In consideration of the Group's operations, Newkind Co., Ltd. was dissolved by resolution of the shareholders' meeting held on January 31, 2020. The application was approved by Order Letter Jin-Shou-Zhong-Zi No. 1933060590 dated February 7 of the same year. The liquidation process was completed by Order Letter Hua-Yuan-Feng-Min-Mao-109-Si-16-Zi No.00005 dated January 4, 2021.

Note 3: Because its business scaled down, Good One Company Limited would suspend business for one year from January 1, 2022 to December 31, 2022 by a resolution adopted by the board of directors on October 29, 2021, and the application has been approved by Letter No. Finance-Taipei-National-Taxation-Shilin-Business-Zi No. 1113900010 on January 3, 2022.

Note 4: Because of the Group's operational consideration, Huide Development Company Limited sold the shares of Shi Hong Interior Design Co., Ltd. in April 2022. The equity sale was completed on April 27, 2022, and the sale proceeds had been fully taken.

Note 5: Because of the Group's operational consideration, Good One Company Limited sold all the shares of Kinship Restaurant Group Ltd. as per the resolution adopted by the board of directors on September 30, 2021. The equity sale was completed on September 30, 2021, and the sale proceeds had been fully taken.

Four. Fundraising

I. Capital and shares

(I) Source of share capital

(1) Formation of share capital

Unit: shares; NT$

Year and month	Issue price	Authorized share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Paid in properties other than cash	Other
1984.01	10	2,500,000	25,000,000	625,000	6,250,000	Established by cash	None	—
1984.07	10	2,500,000	25,000,000	2,500,000	25,000,000	Cash capital increase	None	—
1984.11	10	4,000,000	40,000,000	4,000,000	40,000,000	Cash capital increase	None	—
1985.11	10	6,000,000	60,000,000	6,000,000	60,000,000	Cash capital increase	None	—
1986.10	10	12,000,000	120,000,000	10,000,000	100,000,000	Cash capital increase	None	—
1989.04	—	12,000,000	120,000,000	4,000,000	40,000,000	Capital reduction	—	—
1990.03	10	12,000,000	120,000,000	10,000,000	100,000,000	Cash capital increase	None	—
1990.07	10	22,000,000	220,000,000	18,000,000	180,000,000	Cash capital increase	None	—
1992.11	10	50,000,000	500,000,000	30,000,000	300,000,000	Cash capital increase	None	Note 1
1995.03	10	50,000,000	500,000,000	36,000,000	360,000,000	Cash capital increase	None	Note 2
1995.07	—	50,000,000	500,000,000	39,600,000	396,000,000	Capitalization of retained earnings	—	Note 3
1996.07	—	50,000,000	500,000,000	49,990,000	499,900,000	Capitalization of retained earnings and capital surplus	—	Note 4
1997.06	27	100,000,000	1,000,000,000	70,000,000	700,000,000	Cash capital increase	None	Note 5
1997.12	—	100,000,000	1,000,000,000	77,000,000	770,000,000	Capitalization of retained earnings and capital surplus	—	Note 6
1998.08	—	100,000,000	1,000,000,000	84,700,000	847,000,000	Capitalization of capital surplus	—	Note 7
2000.01	10	100,000,000	1,000,000,000	100,000,000	1,000,000,000	Cash capital increase	None	Note 8
2006.11	—	150,000,000	1,500,000,000	106,944,444	1,069,444,440	Conversion of convertible corporate bonds	—	Note 9
2007.12	—	250,000,000	2,500,000,000	117,853,534	1,178,535,340	Conversion of convertible corporate bonds	—	Note 10

2007.12	10	250,000,000	2,500,000,000	197,853,534	1,978,535,340	Private placement of cash capital increase of 80,000,000 shares	None	Note 11
2008.01	10	250,000,000	2,500,000,000	192,853,534	1,928,535,340	Capital reduction of 70,000,000 shares and private placement of cash capital increase of 65,000,000 shares	None	Note 12
2008.09	10	250,000,000	2,500,000,000	30,853,534	308,535,340	Capital reduction of 162,000,000 shares	None	Note 13
2008.10	10	250,000,000	2,500,000,000	47,520,034	475,200,340	Private placement of 16,666,500 shares for capital increase	None	Note 14
2010.03	10	250,000,000	2,500,000,000	64,520,034	645,200,340	Private placement of 17,000,000 preferred shares	—	Note 15
2010.12	10	250,000,000	2,500,000,000	65,960,955	659,609,550	Conversion of convertible corporate bonds privately placed	—	Note 16
2012.09	10	250,000,000	2,500,000,000	80,649,242	806,492,420	Capitalization of retained earnings of 14,688,287 shares	None	Note 17
2013.10	10	250,000,000	2,500,000,000	93,379,090	933,790,900	Capitalization of retained earnings of 12,279,848 shares	None	Note 18
2015.12	10	250,000,000	2,500,000,000	123,379,090	1,233,790,900	Cash capital increase of 30,000,000 shares	None	Note 19
2016.01	10	250,000,000	2,500,000,000	106,379,090	1,063,790,900	17,000,000 shares recovered from capital reduction of special stock	None	Note 20
2020.02	10	250,000,000	2,500,000,000	136,379,090	1,363,790,900	Cash capital increase of 30,000,000 shares	None	Note 21
2021.07	10	300,000,000	3,000,000,000	226,379,090	2,263,790,900	Cash capital increase of 90,000,000 shares	None	Note 22

Note 1: Approved by the Order Letter Tai-Cai-Zheng (1) No. 02740 dated October 23, 1992 (81).
Note 2: Approved by the Order Letter Tai-Cai-Zheng (1) No. 55110 dated February 6, 1995 (84).
Note 3: Approved by the Order Letter Tai-Cai-Zheng (1) No. 38440 dated June 30, 1995 (84).
Note 4: Approved by the Order Letter Tai-Cai-Zheng (1) No. 38922 dated June 19, 1996 (85).
Note 5: Approved by the Order Letter Tai-Cai-Zheng (1) No. 26845 dated April 17, 1997 (86).
Note 6: Approved by the Order Letter Tai-Cai-Zheng (1) No. 70269 dated September 11, 1997 (86).
Note 7: Approved by the Order Letter Tai-Cai-Zheng (1) No. 55852 dated June 25, 1998 (87).
Note 8: Approved by the Order Letter Tai-Cai-Zheng (1) No. 55929 dated August 11, 1999 (88).
Note 9: Convertible corporate bonds privately placed were converted with a face value of NT$5,000,000 at NT$0.72 per share.
Note 10: Convertible corporate bonds privately placed were converted with a face value of NT$12,000,000 at NT$1.1 per share.
Note 11: Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No. 09601300650 dated December 11, 2007.
Note 12: Capital reduction was approved by the Order Letter Jin-Guan-Zheng-Yi-Zi No. 0960068903 dated December 17, 2007. Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No. 09701011380 dated January 21, 2008.
Note 13: Capital reduction was approved by the Order Letter Jin-Guan-Zheng-Yi-Zi No. 0970037782 dated August 6, 2008. Change of registration was approved by the Order Letter Fu-Chan-Ye-Shang-Zi No. 09789067310 dated September 16, 2008.
Note 14: Change of registration was approved by the Order Letter Fu-Chan-Ye-Shang-Zi No. 09789898600 dated October 16, 2008.
Note 15: Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No. 09901084310 dated April 27, 2010.
Note 16: Convertible corporate bonds privately placed were converted with a face value of NT$10,000,000 at NT$6.94 per share. The change of registration was approved by Letter Jing-Shou-Shang-Zi No. 10001011360 dated January 25, 2011.
Note 17: Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No. 10101186140 dated September 10, 2012.
Note 18: Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No. 10201209190 dated October 11, 2013.
Note 19: Approved by the Order Letter Jin-Guan-Zheng-Fa-Zi No. 1040040590 dated November 17, 2015. Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No. 10501002000 dated January 11, 2016.
Note 20: Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No.10501016030 dated February 1, 2016.
Note 21: Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No. 10901029820 dated March 9, 2020.
Note 22: Change of registration was approved by the Order Letter Jing-Shou-Shang-Zi No. 11001185950 dated October 12, 2021.

(2) Type of shares

April 30, 2022

Type of shares	Authorized share capital					Remarks
	Outstanding shares			Unissued shares	Total	
	Listed	Non-listed	Total			
Ordinary shares	226,379,090	0	226,379,090	73,620,910 shares	300,000,000 shares	Listed shares

(3) General information about the reporting system: None.

(II) Shareholder structure

Ordinary shareholder structure

April 11, 2022

Shareholder structure / Quantity	Government agency	Financial institution	Other legal entities	Individual	Foreign institutions and foreigners	Total
No. of people	1	0	235	24,453	17	24,706
Number of shares held	2	0	125,200,416	88,652,866	12,525,806	226,379,090
Shareholding ratio	0%	0%	55.31%	39.15%	5.54%	100.00%

Note: Shareholding ratio of Mainland investors is 0.

(III) Dispersion of equity ownership

Dispersion of ordinary share ownership

April 11, 2022

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	20,462	1,062,712	0.47%
1,000 to 5,000	2,880	7,609,822	3.36%
5,001 to 10,000	518	4,146,969	1.83%
10,001 to 15,000	189	2,427,662	1.07%
15,001 to 20,000	160	2,977,169	1.32%
20,001 to 30,000	122	3,135,423	1.39%
30,001 to 40,000	70	2,486,705	1.1%
40,001 to 50,000	57	2,677,109	1.18%
50,001 to 100,000	104	7,118,872	3.14%
100,001 to 200,000	61	8,590,516	3.79%
200,001 to 400,000	35	9,001,284	3.98%
400,001 to 600,000	6	2,855,386	1.26%
600,001 to 800,000	9	6,263,764	2.77%
800,001 to 1,000,000	7	6,066,888	2.68%
Above 1,000,001	26	159,958,809	70.66%
Total	24,706	226,379,090	100%

(IV) List of major shareholders: List all shareholders with a stake of 5 percent or greater who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list

Unit: shares

Shares / Name of principal shareholder	Number of shares held	Shareholding ratio
Choice Development, Inc.	21,526,014	9.51%
Chuang Sheng Investment Co., Ltd.	20,374,118	9.00%
Yao ze Limited	20,374,118	9.00%
Chen Chieh Investment Limited	13,570,201	5.99%
Xiemei Industrial Co., Ltd.	9,977,374	4.41%
Hesheng Investment Co., Ltd.	9,821,556	4.34%
Chen, Hui-Yu	6,381,120	2.82%
Ambassador Investment Corp. Ltd.	5,781,850	2.55%
Benz Investment Corp. Ltd.	5,207,066	2.30%
Citibank Taiwan has been entrusted with the custody of the investment account of First Worldsec Securities Limited	4,912,800	2.17%

Note: The number of shares held above is based on the number of shares registered on the final date of transfer on April 11, 2022.

(V) Provide share prices for the past two fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information

Unit: NT$/share

Item \ Year			2020	2021	Current year as of April 30, 2022 (Note 8)
Market price per share (Note 1)	Highest		13.35	11.8	9.6
	Lowest		6.42	9.00	9.07
	Average		10.43	9.97	9.41
Net worth per share (Note 2)	Before distribution		7.17	7.41	None
	After distribution		7.17	7.41	None
Earnings per share	Weighted average number of shares		133,018,434	160,790,049	226,379,090
	Earnings per share (Note 3)		0.11	(0.64)	None
Dividend per share	Cash dividends		None	None	None
	Bonus shares	Stock dividend from retained earnings	None	None	None
		Dividend from capital surplus	None	None	None
	Accumulated unpaid dividends (Note 4)		None	None	None
Return on investment analysis	P/E ratio (price-to-earnings ratio) (Note 5)		94.82	(15.58)	None
	P/D ratio (Price/Dividend ratio) (Note 6)		0	0	None
	Cash dividend yield (Note 7)		0	0	None

* If shares are distributed in connection with a capital increase from earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution

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

Note 2: Please fill in the number of shares issued at the end of the year and the distribution according to the resolution of the board of directors meeting or the next year's shareholders' meeting.

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

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

Note 5: P/E ratio = Average closing price per share in current year/earnings per share

Note 6: P/D ratio = Average closing price per share in current year/cash dividend per share

Note 7: Cash dividend yield = Cash dividend per share/average closing price per share in current year

Note 8: Information on net worth per share and earnings per share shall be based on the most recent quarter numbers audited by CPAs as of the printed date of the annual report; the remaining columns shall be filled in with the current year's data as of the publication date of the annual report.

(VI) Company dividend policy and implementation thereof:

(1) Company dividend policy (in accordance with the amended Charter):

Article 24: If there is a profit for the current year, the Company shall set aside:

I. 5% as the maximum remuneration to directors/supervisors.

II. 8% as remuneration to employees.

However, profits must first be reserved to offset against cumulative losses.

Article 24-1: If there are earnings at the end of the fiscal year, the Company shall first pay tax and make up for past losses. The Company shall then set aside 10% for statutory surplus reserve (except when the statutory surplus reserve has reached the Company's paid-in capital) and set aside a special reserve or reversal of the special reserve for the current year's recorded reduction in shareholders' equity that occurred during the year. The accumulated undistributed earnings from the previous periods are then added as shareholders' dividends. Aside from retaining some earnings for future distribution by resolution, the total proportion is distributed in accordance with the Company's dividend policy.

As the Company within the construction industry, we must consider a balanced and stable dividend policy. Depending on the demand for investment capital and the dilution of earnings per share, the Company shall distribute stock dividends or cash dividends in an appropriate manner, of which cash dividends shall not be less than 10% of the total dividends to shareholders. Nevertheless, if the cash dividends are less than NT$0.1 per share or if the Board of Directors considers that the debt ratio in the Company's financial statements for the year is more than 50%, or if there are significant capital expenditure plans for the year, the Board of Directors may reduce the percentage of cash dividends or distribute stock dividends.

(2) Dividend distribution proposed by this shareholders' meeting:

The motion for the Company's 2021 appropriate of profit was approved by the board meeting. As there were accumulated losses, no dividends were distributed.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: Not applicable.

(VIII) Remuneration to employees, directors and supervisors:

(1) The percentages or ranges of remuneration to employees, directors, and supervisors, as set forth in the Company's Articles of Incorporation: Please refer to (VI) Company dividend policy and implementation thereof.

(2) The basis for estimating the amount of employee, director, and supervisor remuneration, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.t and the estimated amount are recorded as profit or loss in the following year.

(3) Information on any approval by the board of directors of distribution of remuneration to employees, directors and supervisors and the calculation of earnings per share:

1. Remuneration distribution: NT$0 in cash for employees, NT$0 in stock for employees; NT$0 in cash for remuneration to directors and supervisors.
2. Remuneration distribution: NT$0 in stock for employees, 0% of net income after tax and 0% of total employees for the period.
3. Distribution of remuneration to employees, directors and supervisors and the calculation of earnings per share: Not applicable

(4) The actual distribution of employee, director, and supervisor remuneration for the previous fiscal year: As there were accumulated losses in 2020, the Company did not need to estimate the amount of remuneration to employees and remuneration to directors and supervisors. Therefore, there was no different from the amount of employee bonus and remuneration to directors and supervisors recognized in the financial statements for 2020.

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

II. The Company's handling of corporate bonds:

(I) Outstanding corporate bonds:

<table>
<tr><td colspan="2">Types of corporate bonds</td><td>The first domestic secured corporate bonds in 2019</td></tr>
<tr><td colspan="2">Date of issuance</td><td>July 29, 2019</td></tr>
<tr><td colspan="2">Face value</td><td>NT$1,000,000</td></tr>
<tr><td colspan="2">Issuance and trading location</td><td>Taiwan</td></tr>
<tr><td colspan="2">Issue price</td><td>Issued at face value</td></tr>
<tr><td colspan="2">Total value</td><td>NT$600,000,000</td></tr>
<tr><td colspan="2">Interest rate</td><td>0.8%</td></tr>
<tr><td colspan="2">Period</td><td>5 years
Maturity date: July 29, 2024</td></tr>
<tr><td colspan="2">Guarantee agency</td><td>First Commercial Bank</td></tr>
<tr><td colspan="2">Trustee</td><td>E.SUN Commercial Bank</td></tr>
<tr><td colspan="2">Underwriter</td><td>Masterlink Securities Corporation</td></tr>
<tr><td colspan="2">Certified attorney</td><td>Chan, Kang-Jung of Yongheng Attorneys-at-law</td></tr>
<tr><td colspan="2">CPA</td><td>CPAs of KPMG Taiwan: Chih, Shih-Chin and Chien, Ti-Nuan</td></tr>
<tr><td colspan="2">Repayment method</td><td>Repayment of principal at maturity</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>NT$600,000,000</td></tr>
<tr><td colspan="2">Terms of redemption or early settlement</td><td>None</td></tr>
<tr><td colspan="2">Restricted terms</td><td>None</td></tr>
<tr><td colspan="2">Name of credit rating institution, the date of the rating, and the credit rating results</td><td>Not applicable</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>Number of common shares, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) as of the publication date of the annual report</td><td>None</td></tr>
<tr><td>Rules for issuance and conversion (exchange or stock subscription)</td><td>1. Bond name: The first secured corporate bonds in 2019 by Shihlin Development Company Limited
2. Total issue amount: NT$600 million.
3. Face value: NT$1 million, issued at full face value
4. Issuance period: 5 years.
5. Coupon rate: 0.8% per annum fixed rate.
6. Interest payment method: The interest is paid annually at the coupon rate of simple interest on the outstanding balance of the issue.
7. Repayment method: Repayment of principal at maturity
8. Guarantee: Bank guarantee.</td></tr>
<tr><td colspan="2">The issuance and conversion, exchange, or subscription rules, possibility of dilution of equity under the terms and conditions of issuance, and effect on shareholder equity</td><td>None</td></tr>
<tr><td colspan="2">Name of the custodian for the exchange of the subject</td><td>None</td></tr>
</table>

<table>
<tr><td colspan="2">Types of corporate bonds</td><td>The first domestic secured corporate bonds in 2020</td></tr>
<tr><td colspan="2">Date of issuance</td><td>January 14, 2021</td></tr>
<tr><td colspan="2">Face value</td><td>NT$1,000,000</td></tr>
<tr><td colspan="2">Issuance and trading location</td><td>Taiwan</td></tr>
<tr><td colspan="2">Issue price</td><td>Issued at face value</td></tr>
<tr><td colspan="2">Total value</td><td>NT$1,000,000,000</td></tr>
<tr><td colspan="2">Interest rate</td><td>0.62%</td></tr>
<tr><td colspan="2">Period</td><td>5 years
Maturity date: January 14, 2026</td></tr>
<tr><td colspan="2">Guarantee agency</td><td>First Commercial Bank</td></tr>
<tr><td colspan="2">Trustee</td><td>Taishin International Bank</td></tr>
<tr><td colspan="2">Underwriter</td><td>First Securities Inc.</td></tr>
<tr><td colspan="2">Certified attorney</td><td>Chan, Kang-Jung of Chan Kang-Jung Attorneys-at-law</td></tr>
<tr><td colspan="2">CPA</td><td>CPAs of KPMG Taiwan: Chen, Tsung-Che and Chien, Ti-Nuan</td></tr>
<tr><td colspan="2">Repayment method</td><td>Repayment of principal at maturity</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>NT$1,000,000,000</td></tr>
<tr><td colspan="2">Terms of redemption or early settlement</td><td>None</td></tr>
<tr><td colspan="2">Restricted terms</td><td>None</td></tr>
<tr><td colspan="2">Name of credit rating institution, the date of the rating, and the credit rating results</td><td>Not applicable</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>Number of common shares, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) as of the publication date of the annual report</td><td>None</td></tr>
<tr><td>Rules for issuance and conversion (exchange or stock subscription)</td><td>1. Bond name: The first secured corporate bonds in 2020 by Shihlin Development Company Limited
2. Total issue amount: NT$1 billion.
3. Face value: NT$1 million, issued at full face value
4. Issuance period: 5 years.
5. Coupon rate: 0.62% per annum fixed rate.
6. Interest payment method: The interest is paid annually at the coupon rate of simple interest on the outstanding balance of the issue.
7. Repayment method: Repayment of principal at maturity
8. Guarantee: Bank guarantee.</td></tr>
<tr><td colspan="2">The issuance and conversion, exchange, or subscription rules, possibility of dilution of equity under the terms and conditions of issuance, and effect on shareholder equity</td><td>None</td></tr>
<tr><td colspan="2">Name of the custodian for the exchange of the subject</td><td>None</td></tr>
</table>

<table>
<tr><td colspan="2">Types of corporate bonds</td><td>The first domestic secured corporate bonds in 2021</td></tr>
<tr><td colspan="2">Date of issuance</td><td>January 12, 2022</td></tr>
<tr><td colspan="2">Face value</td><td>NT$1,000,000</td></tr>
<tr><td colspan="2">Issuance and trading location</td><td>Taiwan</td></tr>
<tr><td colspan="2">Issue price</td><td>Issued at face value</td></tr>
<tr><td colspan="2">Total value</td><td>NT$1,200,000,000</td></tr>
<tr><td colspan="2">Interest rate</td><td>0.60%</td></tr>
<tr><td colspan="2">Period</td><td>5 years
Maturity date: January 12, 2027</td></tr>
<tr><td colspan="2">Guarantee agency</td><td>Hua Nan Commercial Bank Ltd.</td></tr>
<tr><td colspan="2">Trustee</td><td>Taishin International Bank</td></tr>
<tr><td colspan="2">Underwriter</td><td>Hua Nan Securities Co., Ltd.</td></tr>
<tr><td colspan="2">Certified attorney</td><td>Chan, Kang-Jung of Chan Kang-Jung Attorneys-at-law</td></tr>
<tr><td colspan="2">CPA</td><td>CPAs of KPMG Taiwan: Chen, Tsung-Che and Huang, Hsin-Ting</td></tr>
<tr><td colspan="2">Repayment method</td><td>Repayment of principal at maturity</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>NT$1,200,000,000</td></tr>
<tr><td colspan="2">Terms of redemption or early settlement</td><td>None</td></tr>
<tr><td colspan="2">Restricted terms</td><td>None</td></tr>
<tr><td colspan="2">Name of credit rating institution, the date of the rating, and the credit rating results</td><td>Not applicable</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>Number of common shares, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) as of the publication date of the annual report</td><td>None</td></tr>
<tr><td>Rules for issuance and conversion (exchange or stock subscription)</td><td>1. Bond name: The first secured corporate bonds in 2021 by Shihlin Development Company Limited
2. Total issue amount: NT$1.2 billion.
3. Face value: NT$1 million, issued at full face value
4. Issuance period: 5 years.
5. Coupon rate: 0.6% per annum fixed rate.
6. Interest payment method: The interest is paid annually at the coupon rate of simple interest on the outstanding balance of the issue.
7. Repayment method: Repayment of principal at maturity
8. Guarantee: Bank guarantee.</td></tr>
<tr><td colspan="2">The issuance and conversion, exchange, or subscription rules, possibility of dilution of equity under the terms and conditions of issuance, and effect on shareholder equity</td><td>None</td></tr>
<tr><td colspan="2">Name of the custodian for the exchange of the subject</td><td>None</td></tr>
</table>

III. Status of preferred shares: None.

IV. Overseas depository receipts: None.

V. Status of employee stock warrants: None.

VI. Status of restricted employee shares: None.

VII. Status of mergers and acquisitions and issuing of new shares in connection with any acquisition of shares of another company: None.

VIII. Implementation of the capital allocation plans:

(I) 2019 cash capital increase

1. Content

(1) Date of approval and order number: Order Letter Jin-Guan-Zheng-Fa-Zi No. 1080336140 dated December 5, 2019.

(2) Total amount of capital required: NT$285,000 thousand.

(3) Source of capital: 30,000 thousand new shares were issued for cash capital increase at NT$10 per share. The issues price per share was NT$9.5, raising a total of NT$285,000 thousand.

(4) Capital allocation plan and scheduled progress:

Unit: NT$ thousand

Plans	Scheduled completion date	Total capital required	Scheduled capital allocation progress:							
			2020				2021			
			1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter
Strengthening working capital - paying for administrative expenses	4th quarter of 2020	75,000	22,500	22,500	22,500	7,500	-	-	-	-
Strengthening working capital - paying for construction work	4th quarter of 2021	210,000	6,293	6,343	6,433	7,021	46,148	51,831	30,008	55,923
Total		285,000	28,793	28,843	28,933	14,521	46,148	51,831	30,008	55,923

2. Status of implementation

A. Payment of administrative expenses

Plans	State of implementation 1st quarter of 2020			State of implementation 2nd quarter of 2020			State of implementation 3rd quarter of 2020			State of implementation 4th quarter of 2020		
Payment of administrative expenses	Amount paid	Planned	22,500	Amount paid	Planned	22,500	Amount paid	Planned	22,500	Amount paid	Planned	7,500
		Actual	22,500		Actual	22,500		Actual	22,500		Actual	7,500
	Progress of implementation	Planned	30.00%	Progress of implementation	Planned	30.00%	Progress of implementation	Planned	30.00%	Progress of implementation	Planned	10.00%
		Actual	30.00%		Actual	30.00%		Actual	30.00%		Actual	10.00%

Plans	Cumulative result of implementation		
Payment of administrative expenses	Amount paid	Planned	75,000
		Actual	75,000
	Progress of implementation	Planned	100.00%
		Actual	100.00%

The company has spent all administrative expenses as originally planned by the end of the fourth quarter of 2020.

B. Paying for construction work

Plans	State of implementation			State of implementation			State of implementation			State of implementation		
	1st quarter of 2020			2nd quarter of 2020			3rd quarter of 2020			4th quarter of 2020		
Paying for construction work	Amount paid	Planned	6,293	Amount paid	Planned	6,343	Amount paid	Planned	6,433	Amount paid	Planned	7,021
		Actual	-		Actual	10,438		Actual	4,000		Actual	11,652
	Progress of construction	Planned	3.00%	Progress of construction	Planned	3.02%	Progress of construction	Planned	3.06%	Progress of construction	Planned	3.34%
		Actual	0.00%		Actual	4.97%		Actual	1.90%		Actual	5.55%

Plans	State of implementation			State of implementation			State of implementation			State of implementation		
	1st quarter of 2021			2nd quarter of 2021			3rd quarter of 2021			4th quarter of 2021		
Paying for construction work	Amount paid	Planned	46,148	Amount paid	Planned	51,831	Amount paid	Planned	30,008	Amount paid	Planned	55,923
		Actual	46,148		Actual	4,000		Actual	11,000		Actual	28,000
	Progress of construction	Planned	21.98%	Progress of construction	Planned	24.68%	Progress of construction	Planned	14.29%	Progress of construction	Planned	26.63%
		Actual	21.98%		Actual	1.90%		Actual	5.24%		Actual	13.34%

Plans	State of implementation			Cumulative result of implementation		
	1st quarter of 2022					
Paying for construction work	Amount paid	Planned	-	Amount paid	Planned	210,000
		Actual	78,000		Actual	193,238
	Progress of construction	Planned	-	Progress of construction	Planned	100.00%
		Actual	37.14%		Actual	92.02%

(II) 2021 cash capital increase

1. Content
   (1) Date of approval and order number: Order Letter Jin-Guan-Zheng-Fa-Zi No. 1100348542 dated July 26, 2021.
   (2) Total amount of capital required: NT$855,000 thousand.
   (3) Source of capital: 90,000 thousand new shares were issued for cash capital increase at NT$10 per share. The issues price per share was NT$9.5, raising a total of NT$855,000 thousand.
   (4) Capital allocation plan and scheduled progress:

Unit: NT$ thousand

Plans	Scheduled completion date	Total capital required	Scheduled capital allocation progress:					
			2021		2022			
			3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter
Strengthening working capital	2nd quarter of 2022	55,000	25,000	25,000	5,000	-	-	-
Paying for construction work	4th quarter of 2022	800,000	50,000	150,000	150,000	150,000	150,000	150,000
Total		855,000	75,000	175,000	155,000	150,000	150,000	150,000

2. Status of implementation

Plans	State of implementation			State of implementation			State of implementation			Cumulative result of implementation		
	3rd quarter of 2021			4th quarter of 2021			1st quarter of 2022					
Strengthening working capital	Amount paid	Planned	25,000	Amount paid	Planned	25,000	Amount paid	Planned	5,000	Amount paid	Planned	55,000
		Actual	25,000		Actual	25,000		Actual	5,000		Actual	55,000
	Progress of implementation	Planned	45.45%	Progress of implementation	Planned	45.45%	Progress of implementation	Planned	9.10%	Progress of implementation	Planned	100.00%
		Actual	45.45%		Actual	45.45%		Actual	9.10%		Actual	100.00%

Plans	State of implementation			State of implementation			State of implementation			Cumulative result of implementation		
	3rd quarter of 2021			4th quarter of 2021			1st quarter of 2022					
Paying for construction work	Amount paid	Planned	50,000	Amount paid	Planned	150,000	Amount paid	Planned	150,000	Amount paid	Planned	350,000
		Actual	50,000		Actual	140,000		Actual	142,000		Actual	332,000
	Progress of implementation	Planned	6.25%	Progress of implementation	Planned	18.75%	Progress of construction	Planned	18.75%	Progress of implementation	Planned	43.75%
		Actual	6.25%		Actual	17.50%		Actual	17.75%		Actual	41.5%

(III) The first domestic secured corporate bonds in 2019

The issuance of the Company's first domestic secured corporate bonds was completed on July 29, 2019. A total of NT$600,000 thousand was raised and the first domestic secured corporate bonds of NT$600,000 thousand was repaid in accordance with the original capital allocation plan. Therefore, the capital allocation plan was implemented in the third quarter of 2019.

(IV) The first domestic secured corporate bonds in 2020

1. Content
   (1) Date of approval and order number: Order Letter Zheng-Gui-Zhai-Zi No. 11000002442 dated January 8, 2021.
   (2) Total amount of capital required: NT$1,000,000 thousand.
   (3) Source of capital: 1,000 first domestic secured corporate bonds were issued in 2020 with a face value of NT$1,000 thousand each for a period of 5 years. The coupon rate was 0.62% and the total amount raised was NT$1,000,000 thousand.
   (4) Plans, projected progress and possible effect:

Unit: NT$ thousand

Plan	Scheduled completion date	Total capital required	Scheduled capital allocation progress:			
			2021			
			1st quarter	2nd quarter	3rd quarter	4th quarter
Repayment of bank loans	1st quarter of 2021	1,000,000	1,000,000	-	-	-
Projected possible effect: 1. Given that interest rates are currently at a low level, through issuing corporate bonds at a fixed rate, not only the risk of interest rate increases can be hedged and the risk of financial adjustments is also reduced compared to bank financing. By taking this approach, the source of long-term capital is increased, enhancing the financial structure.						

2. Status of implementation

   The issuance of the Company's first domestic secured corporate bonds was completed on January 14, 2021. A total of NT$1,000,000 thousand was raised and the bank loan of NT$1,000,000 thousand was repaid in accordance with the original capital utilization plan. Therefore, capital allocation plans were implemented in the first quarter of 2021.

(V) The first domestic secured corporate bonds in 2021

1. Content
   (1) Date of approval and order number: Order Letter Zheng-Gui-Zhai-Zi No. 11000143741 dated January 3, 2022.
   (2) Total amount of capital required: NT$1,200,000 thousand.
   (3) Source of capital: 1,200 first domestic secured corporate bonds were issued in 2021 with a face value of NT$1,000 thousand each for a period of 5 years. The coupon rate was 0.6% and the total amount raised was NT$1,200,000 thousand.
   (4) Plans, projected progress and possible effect:

Unit: NT$ thousand

Plan	Scheduled completion date	Total capital required	Scheduled capital allocation progress:			
			2022			
			1st quarter	2nd quarter	3rd quarter	4th quarter
Repayment of bank loans	1st quarter of 2022	1,200,000	1,200,000	-	-	-
Projected possible effect: Given that interest rates are currently at a low level, through issuing corporate bonds at a fixed rate, not only the risk of interest rate increases can be hedged and the risk of financial adjustments is also reduced compared to bank financing. By taking this approach, the source of long-term capital is increased, enhancing the financial structure.						

2. Status of implementation

The issuance of the Company’s first domestic secured corporate bonds was completed on January 12, 2022. A total of NT$1,200,000 thousand was raised and the bank loan of NT$1,200,000 thousand was repaid in accordance with the original capital utilization plan. Therefore, capital allocation plans were implemented in the first quarter of 2022.

Five. Operation Overview

I. Company's business

(I) Line of business

1. Scope of business

(1) The Company's major lines of business are: Real estate development, clubs, accommodation, food and drink.

(2) Products and business weighting:

Unit: NT$ thousand, %

Year / Product	2020		2021	
	Net operating income	Ratio (%)	Net operating income	Ratio (%)
Construction income	0	0	319,138	43
Accommodation	101,815	28	193,752	26
Food and drink service	167,381	45	152,625	21
Membership service	74,658	20	57,922	8
Others	25,696	7	12,834	2
Total	369,550	100	736,271	100

(3) The company's current products (services):

A. Real estate development: Primarily commercial buildings and congregate housing

B. General hotel: Accommodation and food and drink

C. Clubs and restaurants: Chinese food and drink, Western food and drink, and membership services

(4) New products (services) planned to be developed:

A. Land development

The Greater Taipei is our primary market where we acquire land or work with landowners to construct and develop products related to residential, hotel, and commercial buildings.

B. Construction management

Aside from construction management of self-developed or commissioned construction plants for joint construction projects, we also provide owners with construction management services for construction projects of residential or commercial buildings in the market. The scope of our construction management includes civil construction and interior decoration.

C. Interior design & works

We develop interior design business focusing on residential and commercial use spaces (e.g. hotels, department stores, malls, offices), and extend to interior renovation business.

D. Promoting green building certification

We believe that environmentally friendly "green buildings" are the most effective way to tackle the deterioration of urban built environments.

We must build a waste recycling and reuse mechanism as soon as possible to digest building waste year by year as waste reduction slows down environmental impact and load. The implementation policy is to gradually increase the ratio of recycled building material usage for new buildings.

E. Housing experience combined with diversification and design

We integrate current environmental trends, technology preferences and relaxation into hotel software and hardware to create a new generation of design hotel concepts. With added functionality and fun, we build a simple and comfortable space, repositioning ourselves in the market with innovation and creativity. Moreover, using environmentally friendly materials and all-natural products we confirm our commitment to facilitating a healthy and sustainable environment.

F. New eating and drinking habits

We create new comfortable dining spaces with an open kitchen decorated with local fresh fruits and vegetables, shared tables, an array of collections on shelves, souvenirs, books, plants and ornaments.

2. An overview of the industry

(1) The current status and development of the industry

A. Real estate development industry

According to the Taiwan Institute of Economic Research, the real estate market will see an increase in both price and volume in 2020, with housing prices and transaction volumes showing an upward trend. In 2021, as the pandemic is brought under control, the central bank’s interest rates stay low for the moment, and there is an abundance of capital in the market; meanwhile, the construction cost remains high and the labor shortage continues, which will keep driving house prices.

As for the commercial real estate and land transactions, the market continues to expand, mainly due to input for self-use buying from manufacturing industry, life insurance companies actively evaluating and entering the market, real estate developers joining in acquisition transactions, and the return of Taiwanese businessmen stimulating industrial real estate. However, the purchase of land was affected by the loan shrinkage, showing a rise and a fall in transactions.

In addition, issues like urban renewal and accelerating the reconstruction of dangerous old building are all policies that the government will continue to promote in 2022, and the rigid demand in the industry will continue to drive the development of alternative real estate such as industrial real estate, warehousing and logistics, and data centers. Taking into consideration the aforementioned factors, it can be predicted that the real estate market will still see a slight growth next year.

Tourism industry

According to the statistics of the Tourism Bureau, due to the impact of COVID-19, 140,479 tourists visited Taiwan in 2021, a negative growth of 89.8% from 2020. As a result, sales around Taiwan’s tourist attractions, the hotel industry and restaurants were severely impacted.

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

A. Real estate development industry

The construction industry's upstream segments consist of land and building materials. Land is supplied primarily through land sales by the National Property Administration, or self-development, brokerage and joint construction. We also re-develop old communities through urban renewal. As natural resources for building material are limited, we not only use natural building materials made with traditional methods, but as technology progresses, we also acquire newly developed building materials that meet the needs of the market. Our downstream segments consist of brokers and agents who have also constructed complete channels alongside the market needs and development, enabling more diversified choices in sales coordination for the construction business.

B. Tourism industry

In terms of the hotel industry, as primary operating income comes from food and drinks and accommodation, a suitable location is a top priority in building a hotel. When the location is finalized, the construction of stores will begin. In terms of store decoration – upstream vendors include glass and metal product manufacturers, providing food and drink containers needed for opening a business; while the computer and peripheral equipment manufacturing industries provide electronic ordering services and administrative personnel management. In terms of daily business – as some manufacturing processes for some food and drink products include general food ingredients involving cooking, curing and seasoning, the crop cultivation, animal husbandry, fishery, meat, aquatic and dairy, fruits and vegetables, oil and starch, beverage and tobacco, and food processing industries are all suppliers of general food materials and are therefore upstream industries of this industry. In terms of the electric power equipment manufacturing industry, water, electricity and gas supply industry, and the specialized machinery and equipment manufacturing industries – given that these provide specialized cooking equipment, electricity and gas required to prepare food, this industry uses the machinery and electric power equipment and raw ingredients mentioned above to process and produce meals sold to the public. In terms of hotel rooms, we have purchased room-related supplies from upstream manufacturers to provide visitors with a comfortable room space. Hotel bookings are primarily carried out via the official website and other third-party websites.

(3) Development trends of products

A. Real estate development industry

a. Building product positioning will be transformed and specific market scales will expand

As the increase in home ownership is a result of matured urban development, the home ownership rate will gradually rise. Coupled with market demand for urban renewal, needs for secondhand houses and home exchange will gradually increase. Currently, market share ratio for first-time buyers, home exchange and investment are approximately 4:4:2. Based on these factors, product positioning of construction companies will be gradually transformed, and large-size and luxury residential specifications and investment projects will be launched following this trend. Furthermore, small- and medium-sized construction companies must consider the future market product positioning and seize the opportunities.

b. The green building certification EEWH and related energy-saving building certifications will become important factors that affect housing prices.

At present, Taiwan's Architecture and Building Research Institute has completed the EEWH certification targeting nine indicators: daily energy conservation, biodiversity, greenery, base water conservation, water resources, carbon dioxide reduction, indoor environment, waste reduction, sewage treatment improvement. Moreover, newly built public buildings must obtain an EEWH certification as required by the Public Construction Commission. For general new private buildings, many benchmark builders continue to develop homes with green building design concepts. Additionally, global energy-saving building certification has become an important variable in valuation. As technology has been improved and concepts strengthened, EEWH certification in the future will become a crucial feature affecting house pricing, posing a positive impact.

c. Homes in urban areas will develop towards small homes and large size luxury homes.

In recent years, due to economic pressures and changes in sentiment, social behaviors such as having fewer children, more people staying single, and more single parents began to surface. Coupled with the effect of large gap between the rich and the poor, construction projects launched by builders recently are prone to be small homes or luxury homes. According to the survey data, as the number of single-family households continues to decrease and housing prices continue to rise, first-time home buyers only consider two-bedroom or suite products. Moreover, most home buyers are inclined to prefer areas with convenient transportation and living functions. Taking Greater Taipei as an example, areas around MRT are the most popular among home buyers, where recent builders are more likely to develop. Aside from small homes mentioned above, construction companies continue to launch construction projects over 100 *pings* (330.5 square meters) to meet the need for luxury homes and the investment of high-end customers. These projects are in prime locations which suggests that the value will be preserved. Also, when planning a construction project, one of priorities is lighting and interior ventilation. When planning a construction project, not only are high-grade building materials used, security protection such as access, strict access control, privacy maintenance and earthquake prevention are is required. With the aforementioned specifications specially planned and designed for high end customers, there has been a surge in sales of large luxury homes.

B. Tourism industry

a. Housing experience combined with diversification and design

We integrate current environmental trends, technology preferences and relaxation into hotel software and hardware to create a new generation of design hotel concepts. With added functionality and fun, we build a simple and comfortable space, repositioning ourselves in the market with innovation and creativity. Moreover, using environmentally friendly materials and all-natural products we confirm our commitment to facilitating a healthy and sustainable environment.

b. New eating and drinking habits

Unlike the glamorous dining style of traditional hotels, the restaurant is designed with an open kitchen adorned with local fresh fruit and vegetables, shared tables, an array of collections on shelves, souvenirs, books, plants and ornaments, creating a comfortable dining space for our guests. Also, with brunch becoming a trend, dining times will no longer be restricted.

(4) Competition status

A. Real estate development industry

As the real estate market is large with a wide geographical distribution, products tend to differ by location and region. Based on this, the market is not as competitive between companies like other industries. Saying that, competitiveness is more significant between projects within different regions. Coupled with the fact that there are many companies, changes in market share are less important to future operations compared to the sales performance of projects launched by construction companies. Given that we mostly launch projects in the Greater Taipei area, we have a certain market position in the area.

B. Tourism industry

In recent years, many enterprises and groups have entered the tourism industry to make investments in building hotels or renting old real estate and renovating them into affordable hotels to seize the business opportunity of hotel accommodation for tourists visiting Taiwan. In this competitive environment, we make every effort to strive for accommodation sources through a variety of innovative marketing outlets in order to strengthen the competitiveness of our hotels. Moreover, we introduce new food and drinks on a regular basis in response to customer demand and marketing positioning so as to increase customer rate.

In 2020, due to COVID-19, many companies canceled their business trips, people canceled travel plans, and foreign visitors were banned from entering Taiwan. These severely affected the occupancy rate of domestic hotels, putting travel agents in a tougher situation.

Aside from proactively participating in government subsidies, we also make every effort to visit our existing customers and continue to develop new objects. We formulate a range of plans to fulfill customer demand for diversified space. For example, we provide food for two by private chef in the hotel room, or all types of long-term accommodation for customers needing space, such as long-term stays and long-term offices. At the same time, we also strive for the opportunity for customers to continue to stay with us once their quarantine period ends.

3. An overview of the company’s technologies and its research and development work

Not applicable, as we are in the real estate development and the primary business is investment and construction of residential buildings. As required, we must not engage in construction business and can only contract construction projects plan and develop by builders to qualified construction companies. Given that we are not engaged in the construction of projects but only land development and product planning and design, we are different from the general manufacturing industry and do not have departments set up for R&D.

Not applicable, as the threshold for technology in the catering industry is not high and people’s eating pattern is fixed, there is not much change in R&D in terms of product technology in the catering industry. General hospitality entities mostly develop towards the direction of refining the design of products and providing quality service. As marketing strategies are different, there are no departments set up for R&D.

4. Long- and short-term business development plans

(1) Short-term business development plans

A. Taipei city is regarded as our development focus and we develop in areas near to MRT stations, with green space and excellent schools with robust living facilities. At the same time, we also develop urban renewal projects.

B. We invest in the construction of residential buildings with pragmatic development strategies and strive for the added value of products to create quality residential spaces.

C. Through our budgeting system, audits and strict control of costs, revenue and expenditures, we gradually increase the ratio of our own funds to ensure the robust financial structure of our operating base.

D. Meanwhile, we reinforce employee education and training, improve employee quality and their professional standards, promote employee benefits and provide a sound workplace so that employees are able to release their potential and expertise, improving the Company’s operating performance.

(2) Long-term business development plans

A. To expand our business and spread business risks while thoroughly grasping construction quality, and effectively controlling construction progress, we plan to vertically integrate upstream, midstream and downstream segments covering plumbing and electricals, building materials, decoration industries as well as real estate agents. By adopting diverse management strategies, we hope to reduce operating costs, ensure profitability and provide more comprehensive services to consumers.

B. Additionally, we work toward the development of prime locations in metropolitan areas with development potential, and are gradually developing into diverse professional fields, such as construction and management of commercial buildings, business hotels and high-end residential buildings.

C. We adopt flexible product planning strategies. Depending on market needs and areas, we plan and design refined and human-centered high-quality products. We also provide customers with comprehensive after-sales services, aiming to build a positive brand image and company reputation, further increasing trust in the Company to enhance future sales.

II. Market, production and marketing status

1. Market analysis

(1) Geographical areas where the main products (services) of the company are provided (supplied): The Company’s products are commercial buildings and congregate housing, accommodation and hospitality and membership services. Our products are 100% sold domestically.

(2) Market share:

A. Real estate development industry

As the real estate market is large with a wide geographical distribution, products tend to differ by location and region. Based on this, the market is not as competitive between companies like other industries.

Saying that, competitiveness is more significant between projects within different regions. Coupled with the fact that there are many companies, changes in market share are less important to future operations compared to the sales performance of projects launched by construction companies. Given that most of our projects are launched in the Greater Taipei area, we have a certain market position there.

B. General hotel industry

In recent years, many enterprises and industry groups have entered the tourism market in order to make investments in the construction of hotels or renting old real estate for renovation. Turning them into affordable properties and seizing business opportunity in hotel accommodation for tourists visiting Taiwan. Under this competitive environment, we make an utmost effort to strive for accommodation sources through a variety of innovative marketing outlets in order to strengthen the competitiveness of our hotels. The Company's market share for revenue from general hotels is analyzed as follows:

Unit: NT$ thousand

Item/year	2020	2021
Shihlin Development's guest room revenue	101,815	193,752
General hotel industry's accommodation revenue	48,967,270	13,051,731
Market share	0.21%	1.48%

Source: The Tourism Bureau, M.O.T.C. and the Company's annual audited financial reports.

According to the statistics of the Tourism Bureau, due to the impact of COVID-19, 140,479 tourists visited Taiwan in 2021, a negative growth of 89.8% from 2020. As a result, sales around Taiwan's tourist attractions, the hotel industry and restaurants were severely impacted.

C. Catering industry

According to information from the Department of Statistics, MOEA, the total turnover of Taiwan's restaurant industry has shown a steady increase in recent years. However, as there are many restaurants in Taiwan, user consumption preferences and novelty are prone to change quickly. As a result, the Company must still make effort to increase the brand awareness and quality to attract consumers to reach a certain market share.

Year	2020	2021
Shihlin Development's food and drink revenue (NT$ thousand)	167,381	152,625
Restaurant turnover in Taiwan (NT$ billion)	7,775	7,280
Market share	0.02%	0.02%

Source: The Department of Statistics, MOEA and the Company's annual audited financial reports.

(3) Demand and supply conditions for the market in the future, and the market's growth potential:

<u>Supply:</u>

A. Real estate development industry

At present, land acquisition is becoming increasingly difficult and costs for construction materials are rising. Builders with a good company constitution adopt a prudent approach so that financial operations are managed in a careful manner to reduce management costs and risks. Therefore, the supply for the future housing market is expected to increase slightly along with economic growth.

B. General hotel industry and catering industry

As the number of tourists continue to increase, most industries are optimistic about the future of the hospitality and hotel industries. Not only are non-industry manufacturers proactively seizing business opportunities, manufacturers in these industries also continue to develop towards the trend of multiple brands and form as groups. This shows that competition in this industry continues to intensify.

<u>Demand:</u>

A. Real estate development industry

The demand for self-occupied housing and commercial real estate continues to increase, driving the demand of high-quality residential buildings and office buildings and boosting the willingness for builders to launch more construction projects. In the medium and long term, the demand in the Greater Taipei area for real estate is expected to outstrip supply.

B. General hotel and hospitality industries

As times change, the power of social media and media exposure cannot be underestimated. Food and drink that are innovative can attract the attention of the younger generation. With more tourists visiting Taiwan, the outlook for development within our industry is looking promising in terms of creating a robust tourism economy, hotel accommodations, and food and drink.

<u>The market's growth potential:</u>

A. Real estate development industry

The central bank continues to cut interest rates and relax control measures on real estate to stimulate the willingness of consumers to purchase real estate.

B. General hotel and hospitality industries

Although these industries have been affected by the global economic crisis, we are confident that Taiwan's economy will drive Taiwanese to want to travel and spend. Industry turnover growth rate is projected to increase 0–2%.

(4) Competitive niche:

A. Development of quality land – Lay the Company's foundation for stable growth with pragmatic land development strategy.

B. Planning of product attributes – We plan appropriate, reasonable, convenient and comfortable spaces with a human-centered approach.

C. Strict construction management – Strictly monitor and control construction quality, continue to research new methods and technologies, and effectively grasp construction deadline.

D. Comprehensive after-sales service – Take the initiative and maintain positive interaction with customers and provide satisfactory after-sales service at all times.

E. Professional management team – At Shihlin Development, we have an outstanding professional management team with extensive experience and excellent technological capabilities. Moreover, the leaders of each business group possess invaluable industrial experience as well as professional technological competence. As a result, regardless of market consolidation or business expansion, we have a certain competitive advantage.

(5) Positive and negative factors for future development, and the company's response to such factors

A. Positive factors

(A) Real estate development industry

a. Impact of external competition

As the real estate industry has strong regional characteristics, the competition in the industry is not as significant as other general industries; competition is mainly played out between projects in the same area. In recent years, as the acquisition of quality land in the Greater Taipei area has become increasing difficult, builders must improve product planning and their development capabilities while emphasizing market segmentation. This helps maintain profitability and increase competitiveness.

b. Impact of regulatory requirements

According to the guidelines of the government's construction policy regarding the "Comprehensive Territorial Development Planning" for its territorial and regional plan, the policy development direction for future housing includes a steady supply of suitably located and reasonably priced residential land on which to build affordable housing. By providing reasonably priced housing, housing problems of low- and middle-income families can be solved. At the same time, high-standard living space will be created in conjunction with increased living needs driven by raised incomes. Furthermore, incentives will be provided for private participation in urban renewal and the development and construction of new communities, providing high-standard residential communities and living environment. This will improve the housing market mechanism while promoting reasonable housing price, posing positive impact on the market development.

c. Impact of the overall business environment

Due the impact on the overall economic rebound, increasing open policies between Taiwan and China and international inflationary pressure, value-preserved assets are highly favored. The supply of land is bound to increase as a result of the conservative state-owned land sales policy. Therefore, the real estate boom in the Greater Taipei area should show stable growth.

(B) General hotel industry

a. Consumers are placing importance on travel as their available leisure time has increased

The tourism industry in Taiwan has developed rapidly in the past two decades thanks to a significant increase in wages and reduction of working hours. With high importance now attached to leisure time and tourism quality, the people in Taiwan have guaranteed the demand and future development of the tourism industry. In addition, with many new management concepts launched within the international tourism industry, together with new models of refined management, innovative ideas are constantly introduced, posing an important impact on the life and leisure needs of the people. Since the government implemented the two-day weekend system, how to properly plan weekends has become a focus of many people, indirectly simulating the domestic tourism market.

b. Stable income growth by National

The prosperity of a social economy promotes the boom of business and industry, accelerating the pace of people's life. Due to busy business and international meetings required to share new knowledge, all companies organize a variety of training to motivate their employees. The increase in income allows people to purse leisure and recreation while meeting daily needs, making leisure travel a part of modern life, relieving stress from work and daily life.

c. The government's recent proactive approach on developing Taiwan's tourism resources

The government's policy in recent years has positioned "tourism" as a leading service industry for Taiwan's economic development. At the same time, "tourism" was also listed as one of the six major emerging industries to be promoted, hoping that the industry will continue to drive the growth of Taiwan's overall economy and create more job opportunities. Meanwhile, with the competitiveness between companies in the industry becoming more intense as well as the increase in operating costs, operators are inclined to meet customer preferences by combining the tourism industry and food industry to increase the income generated by food and drink in hotels.

(C) Catering industry

a. Change in eating habits resulting in more people eating out, increasing market size

In recent years, Taiwan's economic structure and lifestyle of its people have changed and the proportion of single people and couples with dual income and no children continues to increase, resulting in the likelihood of them eating out in restaurants. With work hours and pace of life increasing, the frequency of people making meals at home has reduced. Consequently, the proportion of people eating out has increased, further boosting the consumption demand of the catering industry, injecting its growth momentum.

b. Changes in dining habits

Taiwan's food culture has evolved from "eating to survive" in the early days to "pursuing delicious food." With the improvements in the overall economy, incomes have increased and dining habits have evolved to "high value refinements."

B. Negative factors and the company's response

(A) Real estate development industry

a. Difficulties in acquiring land

As there is limited land in Taiwan and with the population naturally growing, land available for building houses is decreasing. Based on the fact that land supply does not meet the demand, costs for the acquisition of land will gradually increase.

The company's response to such factors:

Greater Taipei has always been the Company's first choice when launching construction projects, thanks to its dense population, well-developed public construction and transportation as well as being Taiwan's administrative and economic center with excellent industrial and commercial development. At Shihlin, we adhere to honest management by acquiring, analyzing and studying real estate market information. After careful evaluation, we plan and develop the most suitable projects to precisely execute the construction planning and cost control in order to build quality development projects.

b. Continuous increase of building and labor costs

With increasing raw materials and transportation costs, building costs continue to rise, leading to a high rise in housing prices. The large number of building projects initiated in emerging markets has also contributed to the rise in consumption of raw materials, putting a greater impact on the global market. At present, the shortage of labor and professional workers still exists and is impossible to be addressed in the near future. It has posed a number of negative factors to the real estate as a whole.

The company's response to such factors:

To cope with the constant increase of costs in the future, we will reinforce land development and product planning in order to increase the added value of our products. Meanwhile, we will also improve operating procedures, strengthen internal management and shorten construction period to help reduce the impact from rising costs.

(B) General hotel industry

a. The tourism industry has peak and off-peak seasons, which is not conducive to investment and operations within the industry

Most tourist destinations have peak and off-peak seasons or even peak and off-peak days. To negate this, we take into full account factors such as hotel occupancy rates, number of rooms, off-peak and peak seasons, traffic, and weather and plan a flexible price adjustment system to accommodate the differences in off-peak and peak seasons. By balancing demand and supply, and without affecting the customer service quality, we are able to balance overall revenue.

The company's response to such factors:

(I) Adopt promotional strategies and develop demand for off-peak periods to increase customer base.

(II) Add ancillary services to shorten customer waiting time.

(III) Build a friendly reservation system to put production capacity into full use.

(IV) Cross-industry alliance promotion.

b. International hotel chain expansion in Taiwan, increasing the supply of hotel rooms

Benefiting from various tourism policies initiated by the government, the number of tourists visiting Taiwan has continued to hit record highs in recent years, further driving the growth in tourism hotels. According to the Tourism Bureau, M.O.T.C, the number of general hotels has been growing year by year. Consequently, the hotel occupancy rate for general hotels in Taiwan is only approximately 50% and the annual growth rate of foreign visitors and domestic visitors is estimated at 15%, showing an excess supply. Unless the future occupancy rate can keep up with hotel room supply, room demand will not grow as fast as supply under the current plan.

The company's response to such factors:

Maintaining our existing stable customer base is our priority. We provide quality service to enhance satisfaction in our existing customer base. At the same time, we expand new operating locations to meet the needs of different customer by providing even more comprehensive facilities and services to further strengthen customer's recognition and trust for the Company. Meanwhile, we will continue to shape our brand image and reputation through various marketing strategies and increase customer return rate. By doing this, we will stabilize customer base and reduce market risk, while adhering to the objective of sustainable management and maximizing customer satisfaction.

(C) Catering industry

a. Rising consumer food safety awareness

With major food safety incidents such as the recent tainted starch and gutter oil, food safety issues have become a focus of concerned for consumers. At the same time, in light of the cancer statistics published each year and the fact that there are more young cancer patients, people have begun to emphasize the importance of food hygiene and health, leading to increased food safety awareness. As a result, the main consideration for food is no longer low price, but food safety.

The company's response to such factors:

With increased food safety awareness, quality and hygiene have become the primary factor for customers' consumption. Consequently, we demand our primary food suppliers to provide an inspection report made by external inspection agencies or FDA food import permits or other qualified inspection certificates at least once a year to strictly control food safety and quality. We are a highly regarded company for our strict, safe and quality services, and our orientation towards food safety awareness and health reflect positively on the Company.

b. High hospitality personnel turnover leads to difficult cultivation

Hospitality is both a labor-intensive and a people-oriented service industry. Although a number of operators are able to replace manpower with automation equipment, to be able provide food customer service, smooth operating procedures and service quality, a large number of personnel is essential. However, business hours in the catering industry are usually long and irregular, with peaks at night, on weekends or holidays. As a consequence, service personnel must make shift and vacation arrangements, with unorthodox working hours and holidays, service personnel are less willing to stay long periods in the same job. In addition, personnel recruitment is difficult as working under busy and hot conditions also make job seekers less willing to take on these jobs. Therefore, high labor demand and high turnover rates have become a burden for restaurant operators.

<u>The company's response to such factors:</u>

The Company has established inclusive training courses, arranging internal and external education and training to develop the professional capabilities and core competencies of employees. Through the setting up of a functional qualification system, we have created a systematic and transparent promotional channel. Consequently, by following this system, employees can be fast-tracked for promotion or see their roles upgraded, building a sense of accomplishment in their careers. Through the above measures, we continue to improve the promotion channel and motivate the work performance of employees, aiming to retain talent and reduce personnel turnover.

2. Usage and manufacturing processes for the company's main products:

(1) Real estate development industry

A. Usage for the Company's main products: Construction of residential housing, commercial buildings, and their rental or sale operations.

B. Manufacturing processes

《 Market Research 》→ 《 Land Development 》→ 《 Planning & Design 》→ 《 Marketing Planning 》→

《 Construction Work 》→ 《 Completion of Work & Delivery 》→ 《 After-sales Service 》

(2) General hotel industry

Our main products are guest room rentals, catering and providing meeting venues. Our objective is to maximize customer satisfaction.

(3) Catering industry

A. Usage for the Company's main products:The Company provides customers with a comfortable dining environment and high quality service where consumers can enjoy safe, fresh and delicious foods.

B. Manufacturing processes

3. Supply status for the company's major raw materials:

研發 → 試菜 → 入菜單 → 作業標準 → 正式販售 → 回饋檢討

點餐 → 廚房料理 → 出餐 → 客戶食用

(1) Real estate development industry

Major raw materials	Supply status
Land	The Company retains land development professionals and has well established development channels through which to locate suitable land, as well as using land agents and various other channels. By taking these approaches, we buy land for our own or joint constructions with landowners, and there is no shortage of land supply.
Construction	Construction projects are contracted by the Company

project	through tender to effectively grasp progress and quality.
Building materials	Construction materials are carefully selected from quality foreign and domestic suppliers. Most of our major bulk building materials are supplied by companies listed on TSEC or TPEx, ensuring a stable source and quality of supply.

(2) General hotel industry

The Company's hotel management is based on leasing guest rooms and providing food and drink. The main raw materials for our food and beverage services are customer supplies and fresh ingredients, of which there is a stably supply.

(3) Catering industry

Main raw materials include seafood, rice, noodles, fruits, vegetables and drinks. We maintain a longstanding business relationship with vendors who currently supply our main raw materials. Our supply chain is stable and there is no shortage or supply discontinuity of materials.

(4) A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount and proportion in either of the two most recent fiscal years:

1. Information on major suppliers in the most recent two fiscal years:

Unit: NT$ thousand

	2020				2021				As of the previous quarter of 2022 (Note 2)			
Item	Name	Amount	Ratio to net annual purchase (%)	Relation to the issuer	Name	Amount	Ratio to net annual purchase (%)	Relation to the issuer	Name	Amount	Ratio to net procurement in current year to the end of the previous quarter (%)	Relation to the issuer
1	Company A	35,527	4	None	Company A	18,106	1	None	Company A	—	—	—
2	Company B	270,379	29	None	Company B	90,072	4	None	Company B	2,169	1	None
3	Company C	—	—	—	Company C	840,523	38	None	Company C	—	—	—
4	Company D	—	—	—	Company D	—	—	—	Company D	70,749	38	None
5	Company E	—	—	—	Company E	—	—	—	Company E	39,288	21	None
6	Company F	—	—	—	Company F	—	—	—	Company F	29,933	16	None
	Others	628,475	67		Others	1,256,322	57		Others	44,888	24	
	Net purchase	934,381	100		Net purchase	2,205,023	100		Net purchase	187,027	100	

Note 1: A list of any suppliers accounting for 10 percent or more of the company's total procurement amount and proportion in either of the two most recent fiscal years. Where the company is prohibited by contract from revealing the name of a supplier, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: As of the publication date of the annual report, the most recent financial information not certified or reviewed by CPAs.

Note 3: The increase in purchase in 2021 was mainly for new project development investment.

Note 4: Companies B&D~F provide inputs to construction work for construction projects; Company C provides land to purchase for new construction development.

2. Information on major sales customers in the most recent two fiscal years:

Unit: NT$ thousand

	2020				2021				As of the previous quarter of 2022 (Note 2)			
Item	Name	Amount	Ratio to annual net sales (%)	Relation to the issuer	Name	Amount	Ratio to annual net sales (%)	Relation to the issuer	Name	Amount	Ratio to net sales in current year to the end of the previous quarter (%)	Relation to the issuer
1	Customer A	9,909	3	None	Customer A	1,214	0.2	None	Customer A	227	0.2	None
2	Customer B	—	—	—	Customer B	319,138	43	None	Customer B	—	—	—
3	Customer C	—	—	—	Customer C	—	—	—	Customer C	—	—	—
4	Customer D	—	—	—	Customer D	—	—	—	Customer D	—	—	—

5	Customer E	—	—	—	Customer E	—	—	—	Customer E	—	—	—
6	Customer F	—	—	—	Customer F	—	—	—	Customer F	—	—	—
7	Customer G	—	—	—	Customer G	—	—	—	Customer G	—	—	—
8	Customer H	—	—	—	Customer H	—	—	—	Customer H	—	—	—
	Other (Note 3)	359,641	97		Other (Note 3)	415,919	56.8		Other (Note 3)	103,713	99.8	
	Net sales	**369,550**	**100**		**Net sales**	**736,271**	**100**		**Net sales**	**103,940**	**100**	

Note 1: A list of any clients accounting for 10 percent or more of the company's total sales amount and proportion in either of the two most recent fiscal years. Where the company is prohibited by contract from revealing the name of a client, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.
Note 2: As of the publication date of the annual report, the most recent financial information not certified or reviewed by CPAs.
Note 3: The increase in sales amount in 2021 compared to 2020is mainly due to construction revenue recognized for the completion of new construction projects in 2021.
Note 4: As the Company's products are mainly in residential and accommodation food service industries, its sales targets are the general public. Clients accounting for 10% of the annual net sales are therefore different.

(5) Table of production volume and value in the most recent two fiscal years: None

(6) Table of sales volume and value in the most recent two fiscal years

Unit: NT$ thousand

Year / Sales volume and value / Major product	2020				2021			
	Domestic sales		Foreign sales		Domestic sales		Foreign sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Construction income	0	0	0	0	0	319,138	0	0
Accommodation	0	101,815	0	0	0	193,752	0	0
Food and drink service	0	167,381	0	0	0	152,625	0	0
Membership service	0	74,658	0	0	0	57,922	0	0
Others	0	25,696	0	0	0	12,834	0	0
Total	0	369,550	0	0	0	736,271	0	0

III. The number of employees employed for the two most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels: (based on the combined number of employees)

April 30, 2022

Year		2020	2021	Current year as of April 30, 2022
Number of employees	Direct personnel	188	169	152
	Indirect personnel	124	110	111
	Total	312	279	263
Average age		36.5	39.1	38.9
Average years of service		3.65	5.84	5.1
education levels (%)	Doctor	—	—	—
	Master	3%	6%	6%
	College	71%	68%	69%
	High school	7%	8%	6%
	Below high school	19%	19%	19%

Note: Information on the current year as of the publication date of the annual report shall be fill in.

IV. Information on environmental protection expenditures:

1. According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made: Not applicable.
2. Set forth the company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced: Not applicable.
3. Describe the process undertaken by the company on environmental pollution improvement in the most recent two fiscal years and up to the publication date of the annual report. If there had been any pollution dispute, its handling process shall also be described: None. The construction projects of the Company's investments are contracted by construction companies. Environmental maintenance issues in the process of construction production are overseen by the construction company. However, the Company adheres to the concept of "it is everyone's responsibility to protect the environment," and strictly requires contractors to protect the environment when carrying out construction. Therefore, there has been no occurrence of any pollution dispute for the most recent two fiscal years and up to the publication date of the annual report.
4. Describe any losses suffered by the company in the most recent two fiscal years and up to the prospectus publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental protection inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, 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: None.

5. Explain the current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming two fiscal years: As there have been no occurrence of environmental pollution issues in the production process of construction projects, in additional to normal environmental expenditures for waste removal, it is expected that there are no significant environmental expenditures in the coming year.

V. Labor relations:

(I) Setting forth all employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees:

(1) Employee benefit measures:
Employees are entitled to labor insurance and national health insurance, and an employee welfare committee has also been established as required by law. In accordance with regulations, welfare benefits are allocated, employee trips and meals organized. There are also other benefits such as birth subsidies, marriage allowances, birthday and major festival gifts.

(2) Continuing education and training: In 2021, the Company arranged a total of 6 education and training courses.

Date	Name of course	Hours of courses
2021.01.28	Information Security of Use of Windows 10 Interface and Office Computers (Speaker: Fortune Information Engineer)	1 hour
2021.02.25	Understanding of Taxes Related to Real Estate (Speaker: Scrivener Chang, Pei-Hua)	1 hour
2021.03.25	A Glimpse of “Building Waterproof Engineering” (Speaker: Lu,Chen-Tung, Vice President of Sheng-Long International Engineering Co., Ltd.)	1 hour
2021.04.29	Appraisal of Real Estate (Speaker: Chen,Tung-Tai, Assistant Manager of Cushman & Wakefield)	1 hour
2021.10.28	Tips for Reading through Financial Statements and Characteristics of Construction Industry, and Common Tax Disputes over Urban Renewal (Speaker: Consultant Chen,Chia-Hsiu)	2 hours
2021.11.25	Business and Documentary Writing - Key Points to Write Official Letter and Document (Speaker: Manager Lin, Office of Legal Affairs)	1 hour

(3) Retirement system:
There are employee retirement provisions stipulated in the Company’s Work Rules. These provisions are formulated in accordance with the Labor Pension Act. The years of service are carried out under the defined allocation system, and the Company contributes not less than 6% of the employee’s monthly wage to their personal retirement account. At present, no retirement has been applied.

(4) Status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees:
The Company holds labor–management meetings according to the provisions stipulated in the Labor Standards Act. Appointed labor–management meeting representatives also adhere to the spirit of coordination and cooperation to strengthen labor–management relations to protect the rights and interests of labors. The communication channel between labor and management is smooth and the relationship is harmonious.

(II) Describe any losses suffered by the company up to the prospectus publication date due to labor disputes, and disclose 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:
In the most recent year, the Company did not suffer any losses due to labor disputes, and there are no potential factors for labor disputes. It is expected that, with the Company's ongoing effort to facilitate and implement various employee benefit measures, there should not be any losses due to labor disputes.

VI. Cyber security management:

(I) The Company's cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management

(1) Cyber security risk management framework
The Company has not established a cross-departmental information security committee, and currently the supervisor of Administrative Management Department is also responsible for information security related matters.

(2) Cyber security policies

1. The company conducts information security and personal data protection education and training and activities on an irregular basis.
2. Outsourcing vendors need to sign a non-disclosure agreement to ensure that those who use the Company's information services to provide information services or perform related information business have the responsibility and obligation to protect the Company's information assets that they acquire or use, thereby protection information from unauthorized access, modification, destruction, or improper disclosure.
3. Proper backup and disaster recovery have been built for important information systems or equipment
4. Antivirus software is installed on all PCs with virus pattern being checked on a regular basis, and any use of unauthorized software is prohibited.
5. The employees are required to take responsibility for properly keeping and using their account ID, password, and permissions and changing their password regularly.

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, 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: None.

VII. Important Contact:

Nature of contract	Parties involved	Contract start/end date	Main details	Restricted terms
Appointment guarantee contract	First Commercial Bank	2019.07.29-2024.07.29	The first secured corporate bonds in 2019 were issued for NT$600 million, and the First Commercial Bank was entrusted as the guarantor. The guaranteed scope is the principal amount of all accrued interest based on the coupon rate of the bonds and the issuance period.	None
Appointment guarantee contract	First Commercial Bank	2021.1.14-2026.1.14	The first secured corporate bonds in 2020 were issued for NT$1 billion, and the First Commercial Bank was entrusted as the guarantor. The guarantee scope is the principal amount of all accrued interest based on the coupon rate of the bonds and the issuance period.	None
Appointment guarantee contract	Hua Nan Commercial Bank Ltd.	2022.1.12-2027.1.12	The first secured corporate bonds in 2021 were issued for NT$1.2 billion, and Hua Nan Commercial Bank Ltd. was entrusted as the guarantor. The guaranteed scope includes the principal amount and all accrued interests calculated based on the coupon rate of the corporate bonds and the issuance period.	None

Six. Financial Overview

I. Financial Information

(I) Information on condensed balance sheets and consolidated income statements for the most recent five fiscal years – IFRS adopted

Standalone condensed balance sheets - IFRS adopted

Unit: NT$ thousand

Item / Year		Financial information for the most recent five fiscal years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		1,590,260	1,071,239	1,092,443	2,736,448	6,059,122
Financial assets		178,272	135,883	105,802	82,021	53,874
Investments accounted for using the equity method		439,576	433,556	413,369	306,637	352,335
Property, plant and equipment (Note 2)		683	365	302	519	1,100
Intangible assets		7,804	7,109	6,909	6,971	7,181
Other assets (Note 2)		69,696	4,137	65,330	77,270	227,,329
Total assets		2,286,291	1,652,289	1,684,155	3,209,866	6,700,941
Current liabilities	Before distribution	833,129	837,036	401,246	1,623,541	3,423,674
	After distribution	833,129	837,036	401,246	1,623,541	3,423,674
Non-current liabilities		599,529	52	600,120	607,904	1,600,248
Total liabilities	Before distribution	1,432,852	837,088	1,001,366	2,231,445	5,023,922
	After distribution	1,432,852	837,088	1,001,366	2,231,445	5,023,922
Equity attributable to owners of the parent company		853,439	815,201	682,789	978,421	1,677,019
Share capital		1,063,791	1,063,791	1,063,791	1,363,791	2,263,791
Capital surplus		79,284	79,284	79,284	64,187	17,484
Retained earnings	Before distribution	(263,985)	(172,133)	(274,430)	(259,965)	(386,801)
	After distribution	(263,985)	(172,133)	(274,430)	(259,965)	(386,801)
Other equity interest		(25,651)	(155,741)	(185,856)	(189,592)	(217,455)
Total equity	Before distribution	853,439	815,201	682,789	978,421	1,677,019
	After distribution	853,439	815,201	682,789	978,421	1,677,019

Note 1: The financial information for each year has been audited by CPAs of KPMG Taiwan

Note 2: Those who have revaluated their assets in the current year, the date and the amount of the evaluation should be stated.

Note 3: The figures after distribution as mentioned above are filled in based on the resolutions of the board of directors meeting or the next annual shareholders' meeting.

Note 4: If the financial information has been notified by the competent authority that it should be corrected or re-prepared, the information should be updated with the new figures with reasons given.

Consolidated condensed balance sheets – IFRS adopted

Unit: NT$ thousand

Item \ Year		Financial information for the most recent five fiscal years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		1,884,724	1,370,906	1,365,469	3,015,511	6,353,704
Financial assets		204,229	161,657	131,496	107,818	80,193
Investments accounted for using the equity method		97,148	83,211	34,193	81,260	73,036
Property, plant and equipment (Note 2)		789,432	678,186	610,503	530,833	455,750
Intangible assets		62,286	60,196	59,800	7,017	7,181
Other assets (Note 2)		121,925	56,919	1,403,807	1,301,953	1,356,111
Total assets		3,159,746	2,411,075	3,605,268	5,044,392	8,325,975
Current liabilities	Before distribution	1,345,566	1,266,020	834,994	2,145,254	3,846,993
	After distribution	1,345,566	1,266,020	834,994	2,145,254	3,846,993
Non-current liabilities		788,417	145,357	1,888,365	1,797,204	2,704,065
Total liabilities	Before distribution	2,133,983	1,411,377	2,723,359	3,942,458	6,551,058
	After distribution	2,133,983	1,411,377	2,723,359	3,942,458	6,551,058
Equity attributable to owners of the parent company		853,439	815,201	682,789	978,421	1,677,019
Share capital		1,063,791	1,063,791	1,063,791	1,363,791	2,263,791
Capital surplus		79,284	79,284	79,284	64,187	17,484
Retained earnings	Before distribution	(263,985)	(172,133)	(274,430)	(259,965)	(386,801)
	After distribution	(263,985)	(172,133)	(274,430)	(259,965)	(386,801)
Other equity interest		(25,651)	(155,741)	(185,856)	(189,592)	(217,455)
Treasury stocks		0	0	0	0	0
Non-controlling interests		172,324	184,497	199,120	123,513	97,898
Total equity	Before distribution	1,025,763	999,698	881,909	1,101,934	1,774,917
	After distribution	1,025,763	999,698	881,909	1,101,934	1,774,917

Note 1: The financial information for each year has been audited by CPAs of KPMG Taiwan

Note 2: Those who have revaluated their assets in the current year, the date and the amount of the evaluation should be stated.

Note 3: The figures after distribution as mentioned above are filled in based on the resolutions of the board of directors meeting or the next annual shareholders' meeting.

Note 4: If the financial information has been notified by the competent authority that it should be corrected or re-prepared, the information should be updated with the new figures with reasons given.

Standalone condensed income statements – IFRS adopted

Unit: NT$ thousand

Item \ Year	Financial information for the most recent five fiscal years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenue	265,741	715,824	7,027	3,642	319,534
Gross profit	98,397	174,359	2,099	1,146	36,851
Operating income	1,350	75,842	(77,192)	(119,472)	(66,285)
Non-operating income and expenses	(38,258)	(72,377)	(26,347)	133,851	(33,891)
Net income before tax	(36,908)	3,465	(103,539)	14,379	(100,176)
Continuing operations Net profit for the period	(38,247)	3,465	(103,539)	14,379	(102,573)
Loss of discontinuing operations	0	0	0	0	0
Net income (loss) for the period	(38,247)	3,465	(103,539)	14,379	(102,573)
Other comprehensive income (net after tax) for the period	(10,820)	(41,643)	(28,873)	(3,650)	(27,861)
Total comprehensive income for the period	(49,067)	(38,178)	(132,412)	10,729	(130,434)
Net income attributable to owners of the parent company	(38,247)	3,465	(103,539)	14,379	(102,573)
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	(49,067)	(38,178)	(132,412)	10,729	(130,434)
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share	(0.36)	0.03	(0.97)	0.11	(0.64)

Note 1: The financial information for each year has been audited by CPAs of KPMG Taiwan

Note 2: Profit (loss) from discontinued operations, extraordinary item, and cumulative effect of changes in accounting principles are presented as a net amount after deducting income tax.

Note 3: If the financial information has been notified by the competent authority that it should be corrected or re-prepared, the information should be updated with the new figures with reasons given.

Consolidated condensed income statements – IFRS adopted

Unit: NT$ thousand

Item \ Year	Financial information for the most recent five fiscal years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenue	1,007,132	1,476,133	762,602	369,550	736,271
Gross profit	425,906	517,637	375,077	50,305	140,465
Operating income	3,890	77,902	(35,279)	(292,798)	(181,105)
Non-operating income and expenses	(31,642)	(55,654)	(40,505)	229,468	33,351
Net income before tax	(27,752)	22,248	(75,784)	(63,330)	(147,754)
Continuing operations Net profit for the period	(30,447)	15,187	(89,098)	(61,400)	(151,320)
Loss of discontinuing operations	0	0	0	0	0
Net income (loss) for the period	(30,447)	15,187	(89,098)	(61,400)	(151,320)
Other comprehensive income (net after tax) for the period	(7,732)	(41,252)	(28,691)	(3,478)	(27,488)
Total comprehensive income for the period	(38,179)	(26,065)	(117,789)	(64,878)	(178,808)
Net income attributable to owners of the parent company	(38,247)	3,465	(103,539)	14,379	(102,573)
Net income attributable to non-controlling interests	7,800	11,722	14,441	(75,779)	(48,747)
Total comprehensive income attributable to owners of the parent company	(49,067)	(38,178)	(132,412)	10,729	(130,434)
Total comprehensive income attributable to non-controlling interests	10,888	12,113	14,623	(75,607)	(48,374)
Earnings per share	(0.36)	0.03	(0.97)	0.11	(0.64)

Note 1: The financial information for each year has been audited by CPAs of KPMG Taiwan

Note 2: Profit (loss) from discontinued operations, extraordinary item, and cumulative effect of changes in accounting principles are presented as a net amount after deducting income tax.

Note 3: If the financial information has been notified by the competent authority that it should be corrected or re-prepared, the information should be updated with the new figures with reasons given.

(III) The names and opinions of the attesting CPA for the most recent five fiscal years:

Year	Name of accounting firm	Names of CPAs	Audit opinion
2017	KPMG Taiwan	Chih, Shih-Chin, Chen,	Unqualified opinions and
2018	KPMG Taiwan	Chih, Shih-Chin, Chen,	Unqualified opinions and
2019	KPMG Taiwan	Chih, Shih-Chin, Chien,	Unqualified opinions and
2020	KPMG Taiwan	Chen, Tsung-Che,	Unqualified opinions and
2021	KPMG Taiwan	Tsung-Che Chen,	Unqualified opinions and

II. Financial information for the most recent five fiscal years

(I) Financial analysis – IFRS adopted

Standalone financial analysis – IFRS adopted

Analysis items (Note 3) \ year (Note 1)		Financial analysis for the most recent five fiscal years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt to assets ratio	62.67	50.66	59.46	69.52	74.97
	Ratio of long-term capital to property, plant and equipment	212,761.64	223,356.99	424,804.30	305,650.29	297,933.36
Solvency %	Current ratio	190.88	127.98	272.26	168.55	176.98
	Quick ratio	41.51	19.76	33.99	46.26	58.33
	Times interest earned	(3.11)	1.25	(8.20)	2.12	(2.52)
Operating capacity	Receivables turnover ratio (times)	69.94	100.00	2.18	0.49	35.82
	Days sales in receivables	5.21	3.65	167.43	744.89	10.18
	Inventory turnover (times)	0.17	0.64	0.01	0.00	0.11
	Payables turnover (times)	1.25	4.99	0.07	0.04	2.10
	Days sales in inventory	2,147.05	570.31	36,500.00	0.00	3,318.18
	Turnover of property, plant, and equipment (times)	315.23	1,366.08	21.07	8.87	394.73
	Total assets turnover (times)	0.11	0.36	0.00	0.00	0.06
Profitability	Return on assets (%)	(1.13)	0.61	(5.99)	0.78	(1.63)
	Return on equity (%)	(4.36)	0.42	(13.82)	1.73	(7.73)
	Ratio of profit before tax to paid-in capital (%) (Note 7)	(3.47)	0.33	(9.73)	1.05	(4.43)
	Profit margin (%)	(14.39)	0.48	(1,473.45)	394.81	(32.10)
	Earnings per share (NT$)	(0.36)	0.03	(0.97)	0.11	(0.64)
Cash flows	Cash flow ratio (%)	12.02	2.06	0.00	0.00	0.00
	Cash flow adequacy ratio (%)	155.02	20.46	47.44	22.32	12.10
	Cash re-investment ratio (%)	7.15	2.08	0.00	0.00	0.00
Leverage	Operating leverage	72.89	2.30	(0.03)	(0.01)	(0.56)
	Financial leverage	(0.10)	1.16	0.94	0.95	0.71

Please explain the reason for ratio changes in financial information in the most recent two fiscal years.(Analysis may be exempted if the increase or decrease change does not reach 20%)

1. The increase in quick ratio was mainly due to the increase in bank deposits of current assets for the current year.
2. The increase in times interest earned was mainly due to the increase in loss for the current year.
3. The increase in receivables turnover ratio (times) and the decrease in days' sales in receivables were mainly due to the increase in operating income for the current year.
4. The decrease in inventory turnover (times), account payable turnover ratio (times) and the increase in average sales days were mainly due to the increase in operating costs for the current year.
5. The increase in the turnover of property, plant, and equipment (times) was mainly due to the increase of operating income for the current year.
6. The decrease in return on assets, return on equity, ratio of net income before tax to paid-in capital, profit margin, and earnings per share was mainly due to the increase in loss for the current year.
7. The decrease in cash flow adequacy ratio was mainly due to the increase in the amount of inventory for the past 5 years.
8. The decrease in operating leverage and financial leverage was mainly due to the increase in construction revenue recognized for the completion of construction projects for the current year.

Consolidated financial analysis – IFRS adopted

Analysis items (Note 3) \ Year (Note 1)		Financial analysis for the most recent five fiscal years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt to assets ratio	67.54	58.54	75.54	78.16	78.68
	Ratio of long-term capital to property, plant and equipment	229.81	168.84	453.77	546.15	982.77
Solvency %	Current ratio	140.07	108.28	163.53	140.57	165.16
	Quick ratio	45.00	35.28	47.14	47.49	59.33
	Times interest earned	2.01	2.23	(2.47)	(0.84)	(1.69)
Operating capacity	Receivables turnover ratio (times)	27.73	48.41	27.45	16.03	38.50
	Days sales in receivables	13.16	7.53	13.29	22.76	9.48
	Inventory turnover (times)	0.59	1.12	0.55	0.27	0.24
	Payables turnover (times)	3.49	6.89	3.94	3.45	3.83
	Days sales in inventory	618.64	325.89	663.63	1,351.85	1,520.83
	Turnover of property, plant, and equipment (times)	1.21	2.01	1.18	0.65	1.49
	Total assets turnover (times)	0.30	0.53	0.25	0.09	0.11
Profitability	Return on assets (%)	(0.33)	1.03	(2.01)	(0.82)	(1.63)
	Return on equity (%)	(2.91)	1.50	(9.47)	(6.19)	(10.52)
	Ratio of profit before tax to paid-in capital (%) (Note 7)	(2.61)	2.09	(7.12)	(4.64)	(6.53)
	Profit margin (%)	(3.02)	1.03	(11.68)	(16.61)	(20.55)
	Earnings per share (NT$)	(0.36)	0.03	(0.97)	0.11	(0.64)
Cash flows	Cash flow ratio (%)	15.46	11.74	23.20	0.00	0.00
	Cash flow adequacy ratio (%)	140.45	38.59	105.55	57.26	18.86
	Cash re-investment ratio (%)	10.29	9.73	10.42	0.00	0.00
Leverage	Operating leverage	109.49	6.64	(10.63)	(0.17)	(0.78)
	Financial leverage	(0.20)	1.28	0.50	0.90	0.77

Please explain the reason for ratio changes in financial information in the most recent two fiscal years.(Analysis may be exempted if the increase or decrease change does not reach 20%)

1. The increase in ratio of the long-term capital to property, plant and equipment was mainly due to the increase in non-current liabilities for the current year.
2. The increase in quick ratio was mainly due to the increase in current assets for the current year.
3. The increase in times interest earned was mainly due to the increase in loss for the current year.
4. The increase in receivables turnover ratio (times) and the decrease in days' sales in receivables were mainly due to new construction projects completed for sale for the current year, resulting in the increase in operating income.
5. The increase in the turnover of property, plant, and equipment (times) and total assets turnover (times) was mainly due to new construction projects completed for sale for the current year, resulting in the increase in operating income.
6. The decrease in return on assets, return on equity, ratio of net income before tax to paid-in capital, profit margin, and earnings per share was due to the increase in loss for the current year.
7. The decrease in cash flow adequacy ratio was mainly due to the increase in the amount of inventory for the past 5 years.
8. The decrease in operating leverage was mainly due to the increase in construction revenue recognized for the completion of construction projects for the current year.

Note 1: The financial information for each year has been audited by CPAs of KPMG Taiwan

Note 2: The following calculation formula should be shown at the end of this table in the annual report.

1. Financial structure
   (1) Debt-to-asset Ratio = total liabilities/total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (total equity＋non-current liabilities) / net worth of property, plant, and equipment.
2. Solvency %
   (1) Current ratio = Current assets / current liabilities.
   (2) Quick ratio = (Current assets - inventory - prepayment) / current liabilities.
   (3) Times interest earned = Net profit before income tax and interest expenses / interest expenses for the period.
3. Operating capacity
   (1) Receivables (including accounts receivable and notes receivable from operation) turnover ratio = Net sales / average of accounts receivable (including accounts receivable and notes receivable from operation) balance.
   (2) Days sales in receivables = 365 / receivables turnover ratio.
   (3) Inventory turnover ratio = Cost of sales / average inventory.
   (4) Payables (including accounts payable and notes payable from operation) turnover ratio = Cost of sales / average of accounts payable (including accounts payable and notes payable from operation) balance.
   (5) Days sales in inventory = 365 / inventory turnover ratio.
   (6) Property, plant and equipment turnover ratio = net sales / average net property, plant and equipment.
   (7) Total assets turnover ratio = Net sales / average total assets.
4. Profitability
   (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
   (2) Return on equity = Profit and loss after tax / average total equity.
   (3) Net profit margin = Profit and loss after tax / net sales.
   (4) EPS = (Profit and loss attributable to the owner of parent company - dividends from preferred shares) / weighted average number of outstanding shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years / (capital expenditure + increase in inventory + cash dividends) in the most recent five years. Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross of property, plant and equipment + long-term investment + other non-current assets + operating funds).
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross of property, plant and equipment + long-term investment + other non-current assets + operating funds). (Note 5)
6. Leverage:
   (1) Operating leverage = (Net operating revenue - variable costs and expenses of operations) / operating profit (Note 6).
   (2) Financial leverage = Operating profit/ (operating profit - interest expenses).

Note 4: The above formula for calculating earnings per shares should pay special attention to the following when measuring:

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

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

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

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

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

III. The Audit Committee's review report on the financial report for the most recent fiscal year

Shihlin Development Company Limited
Audit Committee's Review Report

The Company's Board of Directors has duly worked out and submitted hereto annual final account settlement papers for Year 2021 including business report, financial statement and table for surplus earnings distribution or loss make-up. Among them, the financial statements have been duly audited and contracted by KPMG Certified Public Accountants who has worked out the Audit Report. The abovementioned business report, financial statements and profit and loss appropriation table have not been found to be inconsistent after the audit by the Audit Committee, therefore we have prepared the report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely

The Company's 2022 Annual General Meeting

Shihlin Development Company Limited

Convener of the Audit Committee: Wang, Chia-Kun

March 21, 2022

IV. Financial statements for the most recent fiscal year: (Please refer to p.xx to p.xx in this Handbook)

Independent Auditors' Report

To Shihlin Development Company Limited,

Audit opinion

We have reviewed the accompanying consolidated balance sheets of Shihlin Development Company Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter referred to collectively as the "Group") for the years ended December 31, 2021 and 2020 and the relevant consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (hereinafter referred to collectively as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements, based on our audit results and other CPAs' audit reports (see "Other matters" paragraph), present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020 and for the years then ended and its consolidated financial performance and consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (hereinafter referred to as IFRS), International Accounting Standards (hereinafter referred to as IAS), IFRIC Interpretations (hereinafter referred to as IFRIC) and SIC Interpretations (SIC) (hereinafter collectively referred to as "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for the audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibility under those standards are further described in the paragraph "Auditor's responsibilities for the audit of the consolidated financial statements". 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 are convinced, based on our audit results and other CPAs' audit report, that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the consolidated financial statements of the Group for the year ended December 31, 2021, based on our professional judgment. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters. Key audit matters of the consolidated financial statements of the Group are stated as follows:

I. Recognition of income from real estate, hotel rooms, and catering services

Please refer to Note 4(17) to the consolidated financial statements for the accounting policy on income recognition; please refer to Note 6(22) to the consolidated financial statements for the description of income.

Description of key audit matters:

The Group’s main sources of operating income are from real estate and hotels, and the risk of material misstatement lies in the recognition of income when the control over products has not been transferred to customers. In addition, as the income from hotel rooms and catering services, due to the characteristics of the industry, is composed of a large number of small-value transactions, the risk of error is high. Therefore, the testing of the income from real estate, hotel rooms, and catering services recognized is one of the important matters to be audited during our audit of the Group’s consolidated financial statements.

Audit procedures:

The audit procedures we have implemented for the above-mentioned key audit matters include:

·Performed a control test on sales and payment collection cycles for income from real estate to evaluate how the control prevents and detects errors and fraud in income recognition; performed a test on income recognition, randomly verified the relevant documents, such as real estate sales contracts and property transfer registration, and checked the sales system data with the general ledger entries to evaluate whether the Group’s income recognition policy was handled in accordance with the relevant bulletins of norms; performed a cut-off test and randomly checked on income from the sale of real estate to assess whether the income is recognized in an appropriate period.

·Performed a control test on income from hotel rooms and catering services to understand the effectiveness of internal control over sales process and the design thereof and tested whether the internal control related to the timing of income recognition was effective; performed a cut-off test and randomly checked customers’ bills and uniform invoices and other materials to see if they were consistent with the billing records to confirm that the income was recognized in the correct period.

2. Inventory valuation

Please refer to Note 4 (8) “Inventories” to consolidated financial statements for the accounting policy on inventory valuation; please refer to Note 5(1) to the consolidated financial statements for the uncertainty of accounting estimates and assumptions for the inventory valuation; please refer to Note 6(5) “Inventories” to consolidated financial statements for details of inventories.

Description of key audit matters:

The Group’s construction inventories are an important asset for operations, accounting for about 41% of its total assets; inventory valuation is handled in accordance with the International Accounting Standards (IAS) 2. If the net realizable value is not properly appraised, the financial statements will be misstated. Therefore, the test of inventory values is one of our key audit matters during the audit of the Group’s consolidated financial statements.

Audit procedures:

The audit procedures we have implemented for the above-mentioned key audit matters include: Understood the Group's internal operating procedures and accounting for subsequent inventory measurement; obtained the assessment data of the net realizable value of the Group’s inventories; randomly examined the market prices of the above items, most recent nearby property transactions, the prices of the Group's recent sales contracts, or the property prices registered with the Ministry of the Interior; or obtained a case-by-case return on investment analysis table and checked and verified whether the net realizable values of the inventories were appropriate.

We also examined whether the Group's disclosure of inventory-related information was appropriate.

3. Evaluation of impairment of property, plant and equipment, right-of-use assets, and intangible

assets

Please refer to Note 4(14) “Impairment of non-financial assets” to the consolidated financial statements for the accounting policy on asset impairment; please refer to Note 5(2) to the consolidated financial statements for the uncertainty of assumptions and estimates for asset impairment. Please refer to Notes 6(8) and (9) to the consolidated financial statements for the description of the evaluation.

Description of key audit matters:

The carrying amount of the Group’s property, plant and equipment and right-of-use assets as at December 31, 2021 accounted for 19% of the total consolidated assets. As the future operating performance of the aforementioned assets is susceptible to uncertain factors, such as competition in the industry, policies, and economic environment, and the impact of the COVID-19 pandemic, estimating the recoverable amount of the aforementioned assets based on the discounted present value of future cash flows is highly uncertain. As such, the carrying amount of property, plant and equipment and right-of-use assets may be impaired. Therefore, we paid special attention to the appropriateness of the assumptions, estimates, and judgment adopted for the discounted present value of the future cash flows during the audit process.

Audit procedures:

The audit procedures we have implemented for the above-mentioned key audit matters include: Reviewed the appropriateness of the management's valuation, verified the reasonableness of the relevant parameters and key assumptions (discount rate and estimated growth rate) adopted by the management for the calculation of the recoverable amount, and confirmed the correctness of the recoverable amount. We also examined whether the Group's disclosure of information related to impairment of assets was appropriate.

Other matters

Among the subsidiaries included in the Group’s consolidated financial statements, Charter Leisure Co., Ltd.’s financial statements were not audited by us but by other CPAs. Therefore, in the opinion we expressed on said consolidated financial statements, Charter Leisure Co., Ltd.’s amounts listed in the financial statements were based on the audit report by other CPAs. Charter Leisure Co., Ltd.’s total assets as of December 31, 2021 and 2020 accounted for 1.58% and 2.82% of the total consolidated assets, respectively. Its net operating income for the years ended December 31, 2021 and 2020 accounted for 9.30% and 25.13% of the consolidated net operating income, respectively.

Among the investments using the equity method included in the Group’s consolidated financial statements, the investees’ financial statements were not audited by us but by other CPAs. Therefore, in the opinion we expressed on said consolidated financial statements, such investees’ amounts listed in the financial statements were based on the audit report by other CPAs. The investment amount recognized for some investees using the equity method as of December 31, 2021 and 2020 accounted for 0.86% and 1.59% of the total consolidated assets, respectively. The share in the profit or loss of associates using the equity method recognized for the years ended December 31, 2021 and 2020 accounted for (33.30)% and (460.31)% of the consolidated net loss before tax, respectively.

The Group has prepared the standalone financial statements for the years ended December 31, 2021 and 2020, for which we have issued an audit report with an unqualified opinion with the “Other matters” paragraph for reference.

Responsibilities of management and the governing bodies for the consolidated financial statements

The responsibilities of the management are to prepare the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and regulations of IFRSs endorsed and issued into effect by the FSC and to maintain the necessary internal controls associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the Group in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

The Group's governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from any material misstatements arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level 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 may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We have utilized our professional judgment and maintained professional doubt when performing the audit work in accordance with the auditing standards generally accepted in the Republic of China. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the consolidated financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to the relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Group.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2021. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

KPMG Taiwan

CPA:

Competent Security Authority Approval Document No.	:	Financial Supervisory Commission Approval Document, Reference No.: FSC Zheng-Sheng-Zi NO. 1000011652 Financial Supervisory Commission Approval Document, Reference No.: FSC Zheng-Sheng-Zi NO. 1100333824

March 21, 2022

Shihlin Development Company Limited and Its Subsidiaries

Consolidated Balance Sheets

For the Years Ended December 31, 2021 and 2020

Unit: NT$ thousand

Code	Assets	2021.12.31 Amount	%	2020.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 1,822,523	22	773,713	15
1170	Notes and accounts receivable, net (Notes 6(3) and (22))	17,168	-	20,642	-
1180	Accounts receivable - related parties, net (Notes 6(3), (22) and 7)	314	-	119	-
1200	Other receivables (Note 6(4))	1,906	-	5,156	-
1210	Other receivables - related parties (Notes 6(4) and 7)	-	-	3,377	-
130X	Inventories (Notes 6(5) and 8)	3,418,283	41	1,598,472	32
1410	Prepayment	79,967	1	57,930	1
1476	Other financial assets - current (Notes 6(12) and 9)	779,203	9	460,036	9
1479	Other current assets - others	3,243	-	7,754	-
1480	Incremental cost of obtaining contracts - current	231,097	3	88,312	2
		6,353,704	76	3,015,511	59
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6(2))	80,193	1	107,818	2
1550	Investments using the equity method (Note 6(6))	73,036	1	81,260	2
1600	Property, plant and equipment (Notes 6(8) and (28))	455,750	6	530,833	11
1755	Right-of-use assets (Note 6(9))	1,096,019	13	1,193,597	24
1760	Net investment property (Notes 6(10))	6,809	-	6,809	-
1780	Intangible assets (Note 6(11))	372	-	208	-
1840	Deferred tax assets (Note 6(18))	9,422	-	10,254	-
1980	Other financial assets - non-current (Notes 6(12) and 8)	250,485	3	97,095	2
1990	Other non-current assets - others	185	-	1,007	-
		1,972,271	24	2,028,881	41
	Total assets	$ 8,325,975	100	5,044,392	100

Code	Liabilities and equity	2021.12.31 Amount	%	2020.12.31 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note 6(13))	$ 2,586,723	31	740,000	15
2110	Short-term notes and bills payable (Note 6(14))	299,616	4	599,251	12
2130	Contract liabilities - current (Note 6(22))	478,906	6	288,601	6
2150	Notes payable	10,824	-	16,769	-
2170	Accounts payable	205,091	3	73,189	1
2180	Accounts payable - related parties (Note 7)	-	-	4,866	-
2200	Other payables (Note 7)	140,436	2	95,601	2
2220	Other payables - related parties (Note 7)	155	-	200,273	4
2230	Income tax liabilities for the period (Note 6(18))	2,950	-	4,826	-
2250	Provision for liabilities - current (Note 6(17))	3,030	-	2,906	-
2280	Lease liabilities - current (Notes 6(16) and 7)	104,765	1	105,501	2
2310	Advance receipts	610	-	210	-
2399	Other current liabilities - others	13,887	-	13,261	-
		3,846,993	47	2,145,254	42
	Non-current liabilities:				
2530	Corporate bonds payable (Note 6(15))	1,595,540	19	599,580	12
2580	Lease liabilities - non-current (Notes 6(16) and 7)	1,104,263	13	1,193,536	24
2640	Net defined benefit liabilities - non-current (Note 6(17)	2,443	-	2,709	-
2650	Investment credit balance using the equity method (Note 6(6))	1,047	-	1,047	-
2670	Other non-current liabilities - others	772	-	332	-
		2,704,065	32	1,797,204	36
	Total liabilities	6,551,058	79	3,942,458	78
	Equity attributable to owners of the parent company (Notes 4(3) and 6(19), (20), and (21)):				
3100	Share capital	2,263,791	27	1,363,791	27
3200	Capital surplus	17,484	-	64,187	1
3300	Retained earnings	(386,801)	(4)	(259,965)	(5)
3400	Other equity interest	(217,455)	(3)	(189,592)	(4)
	Subtotal of equity attributable to owners of the parent company	1,677,019	20	978,421	19
36XX	**Non-controlling interests (Note 6(19))**	97,898	1	123,513	3
	Total equity	1,774,917	21	1,101,934	22
	Total liabilities and equity	$ 8,325,975	100	5,044,392	100

Shihlin Development Company Limited and Its Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2021 and 2020

Unit: NT$ thousand

		2021			2020	
			Amount	%	Amount	%
4000	**Operating income (Notes 6 (22) and 7)**	$	736,271	100	369,550	100
5000	**Operating costs (Notes 6(5) and 7)**		595,806	81	319,245	86
	Gross profit		140,465	19	50,305	14
	Operating expenses: (Notes 6(17) and 7)					
6100	Marketing expenses		78,963	11	109,334	30
6200	Management expenses		242,607	33	233,439	63
6450	Expected credit impairment losses		-	-	330	-
			321,570	44	343,103	93
	Net operating loss		(181,105)	(25)	(292,798)	(79)
	Non-operating income and expenses:					
7100	Interest income (Note 6(24))		1,299	-	1,616	-
7010	Other income (Note 6(24))		36,299	5	32,479	9
7020	Other gains and losses (Notes 6 (24) and 7)		(658)	-	(63,470)	(17)
7050	Finance costs (Notes 6(24) and 7)		(52,787)	(7)	(32,670)	(9)
7060	Share of profit or loss of associates recognized using the equity method (Note 6(6))		49,198	7	291,513	79
	Total non-operating income and expenses:		33,351	5	229,468	62
7900	**Net loss before tax**		(147,754)	(20)	(63,330)	(17)
7950	**Less: Income tax expenses (benefits) (Note 6(18))**		3,566	-	(1,930)	(1)
	Net loss for the period		(151,320)	(20)	(61,400)	(16)
8300	**Other comprehensive income:**					
8310	**Items not reclassified to profit or loss**					
8311	Remeasurement of defined benefit plans		137	-	200	-
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income		(27,625)	(4)	(3,678)	(1)
8349	Less: Income tax related to items not reclassified		-	-	-	-
	Other comprehensive income (net after tax) for the period		(27,488)	(4)	(3,478)	(1)
8500	**Total comprehensive income for the period**		**(178,808)**	**(24)**	**(64,878)**	**(17)**
	Net income (loss) for the period attributable to:					
8610	Owners of the parent company	$	(102,573)	(13)	14,379	5
8620	Non-controlling interests		(48,747)	(7)	(75,779)	(21)
		$	**(151,320)**	**(20)**	**(61,400)**	**(16)**
	Total comprehensive income attributable to:					
8710	Owners of the parent company	$	(130,434)	(17)	10,729	3
8720	Non-controlling interests		(48,374)	(7)	(75,607)	(20)
		$	**(178,808)**	**(24)**	**(64,878)**	**(17)**
	Earnings (loss) per share (Note 6(21))					
9750	**Basic earnings (loss) per share (Unit: NTD)**	**$**		**(0.64)**		**0.11**
9850	**Diluted earnings (loss) per share (Unit: NTD)**	**$**		**(0.64)**		**0.11**

(Please refer to the Notes to the Consolidated Financial Statements)

Chairman: Hsu, Yu-Shan **Managerial officer: Lin, Hsin-Cheng** **Chief accounting officer: Kuo, Ying-Yen**

Shihlin Development Company Limited and Its Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2021 and 2020

Unit: NT$ thousand

	Equity attributable to owners of the parent company								
	Share capital		Retained earnings			Other equity items			
	Common stock	Capital surplus	Legal reserve	Deficit to be compensated	Total	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as at January 1, 2020	$ 1,063,791	79,284	50,262	(324,692)	(274,430)	(185,856)	682,789	199,120	881,909
Net income (loss) for the period	-	-	-	14,379	14,379	-	14,379	(75,779)	(61,400)
Comprehensive income for the period	-	-	-	86	86	(3,736)	(3,650)	172	(3,478)
Total comprehensive income for the period	-	-	-	14,465	14,465	(3,736)	10,729	(75,607)	(64,878)
Changes in other capital surplus:									
Cash capital increase -employee stock options	-	641	-	-	-	-	641	-	641
Cash capital increase	300,000	(15,738)	-	-	-	-	284,262	-	284,262
Balance as at December 31, 2020	1,363,791	64,187	50,262	(310,227)	(259,965)	(189,592)	978,421	123,513	1,101,934
Net loss for the period	-	-	-	(102,573)	(102,573)	-	(102,573)	(48,747)	(151,320)
Comprehensive income for the period	-	-	-	59	59	(27,920)	(27,861)	373	(27,488)
Total comprehensive income for the period	-	-	-	(102,514)	(102,514)	(27,920)	(130,434)	(48,374)	(178,808)
Changes in other capital surplus:									
Cash capital increase -employee stock options	-	435	-	-	-	-	435	-	435
Cash capital increase	900,000	(47,138)	-	-	-	-	852,862	-	852,862
Disposal of subsidiary	-	-	-	-	-	-	-	(1,497)	(1,497)
Difference between the price of the acquisition or disposal of subsidiary's equity and the book value	-	-	-	(24,265)	(24,265)	-	(24,265)	24,265	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	(57)	(57)	57	-	-	-
Increase or decrease in non-controlling interests	-	-	-	-	-	-	-	(9)	(9)
Balance as at December 31, 2021	**$ 2,263,791**	**17,484**	**50,262**	**(437,063)**	**(386,801)**	**(217,455)**	**1,677,019**	**97,898**	**1,774,917**

(Please refer to the Notes to the Consolidated Financial Statements)

Chairman: Hsu, Yu-Shan **Managerial officer: Lin, Hsin-Cheng** **Chief accounting officer: Kuo, Ying-Yen**

Shihlin Development Company Limited and Its Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

Unit: NT$ thousand

		2021	2020
Cash flow from operating activities			
Net loss before tax for the period	$	(147,754)	(63,330)
Adjustments:			
Income and expenses:			
Depreciation expense		199,721	203,928
Amortization expense		424	216
Expected credit impairment losses		-	330
Interest expense		52,787	32,670
Interest income		(1,299)	(1,616)
Dividend income		(1,975)	(1,074)
Share-based remuneration payment cost		435	641
Share of profit or loss of associates recognized using the equity method		(49,198)	(291,513)
Loss on disposal and scrapping of property, plant and equipment		27	112
Loss on disposal of investment in subsidiary		630	-
Loss on reclassification of property, plant and equipment		635	909
Impairment losses on non-financial assets		-	62,837
Rent concessions		(12,788)	(6,162)
Others		(4,405)	(3,356)
Total income and expenses		184,994	(2,078)
Changes in assets and liabilities related to operating activities:			
Net change in assets related to operating activities:			
Net decrease in notes and accounts receivable		3,375	12,859
Increase in accounts receivable - related parties		(195)	(119)
Decrease in other receivables		661	4,265
Decrease (increase) in other receivables - related parties		432	(2,913)
Increase in inventory		(1,809,736)	(818,772)
Increase in prepayment		(22,087)	(35,109)
Increase in other current assets		(862)	(5,010)
Increase in incremental cost of obtaining contracts		(75,412)	(63,440)
Increase in other financial assets		(229,462)	(173,770)
Increase in other non-current assets		-	(822)
Total net change in assets related to operating activities		(2,133,286)	(1,082,831)
Net change in liabilities related to operating activities:			
Increase in contract liabilities		190,306	184,166
Increase (decrease) in notes payable		(16,255)	2,185
Increase (decrease) in accounts payable		137,193	(7,729)
Decrease in accounts payable - related parties		(4,866)	(1,179)
Increase in other payables		9,937	8,441
Increase (decrease) in provision		124	(1,364)
Increase in advance receipts		400	82
Increase in other current liabilities		754	1,959
Decrease in other non-current liabilities		-	(37)
Decrease in net defined benefit liability		(130)	(127)
Total net change in liabilities related to operating activities		317,463	186,397
Total net changes in assets and liabilities related to operating activities		(1,815,823)	(896,434)
Total adjustments		(1,630,829)	(898,512)
Cash outflow from operations		(1,778,583)	(961,842)
Interest received		1,320	1,620
Dividends received		62,342	154,520
Interest paid		(56,229)	(36,637)
Income tax paid		(4,440)	(1,751)
Net cash outflow from operating activities		(1,775,590)	(844,090)

Shihlin Development Company Limited and Its Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the Years Ended December 31, 2021 and 2020

Unit: NT$ thousand

	2021	2020
Cash flow from investing activities:		
Financial assets (capital returned due to capital reduction) at fair value through other comprehensive income	-	20,000
Net cash outflow from disposal of subsidiary	(3,321)	-
Capital returned due to capital reduction by investee using the equity method	-	91,000
Acquisition of property, plant and equipment	(7,980)	(9,047)
Disposal of property, plant and equipment	40	11
Increase in other receivables	-	(2,500)
Decrease in other receivables	2,500	2,500
Acquisition of intangible assets	(592)	(270)
Increase in other financial assets	(253,110)	(79,467)
Decrease in other financial assets	8,955	1,670
Decrease in other non-current assets	822	-
Net cash inflow (outflow) from investing activities	(252,686)	23,897
Cash flow from financing activities:		
Increase in short-term borrowings	2,586,723	690,000
Decrease in short-term borrowings	(740,000)	(210,000)
Increase in short-term notes and bills payable	298,463	597,567
Decrease in short-term notes and bills payable	(598,098)	(158,067)
Issuance of corporate bonds	1,000,000	-
Increase in guarantee deposits received	440	6
Decrease in guarantee deposits received	-	(163)
Increase in other payables - related parties	-	200,000
Decrease in other payables - related parties	(200,000)	-
Lease principal repayment	(123,295)	(128,596)
Cash capital increase	852,862	284,262
Changes in non-controlling interests	(9)	-
Net cash inflow from financing activities	3,077,086	1,275,009
Increase in cash and cash equivalents for the period	1,048,810	454,816
Opening balance of cash and cash equivalents	773,713	318,897
Ending balance of cash and cash equivalents	$ 1,822,523	773,713

(Please refer to the Notes to the Consolidated Financial Statements)

Chairman: Hsu, Yu-Shan **Managerial officer: Lin, Hsin-Cheng** **Chief accounting officer: Kuo, Ying-Yen**

Shihlin Development Company Limited and Its Subsidiaries
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020
(Unless otherwise stated, all amounts are in thousands of NTD)

1. Company History

Shihlin Development Company Limited (hereinafter referred to as the "Company") was incorporated on January 23, 1984 and began operations on January 8, 1985 after trial production. Its main business includes the manufacturing and sales of small signal transistors, power transistors, and integrated circuits. In addition, in order to diversify business, the extraordinary shareholders' meeting, on October 29, 2007, approved to include the real estate development business within the business scope in the Articles of Incorporation. The Company's original name was Huaxin Electronics Co., Ltd., and it has changed the name several times. It was renamed Defeng Innovation International Co., Ltd. in 2007 and renamed as Shihlin Development Company Limited again on July 9, 2010.

The Company's consolidated financial statements for the years ended December 31, 2021 and 2020 includes the Company and its subsidiaries (hereinafter referred to as the "Group").

3. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved by the Board of Directors for release on March 21, 2022.

3. Application of Newly Issued and Amended Standards and Interpretations

(1) Impact of adoption of new and revised standards and interpretations endorsed by the FSC

The Group has adopted the new and revised IFRS since January 1, 2021, and the impacts are as follows:

1. Amendment to IFRS 16 (COVID-19-Related Rent Concessions After June 30, 2021)

This amendment extends the lessee's expedient rent concessions occurring as a direct consequence of the COVID-19 pandemic by one year to payments due before June 30, 2022. Please refer to Note 4(12) for the accounting policy.

The Group elected to apply this amendment on January 1, 2021 in advance. This accounting change has no impact on the date of initial application, and the amount recognized in profit or loss in 2021 was NT$12,788,000.

2. Others

The new amendments below are also effective from January 1, 2021, but without a material impact on the consolidated financial statements:

- Amendments to IFRS 4 (Deferral of effective date of IFRS 9)
- Interest Rate Benchmark Reform—Phase 2—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

(2) Impact of not adopting the IFRSs endorsed by the FSC

The Group has assessed the application of the newly revised IFRS that have taken effect on January 1, 2022, which will not cause a material impact on the consolidated financial statements.

- Amendments to IAS 16 (Property, Plant and Equipment — Proceeds before Intended Use)
- Amendments to IAS 37 (Onerous Contracts — Cost of Fulfilling a Contract)
- Annual Improvements to IFRSs 2018-2020 Cycle
- Amendments to IFRS 3 (Reference to the Conceptual Framework)

(3) New and revised standards and interpretations not yet endorsed by the FSC

The Group does not expect that new and revised standards below that have not yet been endorsed will have a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)
- IFRS 17 Insurance Contracts and Amendments to IFRS 17
- Amendments to IAS 1 (Classification of Liabilities as Current or Non-current)
- Amendments to IAS 1 (Disclosure of Accounting Policies)
- Amendments to IAS 8 (Definition of Accounting Estimates)
- Amendments to IAS 12 (Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction)

4. Summary of Significant Accounting Policies

A summary of the significant accounting policies adopted in the consolidated financial statements is as follows. The accounting policies below have been applied consistently throughout the reporting period presented in the consolidated financial statements.

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the “Regulations) and the IFRSs endorsed and issued into effect by the FSC of the Republic of China.

(2) Basis of preparation

1. Basis for measurement

Except for important items on the balance sheets below, the consolidated financial statements have been prepared at historical cost:

(1) Financial assets at fair value through other comprehensive income;

(2) The net defined benefit asset (or liability) is measured at fair value of the pension fund assets less the present value of the defined benefit obligation and the impact of the cap as described in Note 4(19).

2. Functional currency and currency presented

The Group adopts the currency used in the main economic environment in which each system under the Group operates as its functional currency. The consolidated financial statements are presented in the Company's functional currency, namely New Taiwan dollars (NTD). All financial information presented in NTD is in the unit of thousands of NTD.

(3) Basis of consolidation

1. Principles for the preparation of consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities (subsidiaries) controlled by the Company. When the Company is exposed to or entitled to variable returns from its participation in an investee with the ability to influence such returns through its power over the investee, the Company controls the investee.

From the date of the Group's obtaining of control over a subsidiary, its financial statements will be included in the consolidated financial statements until the date of the Group's loss of control. Inter-company transactions, balances, and any unrealized gains and losses have been eliminated in the preparation of the consolidated financial statements. Subsidiaries' total consolidated profit or loss is attributable to the owners of the Company and the non-controlling interests even if it becomes a loss balance for the non-controlling interests.

Subsidiaries' financial statements have been adjusted to ensure consistency between their accounting policies and the Group's ones.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions between 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 and attributable to the owners of the Company.

2. Subsidiaries included in the consolidated financial statements

Subsidiaries included in the consolidated financial statements include:

Investor	Subsidiary	Nature of business	% of equity held 2021.12.31	% of equity held 2020.12.31	Explanation
The Company	Charter Leisure Co., Ltd.	Food and drink and clubs	43.30%	43.30%	Subsidiary
The Company	Huide Development Company Limited	Real estate development	100.00%	100.00%	Subsidiary
The Company	Newkind Co., Ltd.	Specific Area Development.	- %	99.89%	Subsidiary (Note 1)
The Company	Good One Company Limited	Retail sales of integrated wholesales	100.00%	100.00%	Subsidiary
The Company	Qun Xin Properties Co., Ltd.	General hotel industry	79.31%	57.14%	Subsidiary (Note 2)
Goodone Company Limited	Kinship Restaurant Group Ltd.	Catering industry	- %	55.00%	Sub-subsidiary (Note 3)

Note 1: Considering the Group's operations, Newkind Co., Ltd. was dissolved by resolution of the shareholders' meeting held on January 31, 2020. The application was approved by Order Letter Jin-Shou-Zhong-Zi No. 1933060590 dated February 7 of the same year. The liquidation process was completed by Order Letter Hua-Yuan-Feng-Min-Mao-109-Si-16-Zi No.00005 dated January 4, 2021.

Note 2: The board of directors, on April 8, 2021, resolved a decision to reduce capital by 60% to compensate for the deficit. The record date for capital reduction was set on May 19, 2021. The subsidiary already completed the change registration on June 8, 2021, and the paid-in capital after capital reduction was NT$140,000 thousands. In addition, to increase the working capital, the board of directors, on April 8, 2021, resolved a decision to issue 15,000 thousands new shares for cash capital increase, with a par value of NT$10 per share. The capital increase record date is October 29, 2021. The Company acquired its shares for the capital increase in the amount of NT$150,000 thousands not in proportion to its shareholding and acquired 79.31% of the equity, debited into the retained earnings in the amount of NT$24,265 thousands.

Note 3: Considering the Group's operations, Goodone Company Limited sold all the shares of Kinship Restaurant Group Ltd. as per the resolution adopted by the board of directors on September 30, 2021. The equity sale was completed on September 30, 2021, and the proceeds from the sale have been fully recovered.

3. Subsidiaries in which the Group does not hold more than half of the equity: The Group directly holds 43.30% of Charter Leisure Co., Ltd.'s equity as its largest institutional shareholder, so it is deemed to have control over the company; and the income received and expenses incurred after the control was gained are included in the consolidated financial statements.
4. Subsidiaries not included in the consolidated financial statements: None.

(4) Foreign currency

Foreign currency transactions are translated into functional currency at the exchange rate prevailing on the transaction date. On the end date of each reporting period (hereinafter referred to as the "balance sheet date"), foreign currency monetary items are translated into the functional currency at the exchange rate prevailing on the balance sheet date Foreign currency non-monetary items measured at fair value are translated into the functional currency at the exchange rate prevailing on the day of measurement. Foreign currency non-monetary items measured at historical cost are translated at the exchange rate prevailing on the transaction date.

(5) Criteria for classification of current and non-current assets and liabilities

The Group is mainly contracted for construction and civil engineering projects, leasing or sales of real estate, and hotel business. Among them, the business cycle of the construction business is usually longer than one year, and the assets and liabilities related to the construction projects are classified as current and non-current based on an operating cycle of three to five years. The criteria for classifying current and non-current assets and liabilities are as follows:

Assets that meet one of the following criteria are classified as current assets; all other assets that are not current assets are classified as non-current assets:

1. Assets expected to be realized in the Group's ordinary course of business (usually longer than one year for the construction industry), or intended to be sold or consumed;
2. Assets held primarily for the purpose of trading;
3. Assets expected to be realized within 12 months after the balance sheet date; or
4. Assets that are in cash or cash equivalents, excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

Liabilities that meet one of the following criteria are classified as current liabilities; all other liabilities that are not current liabilities are classified as non-current liabilities:

1. Liabilities expected to be settled in the Group's ordinary course of business (usually longer than one year for the construction industry);
2. Liabilities held primarily for the purpose of trading;
3. Liabilities expected to be settled within 12 months after the balance sheet date; or

4. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date. However, the terms of a liability that could, at the option of the counterparty, result in its settlement by issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents refer to short-term and highly liquid investments that can be converted into a certain amount of cash at any time and the risk of value changes is very small. Time deposits that meet the aforementioned definition and whose purpose is to satisfy short-term cash commitments in operations are classified as cash equivalents. Time deposits that do not meet the above definitions are recognized in other financial assets - current and non-current.

(7) Financial instruments

Accounts receivable and debt securities issued are initially recognized when incurred. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual terms of the financial instruments. Financial assets (except receivables that do not contain significant financial components) or financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction prices.

1. Financial assets

If the purchase or sale of financial assets conforms to the regular way purchase or sale, the Group shall adopt trade date accounting or settlement date accounting consistently to recognize the purchase or sale of the financial assets in the same category.

Financial assets are classified as financial assets at amortized cost and equity instrument investments at fair value through other comprehensive income upon initial recognition. The Group only reclassifies all affected financial assets from the first day of next reporting period when changing the financial assets management model.

(1) Financial assets at amortized cost

If the financial assets are in alignment with the following criteria and not designated as at fair value through profit or loss, such assets are measured at amortized cost:

- Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets.
- The cash flows on specific dates specified in the contractual terms are solely payments for the principal and interest on the principal amount outstanding.

Such assets are subsequently amortized by the effective interest method plus or less the initially recognized amount using the effective interest method, adjusted for the allowance for losses measured at amortized cost. Interest income, foreign exchange gains or losses, and impairment losses are recognized in the profit or loss. Upon derecognition, the gain or loss is included in profit or loss.

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

Investments in debt instruments that meet the following criteria at the same time and are not designated as at fair value through profit or loss are measured at fair value through other comprehensive income:

- Held under a certain business model, of which the objective is for collection of contractual cash flows and sales by holding the financial assets.
- The cash flows on specific dates specified in the contractual terms are solely payments for the principal and interest on the principal amount outstanding.

Upon initial recognition, the Group may make an irrevocable election to recognize subsequent changes in fair value of equity instrument investments not held for trading in other comprehensive income. The foregoing election is made as per each instrument.

Investments in debt instruments are subsequently measured at fair value. Interest income, foreign currency exchange gains or losses, and impairment losses calculated using the effective interest method are recognized in profit or loss, while the remaining net gains or losses are recognized in other comprehensive income. Upon derecognition, the cumulative amount of other comprehensive income is reclassified to profit or loss.

Investments in equity instruments are subsequently measured at fair value. Dividend income (unless it clearly represents a recovery of part of an investment cost) is recognized in profit or loss. The remaining net gain or loss is recognized as other comprehensive income and is not reclassified to profit or loss.

Dividend income from investments in equity is recognized on the date on which the Group is entitled to receive the dividend (usually the ex-dividend date).

(3) Evaluation of the business model

The Group evaluates the business model of financial assets held at the portfolio level as it is the best way to reflect the way they operate and provide information to the management. The information to be considered includes:

- Such a portfolio policy and purpose and the operation of the policy. Including whether the management's strategy is focused on earning contractual cash flows, maintaining a specific interest-yield portfolio, matching the duration of financial assets with the duration of relevant liabilities or expected cash outflows, or realizing cash flows by selling financial assets.
- The performance of the business model and how the financial assets held under the model are evaluated and reported to an enterprise's key management personnel;
- Risks affecting the performance of the business model (and the financial assets held under the model) and how such risks are managed;
- How the managers' remuneration is determined at an enterprise, such as the remuneration based on the fair value of assets under management or contractual cash flow received; and
- Frequency, amount, and timing of sales of financial assets in previous periods, the reasons for such sales, and forecast for future sales.

According to the above business purpose, if a transaction of transferring a financial asset to a third party does not meet the de-recognition criteria, it is not a sale as mentioned above, which is consistent with the Group's purpose of continuing to recognize the asset.

(4) Evaluation of whether the contractual cash flow is entirely for the payment for the principal and the interest on the outstanding principal

Based on the evaluation purpose, the principal is the fair value of a financial asset at the time of initial recognition, and the interest is composed of the following considerations: the time value of money, the credit risk associated with the amount of outstanding principal in a specific period, other basic lending risks and costs, and profit margin.

To evaluate whether a contractual cash flow is entirely for payment for the principal and interest on the outstanding principal, the Group considers the contractual terms of the financial instrument, including assessing whether the financial asset contains a contractual term that may change the timing or amount of the contractual cash flow, resulting in the failure to meet this criterion. During evaluation, the Group considers:

- Any contingencies that will change the timing or amount of a contractual cash flow;
- Terms that may have the contractual coupon rate adjusted, including the characteristics of variable interest rates;
- Early repayment and deferment; and
- The Group’s right of claim is limited to terms of cash flow from specific assets (such as the non-recourse feature).

(5) Impairment of financial assets

The Group recognizes the expected credit losses on financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, and other financial assets) in allowance for losses.

The allowance for losses for the financial assets below are measured at 12-month expected credit losses, and the allowance for losses for the rest are measured at the lifetime expected credit losses:

- Debt securities are judged to be of low credit risk on the balance sheet date; and
- The credit risk of other debt securities and bank deposits (i.e. the risk of default during the expected duration of the financial instruments) has not increased significantly since the initial recognition.

Allowance for losses on accounts receivable and contract assets are measured at lifetime expected credit losses.

When determining whether the credit risk has increased significantly since the initial recognition, the Group takes into account reasonable and corroborative information (obtainable without undue cost or effort), including qualitative and quantitative information, and analyzes it based on the Group's historical experience,credit assessments, and forward-looking information.

If the credit risk rating of an financial instrument is equivalent to the globally defined "investment grade" (BBB- in Standard & Poor's, Baa3 in Moody's, or twA in Taiwan Ratings, or higher than such levels), the Group regards that the credit risk of the debt securities is low.

If a contract payment is overdue, the Group assumes that the credit risk of an financial asset has increased significantly.

If a contract payment is overdue for more than 90 days, or the borrower is unlikely to fulfill its credit obligations and pay the full amount to the Group, it will deem the financial asset to be in default.

Lifetime expected credit losses refer to the expected credit losses arising from all possible default events during the expected duration of a financial instrument.

Twelve-month expected credit losses are expected credit losses on a financial instrument arising from possible default events within 12 months after the balance sheet date (or a shorter period if the expected duration of the financial instrument is less than 12 months).

The maximum period over which expected credit losses are measured is the maximum contract period over which the Group is exposed to a credit risk.

Expected credit losses are an estimate of weighted probability of credit losses over the expected lifetime of a financial instrument. Credit losses are measured at the present value of all cash shortfalls, that is the difference between the cash flows that the Group can receive as per the contract and the cash flows that the Group expects to receive. Expected credit losses are discounted at the effective interest rate on the financial asset.

The Group assesses whether financial assets at amortized cost are credit-impaired on each balance sheet date. A financial asset is credit-impaired when one or more events have occurred with an adverse effect on the estimated future cash flows of the financial asset. Evidence that indicates a financial asset is credit-impaired includes the observable information below:

- The borrower or issuer encountered significant financial difficulties;
- Default, such as delayed or overdue payment for more than 90 days;
- The Group, for financial or contractual reasons related to the borrower's financial difficulties, grants the borrower a concession that the borrower would not otherwise consider;
- The borrower is likely to file for bankruptcy or other financial restructuring; or
- The active market for the financial asset disappears due to financial difficulties.

The allowance for losses for a financial asset measured at amortized cost is deducted from the carrying amount of the asset.

When the Group cannot reasonably expect to recover the whole or part of an financial asset, it directly reduces the total carrying amount of the financial asset. For individuals, the Group's policy is to write off the total carrying amount of an financial asset when it is overdue based on the past experience of similar assets. For companies, the Group analyzes the timing and amount of write-off for each company on the basis of whether it can reasonably expect to recover the financial asset. The Group does not expect a material reversal of an amount written off. However, financial assets that have been written off are still enforceable to be aligned with the Group's procedures for recovering overdue amounts.

(6) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash inflow from the financial asset expire, when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party, or when it has not transferred, retained substantially all the risks and rewards of ownership, and retained control over the financial asset.

For transfer of transfer financial assets, if the Group has retained all or substantially all the risks and rewards of ownership of the asset to be transferred, it continues to recognize the asset on the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities and equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity as per the substance of a contractual agreement and the definition of financial liabilities and equity instruments.

(2) Financial liabilities

Financial liabilities are classified as those at amortized cost or at fair value through profit or loss. Financial liabilities are classified at fair value through profit or loss if they are held for trading, derivatives, or designated upon initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and the relevant net gain and loss, including any interest expense, is recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gains or losses are recognized in profit or loss. Any gain or loss is also recognized in profit or loss upon derecognition.

(3) Derecognition of financial liabilities

The Group derecognizes financial liabilities when contractual obligations have been fulfilled, cancelled, or expired. When the terms of financial liabilities are revised and the cash flow of the revised liabilities is significantly different, the initial financial liabilities are derecognized, and new financial liabilities are recognized at fair value as per the revised terms.

When a financial liability is derecognized, the difference between its carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(8) Inventories

Merchandising business

Inventories are measured at the lower of cost or net realizable value. Costs include other costs incurred to bring inventories to a location and condition ready for use and are calculated using the weighted average method.

Net realizable value is an estimated selling price in the ordinary course of business, less the estimated cost needed to bring the inventory to a condition ready for sale and the estimated costs necessary to make the sale.

Construction business

The initial cost of inventories is the necessary expenditure to bring them to a condition and location ready for sale. Development costs of real estate include construction, land, borrowing, and project costs incurred during the development period. Subsequently, they will be measured at the lower of cost or net realizable value. When the cost of inventory is higher than the net realizable value, the cost should be written down to the net realizable value, and the amount written down should be recognized in the cost of sales in the current period.

Net realizable value is an estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The methods for evaluating the net realizable value are as follows:

(1) Construction land: Net realizable value is based on the estimate made by the competent authority as per the market condition.
(2) Construction in progress: The net realizable value is calculated based on the estimated selling price (according to the market condition at the time) less the costs and selling expenses required till completion.
(3) Real estate for sale: Net realizable value is calculated based on estimated selling price (based on the estimate made by the competent authority per the market condition) less estimated costs and selling expenses incurred in the sales of the real estate.

(9) Investment in associates

An associate is an entity on which the Group has significant influence on its financial and business policies and is not a controller or joint controller.

The Group adopts the equity method to account for its equity in associates. Under the equity method, investments in an associate are initially recognized at cost, and the investment cost includes the transaction cost. The carrying amount of an investment in an associate includes the goodwill identified at the time of the initial investment, less any accumulated impairment losses.

The Group's consolidated financial statements include, from the date of it having a significant influence to the date of its losing significant influence, after adjusting the associates' accounting policies to be consistent with those adopted by the Group, include the amount of profit or loss and other comprehensive income from investment in each associate recognized in proportion to the equity held. When an associate undergoes a change in equity that is not related to profit or loss or other comprehensive income without affecting the Group's shareholdings in the associate, the Group recognizes the share of changes in equity attributable to the Group in capital surplus in proportion to its shareholding.

Unrealized gains or losses arising from transactions between the Group and any associate are recognized in the financial statements only within the scope of non-related investors' equity in the associate.

When the Group's share of losses on an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of the said associate.

(10) Investment property

Investment property refers to property held for earning rents or asset appreciation or both, but not for sale under normal business activities, production, provision of goods or services, or for administrative purposes. Investment property is initially measured at cost, and subsequently measured at cost less accumulated depreciation and accumulated impairment. The depreciation method, useful life, and residual value are handled in accordance with the rules of property, plant and equipment.

Gains or losses on the disposal of investment property (calculated as the difference between the net proceed from the disposal and the carrying amount of the property) are recognized in the profit or loss.

Rental income from investment property is recognized in non-operating income on a straight-line basis over the lease term. The lease incentives are recognized as part of the rental income over the lease term.

(11) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

When the useful lives of material components of property, plant and equipment are different, they are treated as separate items (major components) of property, plant and equipment.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent cost

Subsequent expenditures are capitalized only when it is probable that the future economic benefits will flow to the Group.

3. Depreciation

Depreciation is calculated at the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful life of each component.

Land is not depreciated.

The estimated useful life for the current and comparative periods are as follows:

(1) Office equipment	3 – 10 years
(2) Machinery and equipment	2 – 19 years

(3) Leasehold improvement 3 – 19 years
(4) Other equipment 2 – 17 years

The Group reviews the depreciation method, useful life, and residual value on each balance sheet date and makes appropriate adjustments if necessary.

(12) Lease

The Group assesses whether a contract is or contains a lease on the date of the establishment the contract and determines what a contract is or contains a lease if the contract transfers control over the use of the identified asset for a period of time in exchange for consideration.

1. Lessee

The Group recognizes the right-of-use asset and lease liability on the lease commencement date. The right-of-use asset is initially measured at cost, which includes the initially measured amount of the lease liability, adjusted for any lease payments paid on or before the lease commencement date, plus the initial direct costs incurred and the estimated costs for dismantling, removing the asset, or restoring its location or the asset, and less any lease incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the lease commencement date to the end of the useful life of the right-of-use asset or the end of the lease term, whichever is earlier. In addition, the Group regularly assesses whether the right-of-use asset is impaired and accounts for any impairment loss that has occurred, and adjusts the right-of-use asset if the lease liability is remeasured.

The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. If the interest rate implicit in a lease is easy to be determined, the discount rate is said rate; if it is not easy to determine such a rate, the Group's incremental borrowing rate is adopted. Generally speaking, the Group adopts its incremental borrowing rate as the discount rate.

Lease payments included in the lease liability measurement include:

(1) Fixed payments, including substantial fixed payments;
(2) The lease payment depends on the change in an index or rate, and the index or rate on the lease commencement date is adopted for the initial measurement;
(3) The residual value guarantee amount expected to be paid; and
(4) The exercise price or penalty to be paid when it is reasonably ascertain that the purchase or lease termination will be executed.

Interest on lease liabilities is subsequently accrued using the effective interest method, and the amount is re-measured under each of the circumstances below:

(1) Changes in the index or rate used to determine lease payments result in changes in future lease payments;
(2) There is a change in the residual value guarantee amount expected to be paid;
(3) There is a change in the evaluation of the option of purchasing the asset;
(4) A change in the evaluation of whether to extend or terminate a lease has resulted in a change in the evaluation of the lease term;
(5) The subject leased, scope of lease, or other terms are modified.

When the lease liability is re-measured due to the aforementioned changes in the index or rate used to determine the lease payment, changes in the residual value guarantee amount, and changes in the evaluation of the purchase, extension, or termination, the carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications with a reduced scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between said amount and the remeasured amount of the lease liability is recognized in profit or loss.

The Group presents right-of-use assets and lease liabilities not in alignment with the definition of investment property on a separate line in the balance sheet.

For short-term leases of office equipment and leases of low-value assets, the Group elects not to recognize right-of-use assets and lease liabilities and recognizes relevant lease payments in expenses on a straight-line basis over the lease term instead.

The Group elects to adopt a practical expedient for all rent concessions that meet all of the criteria below and does not assess whether it is a lease modification:

(1) Rent concessions occurring as a direct consequence of the COVID-19 pandemic;
(2) The change in lease payment leads to the revised lease consideration being substantially the same or less than the lease consideration prior to the change;
(3) Lease reductions only affect lease payments originally due on or before 30 June 2022; and
(4) There is no substantive change to other terms and conditions of the lease.

As a practical expedient, when rent concessions lead to changes in lease payments, the amount of the change is recognized in the profit or loss when the event or circumstance that initiates the rent concession arises.

2. Lessor

Transactions in which the Group is the lessor are classified on the lease commencement date per whether a lease contract is with substantially all risks and rewards attached to the ownership of the asset transferred; if so, such a contract is classified as a finance lease, otherwise it is classified as an operating lease. During evaluation, the Group considers relevant specific indicators, including whether the lease term covers a major part of the economic life of the asset.

If the Group is a sublessor, it accounts for headlease and sublease transactions separately and classifies sublease transactions based on the right-of-use assets derived from a headlease. If a headlease is a short-term lease to which recognition exemption applies, the sublease transaction derived therefrom should be classified as an operating lease.

If an agreement contains lease and non-lease components, the Group allocates the consideration in the agreement per IFRS 15.

The Group recognizes lease payments of operating leases received as rental income over the lease term on a straight-line basis.

(13) Intangible assets

1. Goodwill

(1) Initial recognition

Goodwill arising from the acquisition of subsidiaries is included in intangible assets. Please refer to Note 4(22) for the measurement of goodwill in the initial recognition.

(2) Subsequent measurement

Goodwill is measured at cost less accumulated impairment. The carrying amount of goodwill arising from investments using the equity method is included in the carrying amount of the investments, and impairment losses on such investments are not allocated to goodwill and any assets but are part of the carrying amount of the investments using the equity method.

2. Other intangible assets

(1) Recognition and measurement

The Group's acquisition of other intangible assets with finite useful life is measured at the cost less accumulated amortization and accumulated impairment.

(2) Subsequent expenditure

Subsequent expenditure is capitalized only to the extent that the future economic benefits of a specific asset will increase. All other expenditures are recognized in profit or loss as incurred.

(3) Amortization

Except goodwill, amortization is calculated at the cost of the asset less the estimated residual value and is recognized in profit or loss using the straight-line method over the estimated useful life from when an intangible asset becomes available for use.

The estimated useful life for the current and comparative periods are as follows:

a. Computer software	1–3 years
b. Other intangible assets	1–3 years

The Group reviews the amortization method, useful life, and residual value of intangible assets on each balance sheet date and makes appropriate adjustments, if necessary.

(14) Impairment of non-financial assets

The Group evaluates if there is any sign of impairment of non-financial assets (except inventories and deferred tax assets) at the balance sheet date. The Group estimates the recoverable amount of such assets with a sign of impairment. The Company tests the impairment of goodwill.

Impairment testing aims at the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the synergies of the combination.

The recoverable amount is the higher of the individual asset or the air value of the cash-generating unit less cost of disposal and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects present market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognized when the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount thereof.

Impairment losses are recognized immediately in profit or loss with the carrying amount of the cash-generating unit's amortized goodwill reduced first; then the carrying amount of each asset in proportion to the carrying amount thereof in the unit reduced.

Goodwill impairment losses are not reversed. Non-financial assets other than goodwill are reversed only when it does not exceed the carrying amount (less depreciation or amortization) that would have been determined if such assets had not been recognized for impairment losses in prior years.

(15) Borrowing costs

It takes a long period of work to bringing an asset to the condition ready for use or sale, during which borrowing costs directly attributable to the acquisition, construction, or manufacturing of an asset should be capitalized as the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other relevant costs incurred on borrowings.

(16) Provision

The recognition of provision is a present obligation due to past events, which makes it probable that the economic resources may flow out from the Group to settle the obligation in the future and the amount of the obligation can be estimated reliably. The provision is discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, and the amortization of the discount is recognized in interest expense.

(17) Revenue recognition

1. Revenue from customer contracts

Revenue is measured as the consideration to which the transfer of goods or services is expected to be entitled. The Group recognizes revenue when the control over goods or services is transferred to customers and its performance obligations are fulfilled. The Group's main revenue items are described as follows:

(1) Land development and real estate sales

The Group develops and sells residential property and often launches pre-sale property projects during or before construction. The Group recognizes revenue when control over property is transferred. Due to contractual restrictions, property usually has no other uses for the Group. Therefore, the Group recognizes property in revenue when the legal ownership of property is transferred to customers based on the date of the immovable property transferred to customers even though only either of them was completed before the balance sheet date and the other was completed after the balance sheet date.

Revenue is measured at the transaction price in the contractual agreement. If it is a sale of a finished property project, the consideration, in most cases, can be collected when the legal ownership of property is transferred. In a few cases, the payment can be deferred per the contractual agreement. If a significant financial component is included, the transaction price is adjusted to reflect the effect of the significant financial component. In the case of a pre-sale property project, the payment is usually collected in installments during the period from when the contract is signed to when the property is transferred to a customer. If the contract contains a significant financial component, the transaction price is adjusted as per the borrowing rate for the project during said period to reflect the effect of time value of money. Advance receipts are recognized in contract liabilities, and interest expenses and contract liabilities are recognized when the effect of the time value of the monetary needs is adjusted. The cumulative contract liabilities are reclassified to revenue when the property is transferred to a customer.

Some contracts include multiple items to be delivered, such as the sale of residential property and interior design services, which are regarded as a separate performance obligation and the transaction price is amortized on a stand-alone selling price basis. If no directly observable price is available, the stand-alone selling price is estimated based on expected cost plus margin. The interior design service is recognized in relevant income during the financial reporting period for rendering of services, which are determined on the basis of the proportion of construction costs that have occurred to date to the estimated total contract costs.

(2) Sales of goods

The Group recognizes revenue when control over products is transferred. The transfer of control over products means that the products have been delivered to customers, who can then fully determine the sales channels and prices of the products, without any outstanding obligations that will affect customers' acceptance of the products. Delivery occurs when a product has been shipped to a specific location with its risk of obsolescence losses passed to the customer, and the customer has accepted the product in accordance with the sales contract; the acceptance clause has become invalid, or the Group has objective evidence that all acceptance criteria have been met.

(3) Provision of catering and room services

The Group provides catering services and hotel room services. Revenue is measured as the consideration to which the transfer of goods or services is expected to be entitled. The Group recognizes revenue when the control over goods or services is transferred to customers and its performance obligations are fulfilled. Advance receipt of deposits or gift certificates received in advance are recognized in contract liabilities and are reclassified to revenue at the time when the above revenue is recognized.

(4) Provision of services

The Group provides corporate membership clubs, hotel room accommodation, catering service, and other services, and the relevant income is recognized during the financial reporting period in which such services are provided. For fixed-price contracts, revenue is recognized on the basis of the proportion of services provided to total services as of the balance sheet date, which is determined by the services provided as a percentage of the total services to be provided.

Some contracts consist of multiple element arrangements, most of which are simple items without including integrated services and can be executed by other parties and are therefore regarded as a single performance obligation; the transaction price is allocated on a stand-alone selling price basis. If no directly observable price is available, the stand-alone selling price is estimated based on expected cost plus margin.

2. Cost of customer contracts

(1) Incremental cost of obtaining contracts

If the Group expects to recover its incremental costs of obtaining customer contracts, it recognizes such costs in assets. Incremental costs of obtaining a contract are costs incurred when a customer contract is obtained that would not have been incurred if the contract had not been obtained. Costs of obtaining a contract that will be incurred regardless of whether the contract is obtained are recognized in expenses when incurred, unless such costs are clearly chargeable to customers regardless of whether a contract has been obtained.

The Groups adopts the practical expedient as in the standard, if the incremental cost of obtaining a contract is recognized as an asset and the amortization period of the asset is less than one year, it is recognized as an expense when the incremental cost occurs.

(2) Cost of fulfilling contracts

If costs arising from fulfilling of a contract with a customer are not covered by other standards (IAS 2 "Inventories", IAS 16 "Property, Plant and Equipment", or IAS 38 "Intangible Assets" ”), the Group recognizes such costs as assets only when the costs or contracts, or directly related to a clearly identifiable prospective contract, generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future and when such costs are expected to be recovered.

General and management costs, costs of wasted materials, labor, or other resources used to fulfill contracts without being reflected in the contract price, costs associated with fulfilled (or partially fulfilled) performance obligations, or the costs that cannot be distinguished between unfulfilled or fulfilled (or partially fulfilled) performance obligations are recognized as expenses as occurred.

(18) Government grants

When the Group can receive government grants related to salaries and necessary operating costs, the unconditional grants are recognized as non-operating income. For other asset-related grants, when the Group can be reasonably assured that it will meet the conditions attached to the government grants and receive the grants, it will recognize such grants as deferred income at fair value and will recognize the deferred income in non-operating income on a systematic basis over its useful life. Government grants to compensate for the Group’s expenses or losses and relevant expenses in the same period are recognized in profit or loss on a systematic basis.

(19) Employee benefits

1. Defined contribution plan

Contribution obligations to the defined contribution plan are recognized in expenses in the period during which the employee provides services. Prepaid contributions that will result in a refund of cash or a reduction in future payments are recognized as an asset.

2. Defined benefit plan

The Group's net obligation to the defined benefit plan is calculated by discounting the amount of future benefits earned by employees for services provided in the current or prior periods to the present value for each benefit plan, less the fair value of any plan assets.

Defined benefit obligations are calculated annually by a qualified actuary using the projected unit credit method. When the result of the calculation may be favorable to the Group, the asset recognized is limited to the present value of any economic benefits that could be derived from the plan in the form of a refund of contributions or a reduction in future contributions. Any minimum contribution requirements are taken into account when the present value of economic benefits is calculated.

The remeasurement of the net defined benefit liability, including actuarial gains or losses, return on plan assets (excluding interest), and any changes in the effect of asset caps (excluding interest) are recognized immediately in other comprehensive income and accumulated in retained earnings. The Group determines the net interest expense (income) on net defined benefit liability (asset) based on the net defined benefit liability (asset) and discount rates determined at the beginning of the annual reporting period. Net interest expense and other expenses on defined benefit plans are recognized in profit or loss.

When the plan is revised or curtailed, the resulting change in benefits related to service costs in the prior periods or curtailment gains or losses is recognized immediately in profit or loss. When the settlement occurs, the Group recognizes it in the settlement gain or loss of the defined benefit plan.

3. Short-term employee benefits

Short-term employee benefits are recognized as expenses when the relevant services are provided. If the Group has a present legal or constructive payment obligation due to an employee's past services and the obligation can be estimated reliably, the amount of benefits is recognized in the liabilities.

(20) Share-based payments

In an equity-settled share-based payment agreement, the fair value on the grant date is recognized as expenses with the equity relatively increased during the vesting period of the reward. The expenses recognize are adjusted based on the expected amount of rewards for satisfying the service criteria and (non-market) vesting conditions; and the final amount recognized is based on the amount of rewards for satisfying the service criteria and (non-market) vesting conditions on the vesting date.

The non-vesting conditions regarding share-based payment awards have been reflected in the measurement of the fair value of share-based payment on the grant date, and differences between expected and actual results do not need to be verified and adjusted.

The fair value of stock appreciation rights paid to employees is recognized as expenses with liabilities relatively increased during the period when employees can unconditionally receive remuneration. The liability is remeasured at fair value of the stock appreciation rights at each balance sheet date and on the settlement date, with any changes recognized in profit or loss.

(21) Income tax

Income tax includes current income and deferred taxes. Current income tax and deferred tax are recognized in profit or loss, except in relation to business combinations or items directly recognized in equity or other comprehensive income.

The Group judged that the interest or penalties related to income tax (uncertainty over income tax treatments) did not meet the definition of income tax, and therefore the accounting treatment under IAS 37 applies.

Current income tax includes the expected income tax payable or tax refund receivable based on the taxable income (loss) for the year and any adjustments to income tax payable or tax refund receivable in prior years. The amount is the best estimate of the amount expected to be paid or received based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized based on the temporary differences between the carrying amounts of an asset and liability for financial reporting purposes and its tax base. Temporary differences arising from the circumstances below are not recognized in deferred tax:

1. Assets or liabilities are initially recognized for a transaction that is not a business combination, and such assets or liabilities does not affect accounting profit and taxable income (loss) at the time of the transaction;
2. For temporary differences arising from investments in subsidiaries, associates, and joint venture interests, the Group can control the timing of the reversal of such temporary differences and it is likely that they will not be reversed in the foreseeable future; and
3. Taxable temporary differences arises from the initial recognition of goodwill.

Unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized, as well as deductible temporary differences are recognized in deferred tax assets. It is reassessed at each balance sheet date to reduce the relevant income tax benefits to the extent that it is not probable that they will be realized; or to reverse the previously reduced amount to the extent that it becomes probable that sufficient taxable income will be available.

Deferred tax is measured at the tax rate at which the temporary difference is expected to reverse, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

The Group will offset deferred tax assets and deferred tax liabilities only when the criteria below are met at the same time:

1. Has the statutory enforcement power to offset current income tax assets and current income tax liabilities; and
2. Deferred tax assets and deferred tax liabilities are related to one of the following taxpayers with income tax levied by the same tax authority:
   (1) The same taxpayer; or
   (2) Different taxpayers but each taxpayer intends to settle the current tax liabilities and assets on a net basis or to realize both in each future period, in which significant amounts of deferred tax assets are expected to be recovered and deferred tax liabilities are expected to be settled.

(22) Business combination

The Group adopts the acquisition method for each business combination. Goodwill is the fair value of the consideration transferred on the acquisition date, including the amount attributable to the acquiree's any non-controlling interests, less identifiable assets acquired and the net liability (usually fair value) assumed. If the balance after deduction is negative, the Group reassesses whether it has correctly identified all acquired assets and all assumed liabilities before recognizing the bargain purchase gains in profit or loss.

Except for those related to the issuance of debt or equity instruments, transaction costs related to business combinations shall be recognized as the Group's expenses once they occur.

Among the acquiree's non-controlling interests, if it is the present ownership interest and the holder is entitled to the enterprise's share of the net assets on a *pro rata* basis when the liquidation occurs, the Group shall elect to measure it at fair value on the acquisition date on a transaction-by-transaction basis or at the share of the amount of the acquiree's identifiable net assets recognized based on the present ownership instruments. Other non-controlling interests are measured at fair value on the acquisition date or other bases as required by IFRS endorsed by the FSC.

Contingent consideration included in the transfer consideration is recognized at fair value on the acquisition date. For changes in the fair value of the contingent consideration after the acquisition date in the measurement period, the acquisition cost is retrospectively adjusted with goodwill relatively adjusted. Measurement period adjustments are adjustments made by the Group to obtain additional information about the facts and circumstances existing on the acquisition date after the acquisition date. The measurement period does not exceed one year from the acquisition date. The accounting for changes in the fair value of contingent consideration that are not measurement period adjustments depends on the classification of the contingent consideration. Contingent consideration classified as equity shall not be re-measured, and its subsequent settlement is adjusted within equity. Other contingent consideration is measured at fair value on each balance sheet date after the acquisition date, with changes in fair value recognized in profit or loss.

(23) Earnings per share

The Group presents basic and diluted earnings per share attributable to holders of the Group's common shares. The Group's basic earnings per share is calculated by dividing the profit or loss attributable to the equity holders of the Company's ordinary shares by the weighted average number of common shares outstanding in the current period. Diluted earnings per share is calculated by having the profit or loss attributable to the equity holders of the Company's ordinary shares and the weighted average number of ordinary shares outstanding adjusted for the effect of all potential dilutive common shares. The Group's potentially dilutive common shares include employee remuneration.

(24) Information on Segments

The operating segment is an integral part of the Group and engages in business activities that may earn revenue and incur expenses (including those related to transactions between other entities in the Group). The operating results of all operating segments are regularly reviewed by the Group's chief operating decision maker to make decisions about allocating resources to segments and measure their performance. Each operating segment has separate financial information.

5. Key Sources of Uncertainties over Critical Accounting Judgments, Assumptions and Estimates

When the management prepares the consolidated financial statements, it shall make judgments, estimates, and assumptions, which will affect the accounting policies adopted and the amounts of assets, liabilities, income, and expenses presented. Actual results may differ from estimates.

The management continues to review estimates and basic assumptions, and changes in accounting estimates are recognized in the period in which they are changed and future periods affected.

The accounting policies involve significant judgement, and the information with a material impact on the amounts recognized in the consolidated financial statements is as follows:

(1) Judgment on whether it has significant influence on an investee

As the Group holds 20% of the voting shares of Hsin Chun Build but has no ability to lead its board of directors, the Group considers that the company has no significant influence.

The uncertainties in the following assumptions and estimates pose significant risks that the carrying amount of assets and liabilities will be adjusted significantly in the next fiscal year with the effect of the COVID-19 pandemic reflected. The relevant information is as follows:

(1) Inventory valuation

As inventories should be measured at the lower of cost or net realizable value, the Group assessed that the market selling price of inventories on the balance sheet date was lower than cost and wrote down the cost of inventories to the net realizable value. This inventory valuation is mainly based on the selling price as per the prevailing market conditions. Please refer to Note 6(5) for details of inventory valuation and estimation.

(2) Evaluation of impairment of property, plant and equipment, right-of-use assets, and intangible assets

In the process of evaluating asset impairment, the Group needs to rely on its subjective judgment and determines the independent cash flow of a specific asset group, the number of the asset's useful lives, and potential future gains and losses based on asset use patterns and industry characteristics. Changes in estimates due to changes in financial position or corporate strategy may result in significant impairment or reversal of recognized impairment losses in the future. Please refer to Notes 6(8), (9), and (11) for the description of the key assumptions adopted for the recoverable amount.

The Group's accounting policies and disclosures include the adoption of fair value to measure its financial and non-financial assets and liabilities. The Group has established relevant internal control systems for fair value measurement. Of them, an investment team has been established to be responsible for reviewing all significant fair value measurements (including Level 3 fair value) and reporting directly to the responsible manager. The team regularly reviews significant unobservable inputs and adjustments. If an input used to measure fair value is based on external third-party information (such as a broker or pricing service institution), the investment team will assess the evidence provided by the third party in support of the input to confirm that the valuation and its fair value level are aligned with the requirements of IFRS.

The Group adopts observable inputs in the market wherever possible when measuring its assets and liabilities. The fair value levels are based on the inputsused in the valuation techniques and are classified as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 inputs are not based on observable inputs (unobservable inputs) for the asset or liability.

If a transfer occurs between the fair value levels, the Group recognizes the transfer on the balance sheet date. Please refer to Note 6(25) for relevant information on the assumptions used to measure fair value.

6. Description of Significant Account Titles

(1) Cash and cash equivalents

	2021.12.31	2020.12.31
Cash	$ 1,983	2,012
Demand deposit	1,743,703	688,974
Time deposit	40,000	42,000
Checking deposit	36,564	40,447
Foreign currency deposit	273	280
	$ 1,822,523	773,713

Please refer to Note 6(25) for the disclosure of interest rate risk and sensitivity analysis of the Group’s financial assets and liabilities.

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

1. The details are as follows:

	2021.12.31	2020.12.31
Equity instruments at fair value through other comprehensive income - non-current:		
Domestic TWSE/TPEx listed stock - Nan Ya Plastics Corporation	$ 2,495	2,101
Domestic TWSE/TPEx listed stock - Acer Incorporated	964	748
Domestic TWSE/TPEx listed stock - Winbond Electronics Corp.	135	115
Domestic privately placed stock - Choice	26,430	36,990
Hong Kong listed stock - Beijing Enterprises Holdings Limited	26,962	44,657
Domestic non-TWSE/TPEx listed stock - Hsin Chun Build	20,250	20,250
Domestic non-TWSE/TPEx listed stock - The Roar Company Limited	2,957	2,957

Total	$	80,193	107,818

These equity instrument investments held by the Group are long-term strategic investments and are not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.

2. Please refer to Note 6(25) for credit risk and market risk information.
3. None of the above financial assets was pledged as collateral as of December 31, 2021 and 2020.

(3) Notes and accounts receivable (including related parties)

		2021.12.31	2020.12.31
Notes receivable - from operations	$	9,354	8,511
Accounts receivable at amortized cost		9,862	14,697
Less: Allowance for losses		(1,734)	(2,447)
	$	17,482	20,761

The Group adopts a simplified approach to estimate expected credit losses for all notes and accounts receivables, which are measured at lifetime expected credit losses. To this end, such notes and accounts receivables are grouped by common credit risk characteristics that represent a customer's ability to pay all amounts due as per the contract terms with forward-looking information incorporated. The Group's expected credit loss analysis for the notes and accounts receivable is as follows:

	2021.12.31			
		Carrying amount of accounts receivable	Weighted average expected credit loss rate	Allowance for lifetime expected credit losses
Not past due	$	16,803	0%~10%	328
Overdue for 0–90 days		1,542	0%~40%	535
Overdue for more than 91 days		871	100%	871
	$	19,216		1,734

	2020.12.31			
		Carrying amount of accounts receivable	Weighted average expected credit loss rate	Allowance for lifetime expected credit losses
Not past due	$	19,214	0%~10%	717
Overdue for 0–90 days		2,867	0%~30%	603
Overdue for more than 91 days		1,127	100%	1,127
	$	23,208		2,447

The changes in allowances for losses on the Group's notes and accounts receivable are as follows:

	2021	2020
Opening balance	$ 2,447	2,224
Impairment losses recognized	-	330
Amount written off as unable to be recovered in the prior year	(713)	(107)
Ending balance	**$ 1,734**	**2,447**

None of the above notes and accounts receivable was pledged as collateral as of December 31, 2021 and 2020.

(4) Other receivables (including related parties)

	2021.12.31	2020.12.31
Other receivables - loans to others	$ -	2,500
Other receivables - joint construction deposit	6,000	6,000
Others	1,906	6,033
Less: Allowance for losses	(6,000)	(6,000)
	$ 1,906	**8,533**

1. Please refer to Note 13 for information on loans to others.
2. As of December 31, 2021 and 2020, the Group recognized a joint construction deposit of NT$6,000 thousands, and the possibility of recovery of this deposit was low based on the assessment, so it set aside an allowance for losses.
3. The Group terminated the Hualien Creative and Cultural Industries Park Renovation and Transfer Investment Contract in 2019. The original performance bond was NT$5,000 thousands, which was used to offset the liquidated damages of NT$1,500 thousands as per an agreement with the Ministry of Culture. After the house tax payable was deducted in 2020, the remaining amount of NT$1,640 thousands was settled and refunded after verification by the Ministry of Culture on June 5, 2020.
4. Please refer to Note 6(25) for information on other credit risks.

(5) Inventories

	2021.12.31	2020.12.31
Merchandising business		
Inventory of goods	$ 5,428	6,227
Construction business		
Real estate for sale	353,141	37,741
Construction land	1,399,821	46,000
Construction in progress	1,642,158	1,490,769
Prepayment for land	17,735	17,735
Subtotal	3,412,855	1,592,245
Total	**$ 3,418,283**	**1,598,472**
Estimated to be recovered after more than 12 months	**$ 3,059,714**	**1,009,194**

1. The Group recognized the cost of inventories in cost of sales and expenses in 2021 and 2020 in the amounts of NT$345,994 thousands and NT$54,037 thousands, respectively.
2. The Group's construction in progress in 2021 and 2020 was calculated at the capitalized interest rate of 1.36% and 0.94%. Please refer to Note 6(24) for the amount of capitalized interest.

3. Please refer to Note 8 for the Group's inventory pledged as collateral as of December 31, 2021. The Group's inventory was not pledged as collateral as of December 31, 2021.

(6) Investments using the equity method

The Group's investments using the equity method at the balance sheet date (after the balance of investments using the equity method is deducted) are shown below:

	2021.12.31	2020.12.31
Associates	$ 71,989	80,213

1.The information on associates with materiality to the Group is as follows:

Name	Relations with the Group	Principal place of business	Proportion of ownership interest and voting rights 2021.12.31	Proportion of ownership interest and voting rights 2020.12.31
SURV Planning And Development Co., Ltd.	Principal business is real estate development	Taiwan	35%	35%

The aggregate financial information of the Group’s material associates is as follows, and the respective associates’ amounts included in the consolidated financial statements as per IFRS have been adjusted to reflect the fair value adjustment made by the Group when it acquired the equity of the associates and the adjustment made for the difference in accounting policies:

Aggregate financial information of SURV Planning And Development Co., Ltd.:

	2021.12.31	2020.12.31
Current assets	$ 148,643	361,603
Non-current assets	15,535	18,443
Current liabilities	(20,408)	(165,706)
Non-current liabilities	(19,088)	(81,980)
Net assets	$ 124,682	132,360
Net assets attributable to non-controlling interests in investee	$ -	-
Net assets attributable to owners of investee	$ 124,682	132,360

	2021	2020
Operating revenue	$ 490,876	2,648,951
Net income of continuing business units for the period	$ 146,428	821,830
Other comprehensive income	-	-
Total comprehensive income	$ 146,428	821,830
Total comprehensive income attributable to owners of investee	$ 146,428	821,830

The Group's share of the net assets of associates at the beginning of the period	$ 46,326	186
Total comprehensive income attributable to the Group for the period	51,250	287,640
Dividends received from associates in the period	(53,937)	(150,500)
Capital returned for capital reduction	-	(91,000)
The Group's share of the net assets of associates at the end of the period	43,639	46,326
Carrying amount of the Group's equity in associates at the end of the period	$ 43,639	46,326

2. Aggregate financial information - associates that are not individually material

The Group's associates using the equity method are not material individually, and their aggregate financial information is as follows, which are the amounts included in the Group's consolidated financial statements:

	2021.12.31		2020.12.31	
	Amount	Shareholding ratio	Amount	Shareholding ratio
T-Design Co., Ltd. (Note)	$ (1,047)	33.00%	(1,047)	33.00%
Shi Hong Interior Design Co., Ltd.	29,397	49.00%	34,934	49.00%
	$ 28,350		33,887	

	2021	2020
Shares attributable to the Group:		
Net income (loss) of continuing operations for the period	$ (2,052)	3,873

Note: The Group, as of December 31, 2021 and 2020, continued to recognize the loss on the associate T-Design Co., Ltd. in proportion to its shareholding, leading to a credit balance of the carrying amount of the long-term equity investment, which is accounted for under "Investment credit balance using the equity method".

The Group does not assume an associate's contingent liabilities jointly with other investors, or contingent liabilities arising from responsibility for an associate's liabilities; and the ability of the Group's associate to transfer funds to the Company is not subject to significant restrictions.

3. Collateral

None of the above investments using the equity method by the Group was pledged as collateral as of December 31, 2021 and 2020.

(7) Loss of control over subsidiaries

As Good One Company Limited's board of directors resolved a decision to sell its subsidiary Kinship Restaurant Group Ltd. in September 2021, and the equity transfer of Kinship Restaurant Group Ltd. was completed in September 2021 and the control over it was lost; thus, it was recognized as a disposal loss of NT$630 thousands.

1. The details of the amounts of assets and liabilities de-recognized due to the loss of control in September 2021 are as follows:

Cash and cash equivalents	$	4,521
Accounts and other receivables		167
Inventory of goods		227
Other current assets		99
Property, plant and equipment		610
Right-of-use assets		939
Intangible assets		4
Other non-current assets		1,060
Notes and accounts payable		(886)
Other payables		(2,311)
Lease liabilities		(975)
Other current liabilities		(128)
Amount de-recognized from said subsidiary's net assets	**$**	**3,327**

2. Loss on disposal of investment in subsidiary

Net consideration received	$	1,200
The Group is entitled to 55% of the net assets		(1,830)
Loss on disposal	**$**	**(630)**

3. Net cash outflow from disposal of subsidiary

Net consideration received	$	1,200
Less: Cash and cash equivalent balance of disposal		(4,521)
	$	**(3,321)**

(8) Property, plant and equipment

The details of the changes in the cost, depreciation, and impairment losses of the Group's property, plant and equipment in 2021 and 2020 are as follows:

		Office equipment	Machinery and equipment	Leasehold improvement	Other equipment	Unfinished construction	Total
Cost or deemed cost:							
Balance on January 1, 2021	$	34,929	56,425	835,201	143,096	873	1,070,524
Addition		730	185	1,496	478	1,673	4,562
Disposal and scrapping		(90)	-	-	(402)	-	(492)
Reclassification		(41)	91	-	79	(712)	(583)
Effect of disposal of subsidiary		-	-	(3,620)	(6,349)	-	(9,969)
Balance on December 31, 2021	**$**	**35,528**	**56,701**	**833,077**	**136,902**	**1,834**	**1,064,042**
Balance on January 1, 2020	$	32,609	51,027	829,325	144,225	6,775	1,063,961
Addition		2,251	136	776	136	10,205	13,504
Disposal and scrapping		(35)	(46)	(3,800)	(2,117)	-	(5,998)
Reclassification		104	5,308	8,900	852	(16,107)	(943)
Balance on December 31, 2020	**$**	**34,929**	**56,425**	**835,201**	**143,096**	**873**	**1,070,524**
Depreciation and impairment losses:							
Balance on January 1, 2021	$	26,195	34,100	369,738	109,658	-	539,691
Depreciation during the period		1,775	5,083	57,664	13,812	-	78,334
Disposal and scrapping		(80)	-	-	(345)	-	(425)
Reclassification		-	-	-	51	-	51
Effect of disposal of subsidiary		-	-	(3,376)	(5,983)	-	(9,359)
Balance on December 31, 2021	**$**	**27,890**	**39,183**	**424,026**	**117,193**	**-**	**608,292**
Balance on January 1, 2020	$	24,498	28,707	304,981	95,272	-	453,458
Depreciation during the period		1,732	5,476	58,599	16,335	-	82,142
Disposal and scrapping		(35)	(36)	(3,739)	(2,065)	-	(5,875)
Impairment loss		-	-	10,000	-	-	10,000
Reclassification		-	(47)	(103)	116	-	(34)
Balance on December 31, 2020	**$**	**26,195**	**34,100**	**369,738**	**109,658**	**-**	**539,691**
Carrying amount:							
December 31, 2021	**$**	**7,638**	**17,518**	**409,051**	**19,709**	**1,834**	**455,750**
January 1, 2020	**$**	**8,111**	**22,320**	**524,344**	**48,953**	**6,775**	**610,503**
December 31, 2020	**$**	**8,734**	**22,325**	**465,463**	**33,438**	**873**	**530,833**

1. Impairment losses and subsequent reversal

The Group assessed the impairment of the recoverable amount of operating assets (property, plant and equipment and right-of-use assets) on the balance sheet date and adopted the value in use as the basis for the calculation of the recoverable amount. The value-in-use calculation is based on the forecasted cash flows of each of the Group's operating segment for the next five years, while the cash flows beyond the five-year period are based on the growth rate assumptions assessed by the management. The cash flow of the financial forecast is based on industry changes, market competition, estimated future changes in annual revenue, gross margin, other operating costs, and other comprehensive factors. The Group adopted a discount rate of 4.20% on December 31, 2021 to reflect the specific risks of the relevant cash-generating units. Based on the results of the above assessment, the above assets did not need to be recognized in impairment losses.

Due to the COVID-19 pandemic in 2020, the tourism industry was hit hard. The relevant carrying amounts of future cash flows of the hotel business are higher than the recoverable amounts based on the assessment, so the impairment loss on leasehold improvement was recognized in the amount of NT$10,000 thousands in 2020, presented in "Other gains and losses" in the Consolidated Statements of Comprehensive Income. Please refer to Note 6(24) for details. Please refer to Note 6(11) for the key assumptions adopted in estimating the value in use.

2. Collateral

None of the above property, plant and equipment held by the Group was pledged as collateral as of December 31, 2021 and 2020.

(9) Right-of-use assets

For the right-of-use assets recognized, including buildings, machinery and equipment, and transportation equipment leased in by the Group, the details (preparation standards table) of the changes in their costs and depreciation and impairment losses recognized or reversed are as follows:

	Buildings	Machinery and equipment	Transportation equipment	Total
Cost of right-of-use assets:				
Balance on January 1, 2021	$ 1,426,488	2,406	1,206	1,430,100
Addition	20,867	-	3,881	24,748
Decrease	(55,323)	-	-	(55,323)
Effect of disposal of subsidiary	(11,264)	-	-	(11,264)
Balance on December 31, 2021	**$ 1,380,768**	**2,406**	**5,087**	**1,388,261**
Balance on January 1, 2020	$ 1,407,867	2,406	1,533	1,411,806
Addition	19,705	-	1,206	20,911
Disposal	(1,084)	-	(1,533)	(2,617)
Balance on December 31, 2020	**$ 1,426,488**	**2,406**	**1,206**	**1,430,100**
Depreciation and impairment losses on right-of-use assets:				
Balance on January 1, 2021	$ 234,912	1,013	578	236,503
Depreciation during the period	119,670	507	1,210	121,387
Decrease	(55,323)	-	-	(55,323)
Effect of disposal of subsidiary	(10,325)	-	-	(10,325)
Balance on December 31, 2021	**$ 288,934**	**1,520**	**1,788**	**292,242**
Balance on January 1, 2020	$ 115,413	506	1,415	117,334
Depreciation during the period	120,583	507	696	121,786
Disposal	(1,084)	-	(1,533)	(2,617)
Balance on December 31, 2020	**$ 234,912**	**1,013**	**578**	**236,503**
Book value:				
December 31, 2021	**$ 1,091,834**	**886**	**3,299**	**1,096,019**
December 31, 2020	**$ 1,191,576**	**1,393**	**628**	**1,193,597**

The Group assessed the impairment of the recoverable amount of the right-of-use asset on the balance sheet date. Please refer to Note 6(8) for information on the assessment.

(10) Investment property

	2021.12.31	2020.12.31
Land		
Cost	$ 19,809	19,809
Impairment	(13,000)	(13,000)
Total investment property	**$ 6,809**	**6,809**
Fair value	**$ 50,204**	**48,022**

The Group's investment property is mainly held for gains from capital appreciation, so it is recognized in investment property.

The fair value of investment property is estimated with reference to the current land value for each reporting period. The input used in the fair value measurement is Level 3 fair value.

None of the above investment property held by the Group was pledged as collateral as of December 31, 2021 and 2020.

(11) Intangible assets

The details of the cost, depreciation, and impairment losses of the Group's intangible assets in 2021 and 2020 are as follows:

		Goodwill	Brand design cost	Others	Total
Cost:					
Balance on January 1, 2021	$	-	1,216	362	1,578
Acquisition		-	-	592	592
Effect of disposal of subsidiary		-	-	(4)	(4)
Balance on December 31, 2021	**$**	**-**	**1,216**	**950**	**2,166**
Balance on January 1, 2020	$	52,837	1,216	306	54,359
Acquisition		-	-	270	270
Disposal		-	-	(214)	(214)
Balance on December 31, 2020	**$**	**52,837**	**1,216**	**362**	**54,415**

Amortization and impairment losses:				
Balance on January 1, 2021	$ -	1,200	170	1,370
Amortization in this period	-	16	408	424
Balance on December 31, 2021	**$ -**	**1,216**	**578**	**1,794**
Balance on January 1, 2020	$ -	1,185	183	1,368
Amortization in this period	-	15	201	216
Disposal	-	-	(214)	(214)
Impairment loss	52,837	-	-	52,837
Balance on December 31, 2020	**$ 52,837**	**1,200**	**170**	**54,207**
Book value:				
December 31, 2021	**$ -**	**-**	**372**	**372**
January 1, 2020	**$ 52,837**	**31**	**123**	**52,991**
December 31, 2020	**$ -**	**16**	**192**	**208**

1. Amortization expense

The amortization expenses of intangible assets for 2021 and 2020 are presented in the items below in the Consolidated Statements of Comprehensive Income:

	2021	**2020**
Operating expenses	**$ 424**	**216**

2. Goodwill impairment test

The Group acquired 57.14% equity of Qun Xin Properties Co., Ltd. on December 9, 2016, resulting in goodwill of NT$50,972 thousands, which was mainly due to the company's profitability in hotel accommodation and catering business. As per IAS 36, the goodwill obtained from a business combination shall be subject to an impairment test at least annually. In a goodwill impairment test, the goodwill is allocated to the cash-generating units that are expected to benefit from the synergy arising from the combination. Qun Xin Properties Co., Ltd. itself is a cash-generating unit that can generate cash flows independently, so Qun Xin Properties Co., Ltd.'s value in use and book value of its net assets are assessed to see if goodwill impairment should be recognized.

In addition, the Group performs an analysis based on the financial forecast of Qun Xin Properties Co., Ltd. and estimates its operating income during the financial forecast period by geographical location and services provided. Therefore, the consolidated statements are mainly based on the achieving status of the expected operating income in 2020.

As the domestic and international tourism industries have been hit hard by the pandemic since the beginning of 2020 and the global pandemic situation is still severe without a sign of improvement, the government has not yet opened the boarder for international tourists. The future cash flows of Qun Xin Properties Co., Ltd. was reassessed on December 31, 2020, and the recoverable amount was less than the carrying amount. Therefore, the Group recognized a goodwill impairment of NT$50,972 thousands in 2020 and presented the impairment loss under "Other gains and losses" in the Consolidated Statements of Comprehensive Income. Please refer to Note 6(24) for details.

The recoverable amount of Qun Xin Properties Co., Ltd. is calculated based on its value in use, which is calculated based on the cash flows in the financial forecast at its main business locations over the lease term in the future, while the cash flows beyond the five-year period are based on the estimated growth rates below. The key assumptions used in estimating the value in use are as follows:

	2020.12.31
Discount rate	3.86%

The discount rate is a pre-tax rate measured at the industry’s weighted average cost of funds, with a risk premium adjusted to reflect the general incremental risk of investment in equity and the systemic risk specific to a cash-generating unit.

The estimation of earnings before taxes, interest, depreciation, and amortization (EBITDA) during the financial budget period is based on past experience, actual operating results, and future lease maturity dates, and the average growth rate for the next five years is estimated to be about 86.45% based on current operating results. The estimation of EBITDA beyond the five-year period during the future lease terms is based on the pre-pandemic operations. Considering the long-term nature of the hotel business, the management believes that the above forecast period is reasonable. The relevant operating income is estimated based on past experience, actual operations, the market environment, the growth of the market, and the operating costs and expenses are estimated based on past experience and variable factors of various costs and expenses, and the recoverable amount is estimated at a pre-tax discount rate. The values of such key assumptions represent the management's assessment of the future trends of the hotel business, with both external and internal information (historical information) considered.

The Group acquired 55% equity of Kinship Restaurant Group Ltd. on December 1, 2016, resulting in goodwill of NT$1,865 thousands, which was mainly due to the company's profitability in catering business. As the pandemic has continued to affect the domestic catering industry since the beginning of 2020, Kinship Restaurant Group Ltd. suffered an operating loss in 2020. Therefore, the Group has recognized goodwill impairment loss of NT$1,865 thousands in 2020, which is presented under “Other gains and losses” in the Consolidated Statements of Comprehensive Income. Please refer to Note 6(24) for details.

3. Collateral

None of the above intangible assets held by the Group was pledged as collateral as of December 31, 2021 and 2020.

(12) Other financial assets

	2021.12.31	2020.12.31
Current:		
Other financial assets - certificates of deposit	$ 34,200	34,200
Other financial assets - trust account for presale of properties	403,232	173,770
Joint construction deposit	341,771	252,066
	$ 779,203	**460,036**
Non-current:		
Other financial assets - restricted deposits	$ 216,570	62,400
Guarantee deposits paid	33,915	34,695
	$ 250,485	**97,095**

(13) Short-term borrowings

	2021.12.31	2020.12.31
Unsecured bank borrowings	$ 1,581,000	740,000

Secured bank borrowings	1,005,723	-
Total	$ 2,586,723	740,000
Unused credit lines	$ 267,000	347,000
Interest rate range	1.04%~2.00%	1.05%~1.95%

1. Please refer to Note 6(25) for information on exposure to liquidity risk.
2. Collateral for bank borrowings

   Please refer to Note 8 for the Group's assets provided as collateral for bank borrowings as of December 31, 2021. The Group's short-term borrowings were not pledged as collateral as of December 31, 2021.

(14) Short-term notes and bills payable

The details of the Group’s short-term notes and bills payable are as follows:

	2021.12.31		
	Guarantee or acceptance institution	**Interest rate range**	**Amount**
Commercial papers payable	Union Bills Finance Corporation, Dah Chung Bills Finance Corp., China Bills Finance Corporation, and Taiwan Cooperative Bills Finance Corporation	1.38%~1.90%	$ 300,000
Less: Discount of short-term notes and bills payable			(384)
Total			$ 299,616
Unused credit lines			$ 300,000

	2020.12.31		
	Guarantee or acceptance institution	**Interest rate range**	**Amount**
Commercial papers payable	Union Bills Finance Corporation, Taiwan Cooperative Bills Finance Corporation, Grand Bills Finance Corporation, Ta Ching Bills Finance Corporation, Dah Chung Bills Finance Corp., China Bills Finance Corporation, and International Bills Finance Corporation	1.04%~1.838%	$ 600,000
Less: Discount of short-term notes and bills payable			(749)
Total			$ 599,251
Unused credit lines			$ 200,000

The Group did not provide assets as collateral for short-term notes and bills as of December 31, 2021 and 2020.

(15) Corporate bonds payable

1. The information on the corporate bonds payable issued by the Group is as follows:

	2021.12.31	**2020.12.31**
Domestic ordinary corporate bonds issued	$ 1,600,000	600,000
Unamortized balance of discounted corporate bonds payable	(4,460)	(420)
Less: Current portion	-	-

Balance of corporate bonds payable at the end of the period	$ 1,595,540	599,580

2. The main rights and obligations attached to the Group's domestic secured convertible corporate bonds as of January 14, 2021 and July 29, 2019 are as follows:

Item	The first issue of domestic secured corporate bonds in 2020
Total issue amount	NT$1,000,000 thousands
Issue date	2021.01.14
Coupon rate	0.62%
Issue period	2021.01.14~2026.01.14
Guarantee agency	First Commercial Bank
Trustee	Taishin International Bank
Repayment method	The Group may repay the principal in one lump sum upon the end of five years from the date of issue of the corporate bonds.

Item	The first issue of domestic secured corporate bonds in 2019
Total issue amount	NT$600,000 thousands
Issue date	2019.07.29
Coupon rate	0.80%
Issue period	2019.07.29~2024.07.29
Guarantee agency	First Commercial Bank
Trustee	E.SUN Commercial Bank
Repayment method	The Group may repay the principal in one lump sum upon the end of five years from the date of issue of the corporate bonds.

3. Please refer to Note 8 for details of the guarantees provided for said secured ordinary corporate bonds.

(16) Lease liabilities

The carrying amounts of the Group’s lease liabilities are as follows:

	2021.12.31	2020.12.31
Current	$ 104,765	105,501
Non-current	$ 1,104,263	1,193,536

Please refer to Note 6(25) “Financial instruments” for maturity analysis.

The amounts recognized in profit or loss are as follows:

	2021	2020
Interest expense on lease liabilities	$ 22,300	24,092
Variable lease payments not included in the measurement of lease liabilities	$ 5,136	4,600
Gains from sublease of right-of-use assets	$ 434	434
Expenses on short-term leases	$ 339	150
Expenses on low-value leased assets (excluding short-term, low-value leases)	$ 4,869	3,363
Rent concessions related to the COVID-19 pandemic	$ 12,788	6,162

(recognized as rent reductions)

The amounts recognized in the Statements of Cash Flows are as follows:

		2021	2020
Total cash outflow from leases	$	155,505	160,367

4. Lease-in of land and buildings

The Group leases in land and buildings as offices and business premises. The lease term for the offices is usually one to three years and that for the business premises is three to 21 years. Some leases include an option to extend the lease term for the same period as in the original contract.

The lease payments of some contracts depend on the changes in the local price index or are calculated based on the sales of the storefronts leased in by the Group over the lease term.

Some contracts also stipulate that the Group will advance the lessor's taxes and insurance expenses related to the property, and such expenses are usually incurred once a year.

Some of the lease contracts contain options for lease extension or lease termination, and such contracts are managed by each entity of the Group separately, so the individual terms and conditions agreed upon vary within the Group. Such options can only be exercised by the Group rather than the lessors. Where it is not reasonably certain that an option to extend the lease term will be exercised, payments related to the term covered by the option are not included in the lease liabilities.

5. Other leases

The lease term for the transportation equipment leased by the Group ranges from two to three years.

The lease term for the office equipment leased by the Group ranges from one to five years. As such leases are short-term or low-value leases, the Group elects to apply the exemption from recognition and does not recognize the relevant right-of-use assets and lease liabilities thereof.

(17) Employee benefits

1. Defined benefit plan

The reconciliation between the present value of the defined benefit obligation and the fair value of the plan assets is as follows:

		2021.12.31	2020.12.31
Present value of the defined benefit obligation	$	12,172	12,140
Fair value of the plan assets		(9,729)	(9,431)
Net defined benefit liability	$	2,443	2,709

The details of the Group's employee benefit liabilities are as follows:

		2021.12.31	2020.12.31
Paid leave liability	$	3,030	2,906

The Group’s defined benefit plan is transferred to the pension reserve account with the Bank of Taiwan. Pension payment for each employee to which the Labor Standards Act applies is calculated based on the number of units obtained for the length of services and the average salary for the six months prior to retirement.

(1) Composition of plan assets

The pension fund contributed by the Group in accordance with the Labor Standards Act is under the overall management of the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the “Bureau of Labor Funds”). Per the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the minimum income from the use of the fund, distributed annually, shall not be lower than the income from two-year time deposits with the interest rates offered by local banks.

As of the balance sheet date, the balance of the Group's pension reserve account with the Bank of Taiwan amounted to NT$9,729 thousands. The information on the use of the assets of the labor pension fund includes the yield rate and the asset allocation of the fund. Please refer to the information published on the website of the Bureau of Labor Funds.

(2) Changes in the present value of the defined benefit obligation

The changes in the present value of the Group's defined benefit obligations in 2021 and 2020 are as follows:

	2021	2020
Defined benefit obligation on January 1	$ 12,140	12,007
Current service cost and interest	46	67
Remeasurement of net defined benefit (asset) liability		
- Actuarial gain or loss from experience adjustments	(118)	(78)
- Actuarial gain or loss from changes in demographic assumptions	104	-
- Actuarial gain or loss from changes in financial assumptions	-	174
Benefits paid by the plan	-	(30)
Defined benefit obligation on December 31	$ 12,172	12,140

(3) Changes in fair value of the plan assets

The changes in the fair value of the Group's defined benefit plan assets in 2021 and 2020 are as follows:

	2021	2020
Fair value of the plan assets on January 1	$ 9,431	8,969
Interest income	45	64
Remeasurement of net defined benefit (asset) liability		
- Return on plan asset (excluding current interest)	122	297
Contribution to the plan	131	131
Benefits paid by the plan	-	(30)
Fair value of the plan assets on December 31	$ 9,729	9,431

(4) Expenses recognized in profit or loss

Expenses recognized as profit or loss by the Group in 2021 and 2020 are as follows:

	2021	2020
Net interest on net defined benefit (asset) liability	$ 1	3
Operating expenses	$ 1	3

(5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The remeasurement of the Group's cumulative net defined benefit liability (asset) recognized in other comprehensive income for 2021 and 2020 is as follows:

		2021	2020
Cumulative balance on January 1	$	(4,275)	(4,075)
Recognized in this period		(136)	(200)
Balance on December 31	$	(4,411)	(4,275)

(6) Actuarial assumptions

The significant actuarial assumptions adopted by the Group to determine the present value of the defined benefit obligation at the end of the financial reporting period are as follows:

	2021.12.31	2020.12.31
Discount rate	0.50%	0.50%
Future salary increase	2.00%	2.00%

The Group expects to contribute NT$131 thousands to the defined benefit plan within one year after the 2021 balance sheet date

The weighted average duration of the defined benefit plan is 10.5 years.

(7) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Group should exercise judgments and conduct estimation to determine relevant actuarial assumptions on the balance sheet date, including discount rates, employee turnover rates, and future salary changes. Changes in any actuarial assumptions may materially affect the amount of the Group's defined benefit obligation.

The effect of changes in the main actuarial assumptions adopted on December 31, 2021 and 2020 on the present value of the defined benefit obligation is as follows:

	Effect on the defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2021		
Discount rate (change by 0.25%)	1.37%	(1.32)%
Future salary increase (change by 0.25%)	1.33%	(1.29)%
December 31, 2020		
Discount rate (change by 0.25%)	(1.43)%	1.48%
Future salary increase (change by 0.25%)	1.43%	(1.39)%

The sensitivity analysis above is based on the analysis of the effect of a change in a single assumption while other assumptions remain unchanged. In practice, many assumptions may change at the same time. The sensitivity analysis is consistent with the method used to calculate the net defined benefit liability on the balance sheet.

The methods and assumptions adopted in sensitivity analysis in this period are the same as those in the prior period.

2. Defined contribution plan

The Group's defined contribution plan is as per the Labor Pension Act, and the Company makes a contribution equal to 6% of each employee’s monthly salary to employees’ individual pension accounts under the Bureau of Labor Insurance. Under this plan, after the Group has provided a fixed amount to the Bureau of Labor Insurance, it has no legal or constructive obligation to pay additional amounts.

The Group's pension expenses under the defined contribution plan in 2021 and 2020 were NT$8,960 thousands and NT$9,024 thousands, respectively, which have been contributed to the Bureau of Labor Insurance.

(8) Income tax

1. Income tax expense

The details of the Group's income tax expenses (benefits) for 2021 and 2020 are as follows:

		2021	2020
Income tax expense in this period			
Income tax expense	$	-	803
Land value increment tax		2,397	-
5% surtax on unappropriated earnings		221	82
Adjustment to the income tax for the prior period		116	(3,647)
		2,734	(2,762)
Deferred tax expense			
Temporary differences occurring and reversed		832	832
Income tax expense (benefits) from continuing operations	$	3,566	(1,930)

The reconciliation of the Group's income tax expenses (benefits) and net losses before tax for 2021 and 2020 is as follows:

		2021	2020
Net loss before tax	$	(147,754)	(63,330)
Income tax calculated at the domestic tax rate where the Company is located	$	(29,550)	(12,666)
Domestic investment gains or losses recognized using the equity method		(9,840)	(58,303)
Loss on disposal of investments		(1,027)	-
Investment loss		(86,435)	-
Book and tax difference of capitalization		6,057	-
Income from land exempt from land tax		9,687	-
Changes in unrecognized temporary differences		(1,085)	786
Impairment losses on intangible assets		-	10,568
Government grants (due to the impact of the COVID-19 pandemic)		(4,323)	(4,493)
Unrecognized current tax losses on deferred tax assets		105,471	63,472
Overestimation/Underestimation in the prior period		116	(3,647)
Land value increment tax		2,397	-
Surtax on unappropriated earnings		221	82
Others		11,877	2,271
Total	$	3,566	(1,930)

2. Deferred tax assets and liabilities

(1) Unrecognized deferred tax assets

Items not recognized as deferred tax assets by the Group are as follows:

		2021.12.31	2020.12.31
Tax loss	$	186,710	116,928
Others		19,250	18,497
	$	205,960	135,425

Taxable losses are determined in accordance with the Income Tax Act, and the losses for the previous ten years may be deducted from the net income for the year after being approved by the tax authority before the income is taxed. Such an item is not recognized in deferred tax assets because it is not highly probable that the Group will have sufficient taxable income in the future for the temporary differences.

As of December 31, 2021, the tax losses not used yet and the deadlines for the Group to use the tax losses are as follows:

Year	Losses not yet used	Last valid year
2012	$ 2,877	2022
2013	7,555	2023
2014	54,279	2024
2015	96,312	2025
2016	16,956	2026
2017	6,853	2027
2018	1,971	2028
2019	14,198	2029
2020	205,193	2030
2021	527,352	2031
	$ 933,546	

(2) Deferred tax assets and liabilities recognized

The changes in the deferred tax assets and liabilities recognized by the Group in 2021 and 2020 are as follows:

Deferred tax assets

	Right-of-use assets
January 1, 2021	$ 10,254
Credit income statement	(832)
December 31, 2021	**$ 9,422**
January 1, 2020	$ 11,086
Credit income statement	(832)
December 31, 2020	**$ 10,254**

3. Approval of income tax returns

The Group's profit-seeking enterprise income tax returns filed approved by the tax authority are as follows:

Company	Year
The Company	2019
Charter Leisure Co., Ltd.	2019
Huide Development Company Limited	2020
Good One Company Limited	2020
Qun Xin Properties Co., Ltd.	2020

(19) Capital and other interests

1. Share capital

The total amount of the Company's authorized capital as of December 31, 2021 and 2020 was NT$3,000,000 thousands and NT$2,500,000 thousands, respectively, divided into 300,000 thousands shares and 250,000 thousands, respectively, both with a par value of NT$10 per share. The above-mentioned authorized capital is in the form of common shares. The number of outstanding common shares was 226,379 thousands and 136,379 thousands, respectively, and all capital contributions for the shares have been received.

The Company's Board of Directors, on December 25, 2019, resolved a decision to conduct capital increase in cash in the amount of NT$300,000 thousands, by issuing 30,000 thousands common shares with a par value of NT$10 per share. The Board of Directors, on December 25, 2019, resolved a decision to set the issue price at NT$9.5 per share. This capital increase proposal has been approved by the FSC, and the capital increase record date was February 11, 2020. All the capital contributions for the shares issued have been received, recognized in equity, and the relevant legal registration procedures have been completed.

The Company's Board of Directors, on May 14, 2021, resolved a decision to conduct capital increase in cash in the amount of NT$900,000 thousands, by issuing 90,000 thousands common shares with a par value of NT$10 per share. The Company's Board of Directors, on August 19, 2021, resolved a decision to set the issue price at NT$9.5 per share. This capital increase proposal has been approved by the FSC, and the capital increase record date was September 24, 2021. All the capital contributions for the shares issued have been received, recognized in equity, and the relevant legal registration procedures have been completed.

2. Capital surplus

The balance of the Company's capital surplus is as follows:

		2021.12.31	2020.12.31
Share issued at a premium	$	16,408	63,546
Share issued at a premium - employee stock options		1,076	641
	$	17,484	64,187

As per the Company Act amended in January 2012, the capital surplus shall be used to compensate a deficit first before the realized capital surplus can be converted into capital or used to pay out cash dividends. The realized capital surplus referred to in the preceding paragraph includes the premium from shares issued in excess of the par value, the difference between the price of the shares actually acquired or disposed of in a subsidiary and the book value, and the income from gifts. Pursuant to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus to be used as capital shall not exceed 10% of the paid-in capital.

The Company's Board of Directors, on December 10, 2019, resolved a decision to increase the capital by issuing 30,000 shares with the issue price per share of NT$9.5; the amount to be raised was NT$285,000 thousands; the discounted amount of the outstanding shares was NT$15,738 thousands (discounted amount of the issued shares of NT$15,000 thousands, plus the incremental cost attributable to the cash capital increase of NT$738 thousands), and the shares issued from the capital surplus at a premium, reclassified from the subscription through capital surplus - employee stock options in the amount of NT$641 thousands. Relevant information is available on the Market Observation Post System (MOPS).

The Company's Board of Directors, on August 19, 2021, resolved a decision to increase the capital by issuing 90,000 shares with the issue price per share of NT$9.5; the amount to be raised was NT$855,000 thousands; the discounted amount of the outstanding shares was NT$47,138 thousands (discounted amount of the issued shares of NT$45,000 thousands, plus the incremental cost attributable to the cash capital increase of NT$2,138 thousands), and the shares issued from the capital surplus at a premium, reclassified from the subscription through capital surplus -

employee stock options in the amount of NT$435 thousands. Relevant information is available on the Market Observation Post System (MOPS).

3. Retained earnings

As per the Articles of Incorporation, if there are earnings at the end of a fiscal year, the Company shall first pay tax and make up for past losses. The Company shall then set aside 10% for statutory surplus reserve (except when the statutory surplus reserve has reached the Company’s paid-in capital) and set aside a special reserve or reversal of the special reserve for the current year’s recorded reduction in shareholders’ equity that occurred during the year. The accumulated undistributed earnings from the previous periods are then added as shareholders’ dividends. Aside from retaining some earnings for future distribution by resolution, the total proportion is distributed in accordance with the Company’s dividend policy.

As the Company is involved in the construction industry, it considers a balanced and stable dividend policy. Depending on the demand for investment capital and the dilution of earnings per share, the Company shall distribute stock dividends or cash dividends in an appropriate manner, of which cash dividends shall not be less than 10% of the total dividends to shareholders. Nevertheless, if the cash dividends are less than NT$0.1 per share or if the Board of Directors considers that the debt ratio in the Company’s financial statements for the year is more than 50%, or if there are significant capital expenditure plans for the year, the Board of Directors may reduce the percentage of cash dividends or distribute stock dividends.

(1) Legal reserve

When the Company suffers no losses, it may, upon a resolution by the shareholders' meeting, issue new shares or pay out cash from the legal reserve, but only to the extent that such reserve exceeds 25% of the paid-in capital.

(2) Special reserve

As per the regulations of the FSC, when the Company distributes the distributable earnings, it shall set aside a special reserve from the current profit or loss and the undistributed earnings from the prior period in the same amount of the net deduction of other shareholders' equity in the year, and; as for the cumulative deduction amount of other shareholders' equity, the Group shall set aside a special reserve from the undistributed earnings from the prior period and shall not distribute it. If there is a subsequent reversal of the amount of the deduction of other shareholders' equity, the earnings may be distributed from the reversed portion.

(3) Earnings distribution

The Company’s annual general meeting, on August 27, 2021 and June 11, 2020, passed a resolution not to distribute 2020 and 2019 earnings due to a loss suffered by the Company.

4. Other equity interests (net of tax)

	Unrealized gain or loss on financial assets at fair value through other comprehensive income
Balance on January 1, 2021	$ (189,592)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	(27,920)
Disposal of equity instruments at fair value through other comprehensive income	57
Balance on December 31, 2021	**$ (217,455)**

Unrealized gain or

	loss on financial assets at fair value through other comprehensive income
Balance on January 1, 2020	$ (185,856)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	(3,736)
Balance on December 31, 2020	**$ (189,592)**

5. Non-controlling interests

	Share attributable to non-controlling interests	
	2021	**2020**
Opening balance	$ 123,513	199,120
Net loss on non-controlling interests	(48,747)	(75,779)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	295	58
Increase or decrease in the disposal of subsidiary's non-controlling interests	(1,497)	-
Actuarial gain or loss on defined benefits	78	114
Difference between the price of the acquisition or disposal of subsidiary's equity and the book value	24,265	-
Increase or decrease in non-controlling interests	(9)	-
	$ 97,898	**123,513**

(20) Share-based payments

The Group's share-based payments for 2021 and 2020 occurred due to the new shares issued for cash capital increase, reserved for subscription by employees.

	Equity settlement **Cash capital increase reserved for subscription by employees**	**Equity settlement** **Cash capital increase reserved for subscription by employees**
Grant date	2021.08.31	2019.12.25
Number of shares granted	990 thousands shares	1,492 thousands shares
Fair value on the grant date	9.94	9.93
Strike price	9.5	9.5
Recipient	Full-time employee	Full-time employee
Vesting condition	Immediately vested	Immediately vested

The details of the above employee stock warrants are as follows:

	2021		**2020**	
(in thousands)	**Weighted average strike price (NTD)**	**Number of stock options**	**Weighted average strike price (NTD)**	**Number of stock options**
Number outstanding on January 1	-	-	-	-
Number of shares granted in this period	$ 9.50	990	9.50	1,492
Number of options exercised	9.50	(990)	9.50	(1,492)
Number outstanding on December 31	$ -	-	-	-
Number exercisable on December 31	$ -	-	-	-

The Group's expenses from cash capital increase reserved for subscription by employees for 2021 and 2020 were NT$435,000 and NT$641,000, respectively.

(21) Earnings (loss) per share

The calculation of the Group’s basic earnings (loss) per share and diluted earnings (loss) per share is as follows:

	2021	2020
Basic earnings (loss) per share		
Net profit (loss) attributable to holders of the Company’s common shares	$ (102,573)	14,379
Weighted average number of common shares outstanding	160,790	133,018
	$ (0.64)	0.11
Diluted earnings (losses) per share		
Net profit (loss) attributable to holders of the Company’s common shares	$ (102,573)	14,379
(after adjustment to the effect of potentially dilutive common shares)		
Weighted average number of common shares outstanding after adjustment	160,790	133,018
Employee stock options	2	1
Weighted average number of common shares outstanding (after adjustment to the effect of potentially dilutive ordinary shares)	160,792	133,019
Diluted earnings (losses) per share	$ (0.64)	0.11

(22) Revenue from customer contracts

1. Details of revenue

	2021			
	Construction and development	**Leisure and recreation**	**Catering and hotel**	**Total**
Main product/service lines:				
Sales of real estate	$ 319,138	-	-	319,138
Accommodation	-	-	193,752	193,752
Food and drink service	-	-	152,625	152,625
Membership service	-	57,922	-	57,922
Others	396	10,579	1,859	12,834
	$ 319,534	68,501	348,236	736,271

	2020			
	Construction and development	**Leisure and recreation**	**Catering and hotel**	**Total**
Main product/service lines:				
Accommodation	$ -	-	101,815	101,815
Food and drink service	-	-	167,381	167,381
Membership service	-	74,658	-	74,658
Others	3,642	17,174	4,880	25,696
	$ 3,642	91,832	274,076	369,550

2. Contract balance

	2021.12.31	**2020.12.31**	**109.1.1**
Accounts and notes receivable (including related parties)	$ 19,216	23,208	27,565
Less: Allowance for losses	(1,734)	(2,447)	(2,224)

	$	17,482	20,761	25,341
Contract assets - service contracts	$	-	-	447
Contract liabilities	$	478,906	288,601	104,882

Please refer to Note 6(3) for the disclosure of notes and accounts receivable and the impairment thereof.

The opening balances of contract liabilities on January 1, 2021 and 2020 recognized in income for 2021 and 2020 were in the amounts of NT$114,097 thousands and NT$15,533 thousands, respectively.

Changes in contract assets and contract liabilities are mainly attributable to the difference between the time when the Group transfers goods or services to customers to satisfy performance obligations and when customers pay.

(23) Remuneration of employees, directors, and supervisors

Per the Company's Articles of Incorporation, if the Company makes a profit in a year, it shall allocate 8% of the balance as employee remuneration and no more than 5% as directors’ remuneration. However, profits must first be reserved to offset against the cumulative deficit, if applicable.

As the Company suffered a cumulative deficit in both 2021 and 2020, there was no need to estimate the amount of employee remuneration and directors’ remuneration. In addition, the amount of the Company's employee remuneration and directors’ remuneration are estimated based on the Company's net income before tax for each period before employee remuneration and directors’ remuneration are deducted, multiplied by the percentages of employee remuneration and directors' remuneration as stipulated in the Company's Articles of Incorporation, which is recognized as operating costs or operating expenses for the period. If there is a difference between the amount distributed in the following year and the estimated amount, it will be treated as a change in accounting estimates, and the difference will be recognized in the following year’s profit or loss.

The Company’s employee remuneration and directors’ remuneration for 2020 and 2019 were both in the amounts of NT$0, which was no different from the actual distribution. Relevant information is available on the MOPS.

(24) Non-operating income and expenses

1. Interest income

The details of the Group’s interest income for 2021 and 2020 are as follows:

		2021	2020
Interest on bank deposits	$	1,283	1,341
Other interest income		16	275
	$	1,299	1,616

2. Other income

The details of the Group’s other income for 2021 and 2020 are as follows:

		2021	2020
Dividend income	$	1,975	1,074
Government grants		21,616	22,465
Contract termination income		4,286	-
Others		8,422	8,940
	$	36,299	32,479

3. Other gains and losses

The details of the Group's other gains and losses in 2021 and 2020 are as follows:

		2021	2020
Foreign currency exchange gains or losses	$	3	56
Loss on disposal of property, plant and equipment		(27)	(112)
Loss on disposal of investment in subsidiary		(630)	-
Impairment losses on property, plant and equipment		-	(10,000)
Impairment losses on intangible assets		-	(52,837)
Miscellaneous income and expenses		(4)	(577)
	$	**(658)**	**(63,470)**

4. Financial costs

The Group's financial costs for 2020 and 2020 are as follows:

		2021	2020
Interest expense			
Bank borrowings	$	39,674	12,382
Corporate bonds		1,115	120
Lease liabilities		22,300	24,092
Less: Capitalized interest		(10,302)	(3,924)
	$	**52,787**	**32,670**

(25) Financial instruments

1. Credit risk

(1) Exposure to credit risk

The carrying amount of various financial assets held by the Group represents the maximum exposure to credit risk.

(2) Credit concentration risk

As the Group has a large customer base and does not have significant customer concentration in transactions, there is no significant credit concentration risk of accounts receivable. In order to reduce the credit risk, the Group also regularly and continuously evaluates each customer's financial position but does not require the customer to provide collateral.

(3) Credit risk of receivables

Please refer to Note 6(3) for information on the exposure of notes and accounts receivable to the credit risk.

The Company's other financial assets measured by amortized cost, including other receivables and certificates of deposit, are financial assets with a low credit risk. Therefore, the allowance for loss for the period is measured by the 12-month expected credit loss (refer to Note 4(7) for the description of how the Group determines a low credit risk).

Please refer to Note 6(3) for details of changes in allowance for losses for 2021 and 2020.

2. Liquidity risk

The Group's working capital is sufficient to cover it, so there is no liquidity risk arising from the inability to raise funds to fulfill contractual obligations.

The table below indicates the contractual maturity dates for financial liabilities, including estimated interest but excluding the effect of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	Over 2 years
December 31, 2021					
Financial liabilities:					
Secured bank borrowings	$ 1,005,723	1,066,692	342,884	11,264	712,544
Unsecured bank borrowings	1,581,000	1,619,467	1,134,698	7,971	476,798
Lease liabilities	1,209,028	1,350,157	126,304	109,125	1,114,728
Short-term notes and bills payable	299,616	300,000	300,000	-	-
Accounts and other payables	356,506	356,506	315,965	4,719	35,822
Secured ordinary corporate bonds	1,595,540	1,637,399	11,000	11,000	1,615,399
Guarantee deposits received	772	772	772	-	-
	$ 6,048,185	6,330,993	2,231,623	144,079	3,955,291
December 31, 2020					
Financial liabilities:					
Unsecured bank borrowings	$ 740,000	741,823	741,823	-	-
Lease liabilities	1,299,037	1,461,207	127,672	112,151	1,221,384
Short-term notes and bills payable	599,251	600,000	600,000	-	-
Accounts and other payables	390,698	390,698	345,628	4,719	40,351
Secured ordinary corporate bonds	599,580	617,160	4,800	4,800	607,560
Guarantee deposits received	332	332	332	-	-
	$ 3,628,898	3,811,220	1,820,255	121,670	1,869,295

The Group does not expect that the timing of the cash flows for the maturity analysis will occur significantly earlier or that the actual amounts will be significantly different.

3. Market risk
   (1) Exchange rate risk

The Group’s investment in equity instruments exposed to material foreign currency exchange rate risk is as follows:

	2021.12.31			2020.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Non-monetary items						
HKD	$ 7,667	3.549	26,962	12,217	3.673	44,657

4. Interest rate analysis

The exposure of the Group's financial assets and financial liabilities to interest rate risk is described in liquidity risk management in this note.

The sensitivity analysis below is based on the exposure of non-derivative instruments to interest rate risk at the balance sheet date. For floating-rate liabilities, the analysis is based on an assumption that the amount of a liability outstanding at the balance sheet date is outstanding throughout the year. The sensitivity to a 0.5%

change in interest rate is used when reporting the interest rate risk internally to key management personnel and also represents the management's assessment of the reasonably possible change in interest rates.

If the interest rate increased/decreased by 0.5% and all other variables remain unchanged, the Group's net income for 2021 and 2020 would have decreased/increased by NT$8,147 thousands and NT$4,040 thousands, respectively, mainly due to the Group's borrowings at variable interest rates.

5. Other price risks

If the price of equity securities changes on the balance sheet date (the analyses in the two periods are on the same basis while other factors are assumed to remain unchanged), the impact on the comprehensive income items is as follows:

Securities prices on the balance sheet date	2021 Other comprehensive income after tax	2020 Other comprehensive income after tax
Increase by 3%	$ 2,406	3,235
Decrease by 3%	$ (2,406)	(3,235)

6. Information on fair value

(1) Types and fair values of financial instruments

The Group's financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amounts and fair values of various types of financial assets and financial liabilities (including fair value level information, but the carrying amounts of financial instruments not measured by fair value is a reasonable approximation of fair value, and the fair values of lease liabilities per the regulations, are not required to be disclosed) are listed below:

	2021.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Domestic and foreign listed stocks	$ 30,556	30,556	-	-	30,556
Publicly listed companies' privately placed stocks	26,430	-	26,430	-	26,430
Domestic non-listed stocks	23,207	-	-	23,207	23,207
Subtotal	80,193	30,556	26,430	23,207	80,193
Financial assets at amortized cost					
Cash and cash equivalents	$ 1,822,523	-	-	-	-
Notes and accounts receivable (including related parties)	17,482	-	-	-	-
Other receivables (including related parties)	1,906	-	-	-	-
Other financial assets (current and non-current)	1,029,688	-	-	-	-
Subtotal	2,871,599	-	-	-	-
Total	$ 2,951,792	30,556	26,430	23,207	80,193
Financial liabilities at amortized cost					
Short-term borrowings and short-term notes and bills payable	$ 2,886,339	-	-	-	-
Notes and accounts payable (including related parties)	215,915	-	-	-	-
Other payables (including related parties)	140,591	-	-	-	-
Lease liabilities (current and non-current)	1,209,028	-	-	-	-
Secured ordinary corporate bonds	1,595,540	-	-	-	-
Guarantee deposits received	772	-	-	-	-
Total	$ 6,048,185	-	-	-	-

	2020.12.31				
		Fair value			

	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Domestic and foreign listed stocks	$ 47,621	47,621	-	-	47,621
Publicly listed companies' privately placed stocks	36,990	-	36,990	-	36,990
Domestic non-listed stocks	23,207	-	-	23,207	23,207
Subtotal	107,818	47,621	36,990	23,207	107,818
Financial assets at amortized cost					
Cash and cash equivalents	773,713	-	-	-	-
Notes and accounts receivable (including related parties)	20,642	-	-	-	-
Other receivables (including related parties)	8,533	-	-	-	-
Other financial assets (current and non-current)	557,131	-	-	-	-
Subtotal	1,360,019	-	-	-	-
Total	$ 1,467,837	47,621	36,990	23,207	107,818
Financial liabilities at amortized cost					
Short-term borrowings and short-term notes and bills payable	$ 1,339,251	-	-	-	-
Notes and accounts payable (including related parties)	94,824	-	-	-	-
Other payables (including related parties)	295,874	-	-	-	-
Lease liabilities (current and non-current)	1,299,037	-	-	-	-
Secured ordinary corporate bonds	599,580	-	-	-	-
Guarantee deposits received	332	-	-	-	-
Total	$ 3,628,898	-	-	-	-

(2) Fair value valuation techniques for financial instruments not at fair value

The methods and assumptions adopted by the Group to estimate instruments not at fair value are as follows:

(2.1) Financial assets and liabilities at amortized cost

If there is information on quoted prices from transactions or market makers, the latest transaction price and quoted price should be adopted as the basis for valuating the fair value. If there is no information on market prices for reference, the valuation method is adopted for estimation. The estimates and assumptions used in the valuation method are the discounted value of cash flows to estimate the fair value.

(3) Fair value valuation techniques for financial instruments at fair value

(3.1) Non-derivative financial instruments

When a financial instrument is quoted in an active market, the quoted price in the active market is the fair value.

A financial instrument is deemed to be with quoted prices in the active markets if its quoted prices can be obtained from exchanges, brokers, underwriters, industry associations, pricing services institutions, or competent authorities in a timely and regular manner, and the prices represent the prices in actual fair market transactions that occur frequently. If the above criteria are not met, the market is deemed inactive. Generally speaking, a large bid-ask spread, a significant increase in the bid-ask spread, or a low trading volume are all indicators of an inactive market.

Except for the above financial instruments with active markets, the fair values of other financial instruments are obtained through valuation techniques or with reference to the quoted prices by counterparties. The fair value obtained through valuation techniques may be calculated and obtained with reference to the present fair value of other financial instruments with substantively similar criteria and characteristics, discounted cash flow method, or other valuation techniques, including the use of models based on market information available at the balance sheet date.

(4) Transfer between levels of fair values

There was no change in the Group's valuation techniques for fair values in 2021 and 2020. In addition, there was no transfer between the levels of fair values in 2021 and 2020.

(5) Quantitative information on measurement of significant unobservable fair value input (Level 3)

The Group's Level 3 fair value mainly includes financial assets at fair value through other comprehensive income.

There are multiple, significant unobservable inputs for most of the Group's Level 3 fair values of investments in equity instruments without active markets. Significant unobservable inputs for investments in equity instruments with no active market are independent of each other and therefore do not correlate.

Quantitative information on significant unobservable inputs is listed as follows:

Item	Valuation technique	Significant unobservable input	Relations between significant unobservable input and fair value
Financial assets at fair value through other comprehensive income – investments in equity instruments without active markets	Net asset value method	·Net asset value	Not applicable

Item	Valuation technique	Significant unobservable input	Relations between significant unobservable input and fair value
Financial assets at fair value through other comprehensive income – investments in equity instruments without active markets	Comparable listed company method	• Equity-to-equity ratio multiplier (2.7 times both on December 31, 2021 and 2020)	• The higher the multiplier, the higher the fair value
Financial assets at fair value through other comprehensive income – investments in equity instruments without active markets	Net asset value method Discounted cash flow method	• Net asset value • Weighted average cost of capital (2.64% on December 31, 2020)	• Not applicable • The higher the weighted average cost of capital, the lower the fair value

The valuation technique used for some of the assets above has changed from the discounted cash flow method to the net asset value method in this period. The main reason is that the investment target belongs to the construction industry, and the net assets increased due to the recognition in profit or loss after the project was completed and closed in 2021; thus, the net asset value method was adopted for valuation in this period.

(6) Analysis of sensitivity of Level 3 fair value to reasonably possible alternative assumptions

The measurement of fair values of financial instruments by the Group is reasonable, but the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments classified as Level 3, if the valuation parameters change, the effect on the current profit or loss or other comprehensive income is as follows:

	Increase or	Changes in fair value	Changes in fair value

	Input	Change (decrease)	Reflected in current profit or loss: Favorable change	Reflected in current profit or loss: Unfavorable change	Reflected in other comprehensive income: Favorable change	Reflected in other comprehensive income: Unfavorable change
December 31, 2021						
Financial assets at fair value through other comprehensive income						
Investment in equity instruments without active markets	Price-book ratio multiplier	1%	-	-	211	(211)
December 31, 2020						
Financial assets at fair value through other comprehensive income						
Investment in equity instruments without active markets	Price-book ratio multiplier	1%	-	-	211	(211)
Investment in equity instruments without active markets	Weighted average cost of capital	1%	-	-	521	(499)

The Group's favorable and unfavorable changes refer to the fluctuations of fair values, and fair values are calculated with the valuation techniques based on different unobservable inputs. If the fair value of a financial instrument is affected by more than one input, the above table only reflects the effect of changes in a single input without taking into account the correlation and variability between the inputs.

(26) Financial risk management

1. Summary

The Group is exposed to the risks below due to the use of financial instruments:

(1) Credit risk
(2) Liquidity risk
(3) Market risk

This note indicates the Group's exposure to each of the above risks and its objectives, policies, and procedures for risk measurement and management. Please refer to the notes to the consolidated financial statements for more quantitative information.

2. Risk management framework

The formulation of the Group's risk management policy aims to identify and analyze the risks faced by the Group, set appropriate risk limits and control, and monitor risks and observance of risk limits. The risk management policy and system are regularly reviewed to reflect changes in market conditions and the Group's operations. The Group develops a disciplined and constructive control environment through training, management guidelines, and operating procedures, enabling all employees to understand their roles and responsibilities.

3. Credit risk

The Group's credit risk is the risk of financial loss suffered by the Group arising from the failure of customers or counterparties of financial instruments to fulfill contractual obligations, mainly from the Group's accounts receivable from customers.

(1) Accounts and other receivables

The Group's credit risk exposure is mainly affected by each customer's circumstances. However, the Group does not have significant credit risk concentration.

The Group maintains an allowance account for bad debts to reflect estimates of losses incurred on accounts receivable and investments. The main components of the allowance account include specific loss components associated with individual material exposures and a portfolio of losses created for losses on similar asset groups that are incurred but unidentified. The allowance account for the portfolio of losses is determined based on historical data on payments for similar financial assets.

(2) Investment

The credit risk of bank deposits, fixed-income investments, and other financial instruments is measured and monitored by the Group’s finance department. As the Group's transaction counterparties and contract counterparties are all creditworthy banks, financial institutions rated at investment grade and above, corporate organizations, and government agencies, there is no significant doubts over contract performance, hence no significant credit risk.

(3) Guarantee

The Group’s policy stipulates that the Group can only provide financial guarantee to those subject to the financial guarantee operating procedures. The Group, as of December 31, 2021 and 2020, did not provide any endorsement/guarantee.

4. Liquidity risk

Liquidity risk is the risk arising when the Group cannot deliver cash or other financial assets to settle financial liabilities and fails to fulfill relevant obligations. The Group's approach to managing liquidity is to ensure, as much as possible, that the Group, under normal circumstances and pressure, has sufficient liquidity to cover its liabilities as they fall due, without resulting in a risk of incurring unacceptable losses or causing damage to the Group's reputation.

The Group ensures that there is sufficient cash to cover any expected operating expenses, including the performance of financial obligations, monitors the use of banks’ financing facilities, and ensures compliance with the terms and conditions of loan contracts. The banks’ financing facilities not drawn by the Group, as of December 31, 2021 and 2020, were in the amounts of NT$567,000 thousands and NT$547,000 thousands, respectively.

5. Market risk

Market risk refers to the risk that affects the Group's revenue or the value of financial instruments held due to changes in market prices, such as changes in exchange rates, interest rates, or equity instrument prices. The purpose of market risk management is to control the exposure to market risks within a range of tolerance and optimize return on investment.

(27) Capital management

The Group's capital management aims to ensure the ability to continue as a going concern, continue to provide bonuses to shareholders and interests to other related parties, and maintain an optimal capital structure to reduce capital costs. To maintain or adjust the capital structure, the Group may adjust the dividends paid to shareholders, reduce capital and refund capital to shareholders, issue new shares, or sell assets to settle liabilities. The Group’s capital management strategy in 2021 was the same as in 2020.

The debt-to-equity ratios as of December 31, 2021 and 2020 were as follows:

	2021.12.31	2020.12.31
Total liabilities	$ 6,551,058	3,942,458
Less: Cash and cash equivalents	(1,822,523)	(773,713)
Net liabilities	4,728,535	3,168,745
Total equity	1,774,917	1,101,934
Capital after adjustment	$ 6,503,452	4,270,679
Debt-to-equity ratio	73%	74%

The decrease in the debt-to-equity ratio as of December 31, 2021 was mainly the result of an increase in total equity due to the cash capital increase conducted by the Group.

(28) Non-cash investments

The Group’s material non-cash investments for 2020 and 2020 are as follows:

	2021	2020
Purchase of property, plant and equipment	$ 4,562	13,504
Add: Construction facilities payable at the beginning of the period	4,791	334
Less: Construction facilities payable at the end of the period	(1,373)	(4,791)
Cash payment in this period	**$ 7,980**	**9,047**

7. Related Party Transactions

(1) Name of related party and relations

The related parties that had transactions with the Group during the period covered by this consolidated financial statements are as follows:

Name of related party	**Relations with the Group**
SURV Planning And Development Co., Ltd.	Investee valuated by the Company using the equity method
Shi Hong Interior Design Co., Ltd. (Shi Hong)	Investee valuated by the Group using the equity method
T-Design Co., Ltd. (T-Design)	Investee valuated by the Group using the equity method
SHIHLIN ELECTRIC & ENGINEERING CORPORATION	The director at the Company and the chairman of the company are relatives within the second degree of kinship
THE AMBASSADOR HOTEL CO., LTD.	The director at the Company and the chairman of the company are relatives within the second degree of kinship
HCT Logistics Co., Ltd. (HCT Logistics)	The director at the Company and the chairman of the company are relatives within the second degree of kinship
Jia Bin Management Consultants Co., Ltd. (Jia Bin Management) (formerly known as the Ambassador Apartment Building Management and Maintenance Co., Ltd.)	The Chairman of the Group and the chairman of the company are the same person.
YAO ZE LIMITED	The Chairman of the Company and the chairman of the company are the same person.
Chuang Sheng Investment Co., Ltd. (Chuang Sheng)	The director at the Company and the chairman of the company are the same person.
Chih-Chieh Co., Ltd.	The director at the Company and the chairman of the company are the same person.
DE YU COMPANY LIMITED	The director at the Company and the chairman of the company are the same person.
Prospect Hospitality Co., Ltd. (Prospect Hospitality)	The director at the Company and the chairman of the company are the same person.
Guo-Bin Bin-Fen Bakery Co., Ltd.	Substantive related party of the Group
Republic of Marketing Limited	Substantive related party of the Group
Haolin Catering Consultants Co., Ltd. (Haolin Catering)	The director at sub-subsidiary Kinship Restaurant Group Ltd.

(2) Significant transactions with related parties

1. Operating income

The Group’s significant sales to related parties are as follows:

	2021	2020
Other related parties	**$ 2,729**	**5,235**

The Group provides services, including hotel guest rooms and catering, to above companies, and its sales price and payment terms are the same as those of general transactions. In addition, the Group charges the same monthly membership fees from other related parties as regular members, and the collection period is not significantly different from that for regular members, but other related parties are not subject to the minimum consumption limit.

2. Purchases

The Group's purchases from the related parties are as follows:

(1) Construction business:

Category of related party	Purchases 2021	Purchases 2020
Associate–SURV Planning And Development Co., Ltd.	$ -	67,376

The Group has no non-related party transactions as a basis to compare the purchase prices offered by the above-mentioned related party, and the payment term is not significantly different from that with non-related parties.

(2) Merchandising business

	2021	2020
Other related parties	$ -	105

The Group has no non-related party transactions as a basis to compare the purchase prices offered by the above-mentioned related party, and the payment term is net 30 to 60 days after the end of the month, which is not significantly different from that with non-related parties.

3. Creditor's rights and debts

The creditor's rights and debts between the Group and related parties are as follows:

Account	Category of related party	2021.12.31	2020.12.31
Accounts receivable	Other related parties	$ 314	119
Other receivables	Associate -Shi Hong	-	2,945
"	Other related parties	-	432
		$ 314	3,496
Accounts payable	Other related parties	$ -	4,866
Other payables	Other related parties	155	273
		$ 155	5,139

4. Loans from related parties

The Group's loans from the related parties are as follows:

	2021.12.31	2020.12.31
Other related parties–Chuang Sheng	$ -	200,000

The Group's loans from related parties are calculated at the interest rate of the Group's short-term borrowings from financial institutions at the time and are guaranteed by promissory notes of the same amounts. The interest expenses recognized for 2021 and 2020 were NT$208 thousands and NT$120 thousands, respectively, and the relevant loans were fully repaid in January, 2021.

5. Lease

The Group leased office buildings from Shihlin Electric in September 2021 and January 2020, respectively, and signed a three-year lease contract with reference to the office rental market in nearby areas. The total contract prices were NT$19,381 thousands and NT$19,705 thousands, respectively. The interest expenses recognized for 2021 and 2020 were NT$373 thousands and NT$678 thousands, respectively, and the balances of lease liabilities as of December 31, 2021 and 2020 were NT$21,819 thousands and NT$28,591 thousands.

6. Others

The service fees paid by the Group to other related parties for 2021 and 2020 as per operational needs were NT$13,952 thousands and NT$6,314 thousands, respectively.

The Group sold all the shares of Kinship Restaurant Group Ltd. it held to other related parties, Haolin Catering, on September 30, 2021 and completed the sale of the equity and received the amount of NT$1,200 thousands, recognized in other gains and losses. Please refer to Notes 6(7) and (24) for details.

For the cash dividends received by the Group from the associate - SURV Planning And Development Co., Ltd. in 2021, please refer to Note 6(6) for relevant information.

(3) Transactions by key management personnel

	2021	2020
Short-term employee benefits	$ 19,663	19,396
Post-retirement benefits	432	389
	$ 20,095	19,785

8. Assets Pledged

The details of the book value of the assets pledged by the Group are as follows:

Asset name	Collateral	2021.12.31	2020.12.31
Inventory	Bank borrowings	$ 1,638,590	-
Restricted assets (recognized in other financial assets - non-current)	Collateral for corporate bonds	216,570	62,400
		$ 1,855,160	62,400

9. Material Contingent Liabilities and Unrecognized Contractual Commitments

(1) Significant unrecognized commitments:

1. Projects launched by the Group and the price of the pre-sale and finished housing sales contracts signed with the customers are as follows:

	2021.12.31	2020.12.31
Price of the signed sales contract	$ 4,444,930	2,365,910
Amount received as per contract	$ 455,118	276,876

2. The construction contracts signed between the Group and suppliers and amounts paid as per the contracts are as follows:

	2021.12.31	2020.12.31
Price of the signed construction contract	$ 4,183,647	349,988

Amount paid as per contract	$	181,334	149,540

3. The Group intended to undertake an urban renewal project and signed a collaborative development and integration contract and a rights transfer agreement. The payment according to the contract is as follows:

	2021.12.31	2020.12.31
Price of signed contract (before tax)	$ 683,965	761,905
Amount paid as per contract (before tax)	$ 290,289	214,286

4. The total price of the land purchase contract signed by the Group for the purchase of land is as follows:

	2021.12.31	2020.12.31
The total price of the signed purchase contract	$ 354,706	354,706
Amount not yet paid	$ 336,971	336,971

5. Other unrecognized contractual commitments are as follows:

Item	Subject matter	2021.12.31	2020.12.31
Guarantee notes received	Outsourcing of projects and urban renewal development collaboration	$ 480,881	440,067
Guarantee deposits paid (recognized in other financial assets - current)	Joint construction project	$ 341,771	252,066

6. The master lease agreement signed by the Group is as follows:

Name of lessor	Subject matter of lease	Lease term	Rent payment method
Eslite Spectrum Corporation	Eslite Wuchang Building, Ximending, Taipei City	2010.11.05~ 2029.12.31	The Group paid a deposit of NT$7,000 thousands as stipulated in the contract (recognized in "Other financial assets - non-current) and pays a monthly fixed rent, which will be raised by 3% every three years, plus a commission on the revenue.
Runtai Baiyi Co., Ltd.	17th to 21st floors, multi-purpose building, Songshan Station, Taipei City	2015.06.01~ 2035.11.30	The Group paid a deposit of NT$13,000 thousands as stipulated in the contract (recognized in "Other financial assets - non-current) and pays a monthly fixed rent, which will be raised by 1% every year from the sixth year onward.
"	2nd floor, multi-purpose building, Songshan Station, Taipei City	2019.01.01~ 2035.11.30	The Group paid a deposit of NT$100 thousands as stipulated in the contract (recognized in "Other financial assets - non-current) and pays a monthly fixed rent, which will be raised by 1% every year from the sixth year onward.
Sanming Industrial Co., Ltd.	Sanming Building, Sec. 2, Zhongshan N. Rd., Taipei City	2015.03.26~ 2035.03.25	The Group paid a deposit of NT$4,050 thousands as stipulated in the contract (recognized in "Other financial assets - non-current) and pays a monthly fixed rent, which will be raised based on the annual increase of the CPI for the previous year from the 6th year onwards, plus a commission on the revenue.

(2) Others:

1. In October 2012, the Group signed a joint construction agreement with Jut Land Development Company Limited to increase the overall operating profit, with 24 parcels of land, including land lots 430-453, Subsection 3, Zhengyi Section,

Zhongshan District, Taipei City, as the collaborative development subject matter. As of December 31, 2021, this project was still under planning.

2. Pursuant to the Matters that Shall and Shall Not Be Included in the Standard Agreement for Gift Certificates for Hotel Products (Services), the Matters that Shall and Shall Not Be Included in the Standard Agreement for Gift Certificates for Catering Products (Services), and the Matters that Shall and Shall Not Be Included in the Standard Agreement for Gift Certificates for Retail Products (Services), the Group signed an agreement with the First Commercial Bank, and the bank provided a full performance guarantee in accordance with the terms in the agreement. As of December 31, 2021 and 2020, the undrawn balances of the gift certificates guaranteed by the bank were NT$14,300 thousands and NT$29,710 thousands, respectively.
3. The Group signed a service contract with a non-related party in October 2020 for the development and integration of the urban renewal project of 33 parcels of land, including land lot 1, sub-section 3, Shuanglian Section, Datong District, Taipei City, and the urban renewal project of 43 parcels of land, including land lot 330, sub-section 1, Wuxing Section, Xinyi District, Taipei City, to handle all relevant matters before the completion of the projects and handover of the housing units, and the Group will pay a service fee at 2% of the sales profit of the projects after the landlords handed over their housing units. In addition, the Group agreed to rescind the rights transfer contract (including the service contract) in November 2021 after comprehensive consideration for the urban renewal project of 43 parcels of land, including land lot 330, sub-section 1, Wuxing Section, Xinyi District, Taipei City as unfavorable conditions arose for this project, and all the payments, including royalties for rights transfer, were recovered.

10. Major Disaster Loss: None.

11. Material Events After the Balance Sheet Date

The Group's Board of Directors passed a resolution to issue the 2021 first domestic secured ordinary corporate bonds at par on December 23, 2021 in the amount of NT$1,200,000 thousands, with a coupon rate of 0.6% for a period of five years. Interest is accrued at the coupon rate based on the outstanding balance every year, and the principal is repaid in one lump sum upon maturity. This corporate bond has been issued in January 2022.

12. Others

Employee benefits and depreciation and amortization expense are summarized by function as follows:

By function / By nature	2021			2020		
	Operating costs	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Employee benefits						
Salary and wages	$ 71,724	120,351	192,075	77,749	114,217	191,966
Labor and health insurance	8,034	10,748	18,782	8,173	9,725	17,898
Pension	3,454	5,507	8,961	3,728	5,299	9,027
Other employee benefits	2,819	4,747	7,566	2,717	3,938	6,655
Depreciation expense	158,607	41,114	199,721	162,069	41,859	203,928
Amortization expense	-	424	424	-	216	216

13. Additional Disclosures

(1) Information on significant transactions

As per the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Group shall disclose the relevant information of significant transactions in 2021 as follows:

1. Loans to others:

Number	Lender	Borrower	Account title	Related party status	Highest balance for the period	Ending balance	Amount drawn	Interest rate range	Nature of loans	Business transaction amount	Reason for short-term financing	Allowance for losses	Collateral		Maximum financing amount for each borrower	Aggregate maximum financing amount
													Name	Worth		
1	Huide Development Company Limited	Hsin Chun Build	Other receivables	No	2,500	-	-	10%	2	-	For the company's development and construction needs	-	-	-	22,763	45,525

Note 1: The aggregate amount of loans to others shall not exceed 40% of its net value in the period. If a borrower engages in transactions with the Group, the financing amount shall not exceed the total amount of the transactions. The short-term financing shall not exceed 20% of the Company's net value in the period.

Note 2: Said net worth is based on the latest financial statements.

Note 3: Description of the nature of loans
(1) 1 for business transactions.
(2) 2 for the necessity for short-term financing.

2. Endorsements/Guarantees provided to others: None

3. Securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures):

Company	Type and name of marketable securities held	Relations with marketable securities issuer	Account title	End of Period				The highest shareholding or capital contribution during the period	Remarks
				Number of shares (in thousands)	Carrying amount	Shareholding ratio (%)	Fair value		
The Company	Stock - Acer Incorporated	None	Financial assets at fair value through other comprehensive income - non-current	16	482	- %	482	- %	
The Company	Stock - Choice Development, Inc.	None	"	3,000	26,430	2.96 %	26,430	2.96%	Note
The Company	Stock - Beijing Enterprises Medical and Health Industry Group Limited	None	"	84,258	26,962	- %	26,962	- %	
The Company	Stock - Lico Technology Corp.	None	"	4,014	-	3.23 %	-	3.23%	
Charter Leisure Co., Ltd.	Stock - Nan Ya Plastics Corporation	None	"	29	2,495	- %	2,495	- %	
Charter Leisure Co., Ltd.	Stock - Acer Incorporated	None	"	16	482	- %	482	- %	
Charter Leisure Co., Ltd.	Stock - Winbond Electronics Corp.	None	"	4	135	- %	135	- %	
Charter Leisure Co., Ltd.	Stock - The Roar Company Limited	None	"	547	2,957	13.07 %	2,957	13.07%	
Huide Development Company Limited	Stock - Hsin Chun Build	None	"	2,025	20,250	20.00 %	20,250	20.00%	

Note: It is a privately placed common share, and its fair value is measured using the Black-Scholes valuation model.

4. Marketable securities acquired or sold at costs or prices at least NT$300 million or 20% of the paid-in capital: None.

5. Acquisition of individual property at costs of at least NT$300 million or 20% of the paid-in capital:

Unit: NT$ thousand

Company name	Property	Date of occurrence	Transaction amount	Payment status	Transaction counterparty	Relations	If the transaction counterparty is a related party, the previous transfer data				Basis for price determination	Purpose of acquisition and use	Other agreed matters
							Owner	Relations with the issuer	Transfer date	Amount			
The Company	Tonghua Section, Daan District, Taipei City	2021.02.02	$ 838,890	838,890	Ministry of National Defense of the Republic of China	Non-related party	-	-	-	-	Public bidding by the Ministry of Finance	Urban renewal	None

6. Disposal of individual property at costs of at least NT$300 million or 20% of the paid-in capital:

Unit: NT$ thousand

Company	Property	Date of occurrence	Original acquisition date	Book value	Transaction amount	Status of payment collection	Gain or loss on disposal	Transaction counterparty	Relations	Purpose of disposal	Basis for price determination	Othe agree matte
The Company	Real estate of the Linyi Street project	2021.07.05	2014.12.23	282,585	319,138	319,138	36,553	LR Ventures Co., Ltd.	Non-related party	Construction sales	Market price	-

7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Derivatives Trading: None.

10. Business relations and important transactions between parent company and subsidiaries:

Number	Company	Counterparty	Relations with counterparty	Transaction details			
				Account	Amount	Transaction Terms	As a percentage of total consolidated revenue or assets
0	Shihlin Development	Qun Xin Properties Co., Ltd.	1	Operating expenses	$ 712	Same as non-related party	-%

Note 1: Businesses are coded as follows:
1. The parent company is coded “0”.
2. The subsidiaries are coded sequentially beginning from “1” by each individual company.

Note 2: The types of relations with the counterparty are indicated as follows:
1. Parent company to subsidiary
2. Subsidiary to parent company
3. Between subsidiaries

Note 3. The above transactions have been written off when the consolidated financial statements were prepared.

(2) Information on investees:

The information on the Group’s investees in 2021 is as follows:

Investor Name	Investee	Location	Main business	Initial investment amount: End of this period	Initial investment amount: End of last year	End of period: Number of shares (in thousands)	End of period: Percentage	End of period: Carrying amount	The highest shareholding or capital contribution during the period	Gain or loss on Investee	Investment gain or loss recognized during the period	Remarks
The Company	Charter Leisure Co., Ltd.	Taiwan	Food and drink and clubs	$ 21,662	21,662	2,166	43.30%	46,376	43.30%	(210)	(93)	
The Company	SURV Planning And Development Co., Ltd.	Taiwan	Real estate development	17,858	17,858	1,750	35.00%	43,639	35.00%	146,428	51,250	
The Company	Huide Development Company Limited	Taiwan	Real estate development	115,000	115,000	11,500	100.00%	113,813	100.00%	(2,014)	(2,014)	
The Company	Newkind Co., Ltd.	Taiwan	Specific Area Development	-	310,350	-	- %	-	99.89%	-	-	Note 1
The Company	Good One Company Limited	Taiwan	Retail sales of integrated wholesales	80,000	80,000	8,000	100.00%	6,026	100.00%	(4,575)	(4,575)	
The Company	Qun Xin Properties Co., Ltd.	Taiwan	General hotel industry	350,000	200,000	23,000	79.31%	142,481	79.31%	(109,737)	(62,900)	
Huide Development Company Limited	T-Design Co., Ltd.	Taiwan	Interior design	19,800	19,800	1,980	33.00%	(1,047)	33.00%	(11,251)	Exempted from disclosure	
Huide Development Company Limited	Shi Hong Interior Design Co., Ltd.	Taiwan	Interior design	29,400	29,400	2,940	49.00%	29,397	49.00%	(4,187)	〃	
Goodone Company Limited	Kinship Restaurant Group Ltd.	Taiwan	Catering industry	-	6,967	-	- %	-	- %	-	〃	Note 2
Qun Xin Properties	Newkind Co., Ltd.	Taiwan	Specific Area	-	100	-	- %	-	- %	-	〃	Note 1

	Co., Ltd.			Development									

Note 1: Considering the Group's operations, Newkind Co., Ltd. was dissolved by resolution of the shareholders' meeting held on January 31, 2020. The application was approved by Order Letter Jin-Shou-Zhong-Zi No. 1933060590 dated February 7 of the same year. The liquidation process was completed by Order Letter Hua-Yuan-Feng-Min-Mao-109-Si-16-Zi No.00005 dated January 4, 2021, and the amount recovered for the liquidation was NT$8,054 thousands.

Note 2: Considering the Group's operations, Goodone Company Limited sold all the shares of Kinship Restaurant Group Ltd. as per the resolution adopted by the board of directors on September 30, 2021. The equity sale was completed on September 30, 2021, and the proceeds from the sale have been fully recovered.

(3) Information on investments in Mainland China: None.

(4) Information on major shareholders:

Shares Name of principal shareholder	Number of shares held	Shareholding ratio
Choice Development, Inc.	21,506,014	9.50%
Chuang Sheng Investment Co., Ltd.	20,374,118	8.99%
Yao ze Limited	20,374,118	8.99%
Chen Chieh Investment Limited	12,376,201	5.46%

14. Information on Segments

(1) General information

The Group has three reportable segments: The construction and development, the leisure and recreation, and the catering and hotel segments. The construction and development segment engages in the construction of commercial buildings, sales and leasing of residences, and real estate development. The leisure and recreation segment engages in the development of clubs and specific areas. The catering and hotel segment engages in the catering and hotel room business.

The Group's reportable segments are strategic business units that provide different products and services. As each strategic business unit requires different skills and marketing strategies, it should be managed separately. Most of the business units were acquired separately and their management teams at the time of acquisition were retained.

(2) The information on the Group's operating segments and reconciliation are as follows:

	2021				
	Construction and development segment	Leisure and recreation segment	Catering and hotel segment	Adjustment and elimination	Total
Income					
Income from external customers	$ 319,534	68,514	348,223	-	736,271
Intersegment income	-	19	714	(733)	-
Total income	$ 319,534	68,533	348,937	(733)	736,271
Interest expense	$ 27,007	188	25,592	-	52,787
Depreciation and amortization	8,115	24,743	167,287	-	200,145
Share of profit or loss of associates recognized using the equity method	49,198	-	-	-	49,198
Profit or loss on reportable segments (before tax)	$ (32,573)	(2,295)	(112,886)	-	(147,754)
Assets					
Long-term equity investment using the equity method (including credit balance)	$ 71,989	-	-	-	71,989
Capital expenditure on non-current assets	858	385	6,737	-	7,980
Segment assets	$ 6,507,170	137,584	1,681,221	-	8,325,975
Segment liabilities	$ 5,025,034	24,453	1,501,571	-	6,551,058

	2020				
	Construction and development segment	Leisure and recreation segment	Catering and hotel segment	Adjustment and elimination	Total
Income					
Income from external customers	$ 3,642	91,832	274,076	-	369,550
Intersegment income	-	49	922	(971)	-
Total income	$ 3,642	91,881	274,998	(971)	369,550
Interest expense	$ 5,746	394	26,530	-	32,670
Depreciation and amortization	7,217	24,759	172,168	-	204,144
Share of profit or loss of associates recognized using the equity method	291,513	-	-	-	291,513
Profit or loss on reportable segments (before tax)	$ 120,627	(518)	(183,439)	-	(63,330)
Assets					
Long-term equity investment using the equity method (including credit balance)	$ 80,213	-	-	-	80,213
Capital expenditure on non-current assets	656	2,272	6,119	-	9,047
Segment assets	$ 3,066,462	157,063	1,820,867	-	5,044,392
Segment liabilities	$ 2,232,525	35,761	1,674,172	-	3,942,458

(3) Overall information on the Group

1. Region

The Group’s main operating site is in Taiwan. As of December 31, 2021 and 2020, all income from external customers took place in Taiwan.

2. Important clients

The Group’s important client information in 2021: Client A’s income from sales of real estate amounted to NT$319,138 thousands. The Group did not have important client information in 2020.

V. A parent company only financial statement for the most recent fiscal year, certified by a CPA:

Independent Auditors' Report

To Shihlin Development Company Limited,

Auditors' opinions

We have reviewed the accompanying balance sheets of Shihlin Development Company Limited (the "Company") for the years ended December 31, 2021 and 2020 and the relevant standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the "standalone financial statements").

In our opinion, the accompanying standalone financial statements, based on our audit results and other CPAs' audit reports (see "Other matters" paragraph), present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020 and for the years then ended, and its financial performance and cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for the audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibility under those standards are further described in the paragraph "Auditor's responsibilities for the audit of the standalone financial statements". 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 are convinced, based on our audit results and other CPAs' audit report, that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the standalone financial statements of the Company for the year ended December 31, 2021, based on our professional judgment. These matters were addressed in our audit of the standalone financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters. Key audit matters of the consolidated financial statements of the Company are stated as follows:

1. Income recognition

   Please refer to Note 4(17) to the standalone financial statements for the accounting policy on income recognition; please refer to Note 6(20) to the standalone financial statements for the revenue from customer contracts.

   Description of key audit matters:

   The Company's main source of income is from the sales of real estate. As the operating income is related to the Company's operational performance, the management may recognize the revenue early or in a deferred manner in violation of the regulations to achieve the expected net income, resulting in a material misstatement of the operating income. Therefore, the testing of the income recognized is one of the important matters to be audited during our audit of the Company's consolidated financial statements.

Audit procedures:

The audit procedures we have implemented for the above-mentioned key audit matters include:

- Performed a control test on sales and payment collection cycles to evaluate how the control prevents and detects errors and fraud in income recognition;
- Performed a test on income recognition, randomly verified the relevant documents, such as real estate sales contracts and real estate transfer registration, and checked the sales system data with the general ledger entries to evaluate whether the Company’s income recognition policy was handled in accordance with the relevant bulletins of norms.
- Performed a cut-off test and randomly checked on income from the sale of real estate to assess whether the income is recognized in an appropriate period

2. Inventory valuation

Please refer to Note 4 (7) “Inventories” to standalone financial statements for the accounting policy on inventory valuation; please refer to Note 5(1) to the standalone financial statements for the uncertainty of accounting estimates and assumptions for the inventory valuation; please refer to Note 6(5) “Inventories” to standalone financial statements for details of inventories.

Description of key audit matters:

The Company’s construction inventories are an important asset for operations, accounting for about 51% of its total assets; inventory valuation is handled in accordance with the International Accounting Standards (IAS) 2. If the net realizable value is not properly appraised, the financial statements will be misstated. Therefore, the test of inventory values is one of our key audit matters during the audit of the Company’s standalone financial statements.

Audit procedures:

The audit procedures we have implemented for the above-mentioned key audit matters include: Understood the Company's internal operating procedures and accounting for subsequent inventory measurement; obtained the assessment data of the net realizable value of the Company’s inventories; randomly examined the market prices of the above items, most recent nearby real estate transactions, the prices of the Group's recent sales contracts, or the real estate prices registered with the Ministry of the Interior; or obtained a case-by-case return on investment analysis table and checked and verified whether the net realizable values of the inventories were appropriate.

We also examined whether the Company's disclosure of inventory-related information was appropriate.

3. Evaluation of impairment of investments accounted for using the equity method

Please refer to Note 4(14) “Impairment of non-financial assets” to the standalone financial statements for the accounting policy on impairment of investments accounted for using the equity method; please refer to Note 5(2) to the standalone financial statements for the uncertainty of assumptions and estimates for impairment of investments accounted for using the equity method.

Description of key audit matters:

As the Company's investment in Qun Xin Properties Co., Ltd. using the equity method is an important investment and the carrying amount thereof is material, the Company’s impairment assessment of the investment in Qun Xin Properties Co., Ltd. using the equity method is one of our key audit matters during the audit of the Company’s standalone financial statements.

Audit procedures:

The audit procedures we have implemented for the above-mentioned key audit matters include: Reviewed the appropriateness of the management's valuation, evaluated the reasonableness key assumptions (discount rate and estimated growth rate) during the specific procedures for asset impairment assessment, and verified the correctness of the accounting methods adopted and the recoverable amount of the asset. We also assessed the appropriateness of the Company's disclosures of the impairment assessment of its investments using the equity method.

Other matters

Among the investments using the equity method recognized by the Company, some investees' financial statements were not audited by us but by other CPAs. Therefore, in the opinion we expressed on said standalone financial statements, such investees' amounts listed in the financial statements were based on the audit report by other CPAs. The investment amount recognized for some investees using the equity method as of December 31, 2021 and 2020 accounted for 1.77% and 3.94% of the total assets, respectively. The share of profit or loss of subsidiaries and associates using the equity method recognized for the years ended December 31, 2021 and 2020 accounted for (49.02)% and 2,039.45% of the net loss before tax and net income before tax, respectively.

Responsibilities of the management and the governing bodies for the standalone financial statements

The responsibilities of the management are to prepare the standalone financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the standalone financial statements, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The Company's governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance on whether the standalone financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level 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 may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the standalone financial statements, they are considered material.

We have utilized our professional judgment and maintained professional doubt when performing the audit work in accordance with the auditing standards generally accepted in the Republic of China. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the standalone financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the

standalone financial statements to pay attention to relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluated the overall presentation, structure, and content of the standalone financial statements (including relevant notes), and whether the standalone financial statements adequately present the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of investees using the equity method, to express an opinion on the standalone financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Company.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Company's standalone financial statements for the year ended December 31, 2021. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

KPMG Taiwan

CPA:

Competent Security Authority Approval Document No. : Financial Supervisory Commission Approval Document, Reference No.: FSC Zheng-Sheng-Zi NO. 1000011652
Financial Supervisory Commission Approval Document, Reference No.: FSC Zheng-Sheng-Zi NO. 1100333824

March 21, 2022

Shihlin Development Company Limited

Balance Sheets

For the Years Ended December 31, 2021 and 2020

Unit: NT$ thousand

Code	Assets	2021.12.31 Amount	%	2020.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 1,581,091	24	559,720	17
1150	Notes and accounts receivable, net (Notes 6(3) and (20))	9,352	-	8,490	-
1200	Other receivables (Note 6(4))	1,647	-	2,225	-
130X	Inventories (Notes 6(5), 7, and 8)	3,412,855	51	1,592,245	50
1410	Prepayment	76,241	1	52,712	2
1476	Other financial assets - current (Note 6(10))	745,003	11	425,836	13
1479	Other current assets - others	1,836	-	6,908	-
1480	Incremental cost of obtaining contracts - current	231,097	3	88,312	3
		6,059,122	90	2,736,448	85
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6(2))	53,874	1	82,021	3
1550	Investments using the equity method (Notes 6(6) and 7)	352,335	6	306,637	10
1600	Property, plant and equipment (Note 6(7))	1,100	-	519	-
1755	Right-of-use assets (Note 6(8))	9,584	-	13,164	-
1760	Net investment property (Notes 6(9))	6,809	-	6,809	-
1780	Intangible assets	372	-	162	-
1980	Other financial assets - non-current (Note 6(10))	217,560	3	63,130	2
1990	Other non-current assets - others	185	-	976	-
		641,819	10	473,418	15
	Total assets	**$ 6,700,941**	**100**	**3,209,866**	**100**

Code	Liabilities and equity	2021.12.31 Amount	%	2020.12.31 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Notes 6(11) and 8)	$ 2,346,723	35	500,000	16
2110	Short-term notes and bills payable (Note 6(12))	299,616	4	499,346	16
2130	Contract liabilities - current (Note 6(20))	455,151	7	276,909	8
2150	Notes payable	10,824	-	16,659	1
2170	Accounts payable	186,478	3	55,039	2
2200	Other payables (Note 7)	105,878	2	58,236	2
2220	Other payables - related parties (Note 7)	-	-	200,197	6
2250	Provision for liabilities - current (Note 6(15))	414	-	399	-
2280	Lease liabilities - current (Notes 6(14) and 7)	6,860	-	6,426	-
2310	Advance receipts	610	-	210	-
2399	Other current liabilities - others	11,120	-	10,120	-
		3,423,674	51	1,623,541	51
	Non-current liabilities:				
2530	Corporate bonds payable (Note 6(13))	1,595,540	24	599,580	19
2580	Lease liabilities - non-current (Notes 6(14) and 7)	4,221	-	8,276	-
2670	Other non-current liabilities - others	487	-	48	-
		1,600,248	24	607,904	19
	Total liabilities	5,023,922	75	2,231,445	70
	Equity: (Notes 6(17), (18), and 7)				
3100	Share capital	2,263,791	34	1,363,791	42
3200	Capital surplus	17,484	-	64,187	2
3300	Retained earnings (deficit to be compensated)	(386,801)	(6)	(259,965)	(8)
3400	Other equity interest	(217,455)	(3)	(189,592)	(6)
	Total equity	1,677,019	25	978,421	30
	Total liabilities and equity	**$ 6,700,941**	**100**	**3,209,866**	**100**

(Please refer to the Notes to the Standalone Financial Statements)

Chairman: Hsu, Yu-Shan **Managerial officer: Lin, Hsin-Cheng** **Chief accounting officer: Kuo, Ying-Yen**

Shihlin Development Company Limited
Statements of Comprehensive Income
For the Years Ended December 31, 2021 and 2020

Unit: NT$ thousand

		2021 Amount	2021 %	2020 Amount	2020 %
4000	**Operating income (Note 6(20))**	$ 319,534	100	3,642	100
5000	**Operating costs**	282,683	88	2,496	68
	Gross profit	36,851	12	1,146	32
	Operating expenses (Notes 6(15) and 7):				
6100	Marketing expenses	5,702	2	44,381	1,219
6200	Management expenses	97,434	30	76,237	2,093
		103,136	32	120,618	3,312
	Net operating loss	(66,285)	(20)	(119,472)	(3,280)
	Non-operating income and expenses:				
7100	Interest income (Note 6(22))	757	-	724	20
7010	Other income (Notes 6(22) and 7)	10,699	3	4,251	116
7020	Other gains and losses (Note 6 (22))	(8)	-	(15)	-
7050	Finance costs (Notes 6(22) and 7)	(27,007)	(8)	(5,746)	(158)
7060	Share of profits or losses on subsidiaries and associates recognized using the equity method (Note 6(6))	(18,332)	(6)	134,637	3,697
	Total non-operating income and expenses	(33,891)	(11)	133,851	3,675
7900	**Net income (loss) before tax**	(100,176)	(31)	14,379	395
7950	**Income tax expenses (Note 6(16))**	2,397	1	-	-
8200	**Net income (loss) in this period**	(102,573)	(32)	14,379	395
8300	**Other comprehensive income:**				
8310	**Items not reclassified to profit or loss**				
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	(28,147)	(9)	(3,781)	(104)
8330	Share of other comprehensive income of subsidiaries, associates, and joint ventures recognized using the equity method - items not reclassified to profit or loss	286	-	131	4
8349	Income tax related to items not reclassified	-	-	-	-
	Comprehensive income for the period	(27,861)	(9)	(3,650)	(100)
8500	**Total comprehensive income for the period**	**$ (130,434)**	**(41)**	**10,729**	**295**
	Earnings (loss) per share (Note 6(19))				
9750	**Basic earnings (losses) per share**	**$**	**(0.64)**		**0.11**
9850	**Diluted earnings (losses) per share**	**$**	**(0.64)**		**0.11**

(Please refer to the Notes to the Standalone Financial Statements)

Chairman: Hsu, Yu-Shan **Managerial officer: Lin, Hsin-Cheng** **Chief accounting officer: Kuo, Ying-Yen**

Shihlin Development Company Limited

Statements of Changes in Equity

For the Years Ended December 31, 2021 and 2020

Unit: NT$ thousand

			Retained earnings			Other equity items	
	Common stock	Capital surplus	Legal reserve	Deficit to be compensated	Total	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Total equity
Balance as at January 1, 2020	$ 1,063,791	79,284	50,262	(324,692)	(274,430)	(185,856)	682,789
Net profit for the period	-	-	-	14,379	14,379	-	14,379
Comprehensive income for the period	-	-	-	86	86	(3,736)	(3,650)
Total comprehensive income for the period	-	-	-	14,465	14,465	(3,736)	10,729
Changes in other capital surplus:							
Cash capital increase -employee stock options	-	641	-	-	-	-	641
Cash capital increase	300,000	(15,738)	-	-	-	-	284,262
Balance as at December 31, 2020	1,363,791	64,187	50,262	(310,227)	(259,965)	(189,592)	978,421
Net loss for the period	-	-	-	(102,573)	(102,573)	-	(102,573)
Comprehensive income for the period	-	-	-	59	59	(27,920)	(27,861)
Total comprehensive income for the period	-	-	-	(102,514)	(102,514)	(27,920)	(130,434)
Changes in other capital surplus:							
Cash capital increase -employee stock options	-	435	-	-	-	-	435
Cash capital increase	900,000	(47,138)	-	-	-	-	852,862
Difference between the price of the acquisition or disposal of subsidiary's equity and the book value	-	-	-	(24,265)	(24,265)	-	(24,265)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	(57)	(57)	57	-
Balance as at December 31, 2021	**$ 2,263,791**	**17,484**	**50,262**	**(437,063)**	**(386,801)**	**(217,455)**	**1,677,019**

(Please refer to the Notes to the Standalone Financial Statements)

Chairman: Hsu, Yu-Shan **Managerial officer: Lin, Hsin-Cheng** **Chief accounting officer: Kuo, Ying-Yen**

Shihlin Development Company Limited

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

Unit: NT$ thousand

		2021	2020
Cash flow from operating activities			
Net income (loss) before tax for the period	$	(100,176)	14,379
Adjustments:			
Income and expenses			
Depreciation expense		7,738	7,070
Amortization expense		376	179
Interest expense		27,007	5,746
Interest income		(757)	(724)
Dividend income		(1,224)	(12)
Share of losses (profits) on subsidiaries and associates recognized using the equity method		18,332	(134,637)
Share-based remuneration payment cost		435	641
Others		(4,405)	(3,356)
Total income and expenses		47,502	(125,093)
Changes in assets/liabilities related to operating activities:			
Net change in assets related to operating activities:			
Decrease (increase) in notes receivable		(862)	6,456
Decrease (increase) in other receivables		578	(789)
Increase in inventory		(1,810,308)	(819,916)
Increase in prepayment		(23,529)	(38,290)
Increase in other current assets		(31)	(5,146)
Decrease (increase) in other non-current assets		791	(791)
Increase in incremental cost of obtaining contracts		(75,412)	(63,440)
Increase in other financial assets		(229,462)	(173,770)
Total of net change in assets related to operating activities		(2,138,235)	(1,095,686)
Net change in liabilities related to operating activities:			
Increase in contract liabilities		178,242	191,481
Increase (decrease) in notes payable		(16,144)	2,075
Increase (decrease) in accounts payable		135,844	(2,378)
Decrease (increase) in other payables		(16,569)	15,257
Increase in provision		15	-
Increase in advance receipts		400	76
Increase in other current liabilities		1,000	1,106
Total of net change in liabilities related to operating activities		282,788	207,617
Total net changes in assets and liabilities related to operating activities		(1,855,447)	(888,069)
Total adjustments		(1,807,945)	(1,013,162)
Cash outflow from operations		(1,908,121)	(998,783)
Interest received		757	724
Dividends received		55,161	150,512
Interest paid		(28,986)	(9,498)
Income tax refunded (paid)		(2,449)	343
Net cash outflow from operating activities		(1,883,638)	(856,702)

Shihlin Development Company Limited
Statements of Cash Flows (Continued)
For the Years Ended December 31, 2021 and 2020

Unit: NT$ thousand

	2021	2020
Cash flow from investing activities:		
Financial assets (capital returned due to capital reduction) at fair value through other comprehensive income	-	20,000
Investments using the equity method acquired	(150,000)	-
Investments using the equity method disposed of	8,054	-
Capital returned due to capital reduction by investee using the equity method	-	91,000
Acquisition of property, plant and equipment	(858)	(415)
Acquisition of intangible assets	(586)	(241)
Increase in other financial assets	(253,090)	(79,467)
Decrease in other financial assets	8,955	1,600
Net cash inflow (outflow) from investing activities	(387,525)	32,477
Cash flow from financing activities:		
Increase in short-term borrowings	2,346,723	450,000
Decrease in short-term borrowings	(500,000)	(110,000)
Increase in short-term notes and bills payable	298,463	497,490
Decrease in short-term notes and bills payable	(498,193)	(58,067)
Issuance of corporate bonds	1,000,000	-
Increase in guarantee deposits received	439	9
Decrease in guarantee deposits received	-	(16)
Increase in other payables - related parties	-	200,000
Decrease in other payables - related parties	(200,000)	-
Lease principal repayment	(7,760)	(5,666)
Cash capital increase	852,862	284,262
Net cash inflow from financing activities	3,292,534	1,258,012
Increase in cash and cash equivalents for the period	1,021,371	433,787
Opening balance of cash and cash equivalents	559,720	125,933
Ending balance of cash and cash equivalents	$ **1,581,091**	**559,720**

(Please refer to the Notes to the Standalone Financial Statements)

Chairman: Hsu, Yu-Shan **Managerial officer: Lin, Hsin-Cheng** **Chief accounting officer: Kuo, Ying-Yen**

Shihlin Development Company Limited
Notes to the Standalone Financial Statements
For the Years Ended December 31, 2021 and 2020
(Unless otherwise stated, all amounts are in thousands of NTD)

1. Company History

Shihlin Development Company Limited (hereinafter referred to as the "Company") was incorporated on January 23, 1984 and began operations on January 8, 1985 after trial production. Its main business includes the manufacturing and sales of small signal transistors, power transistors, and integrated circuits. In addition, in order to diversify business, the extraordinary shareholders' meeting, on October 29, 2007, approved to include the real estate development business within the business scope in the Articles of Incorporation. The Company's original name was Huaxin Electronics Co., Ltd., and it has changed the name several times. It was renamed Defeng Innovation International Co., Ltd. in 2007 and renamed as Shihlin Development Company Limited again on July 9, 2010.

2. Date and Procedure for Approval of Financial Statements

The standalone financial statements were approved by the Board of Directors for release on March 21, 2022.

3. Application of Newly Issued and Amended Standards and Interpretations

(1) Impact of adoption of new and revised standards and interpretations endorsed by the FSC

The Company has adopted the new and revised IFRS since January 1, 2021, which has not caused a material impact on the standalone financial statements.

- Amendments to IFRS 4 (Deferral of effective date of IFRS 9)
- Interest Rate Benchmark Reform—Phase 2—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Amendment to IFRS 16 (COVID-19-Related Rent Concessions After June 30, 2021)

(2) Impact of not adopting the IFRSs endorsed by the FSC

The Company has assessed the application of the newly revised IFRS that have taken effect on January 1, 2022, which will not cause a material impact on the standalone financial statements.

- Amendments to IAS 16 (Property, Plant and Equipment — Proceeds before Intended Use)
- Amendments to IAS 37 (Onerous Contracts — Cost of Fulfilling a Contract)
- Annual Improvements to IFRSs 2018-2020 Cycle
- Amendments to IFRS 3 (Reference to the Conceptual Framework)

(3) New and revised standards and interpretations not yet endorsed by the FSC

The Company does not expect that new and revised standards below that have not yet been endorsed will have a material impact on the standalone financial statements.

- Amendments to IFRS 10 and IAS 28 (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)
- IFRS 17 Insurance Contracts and Amendments to IFRS 17
- Amendments to IAS 1 (Classification of Liabilities as Current or Non-current)
- Amendments to IAS 1 (Disclosure of Accounting Policies)
- Amendments to IAS 8 (Definition of Accounting Estimates)
- Amendments to IAS 12 (Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction)

4. Summary of Significant Accounting Policies

A summary of the significant accounting policies adopted in the standalone financial statements is as follows. The accounting policies below have been applied consistently throughout the reporting period presented in the standalone financial statements.

(1) Statement of compliance

The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

1. Basis for measurement

Except for important items on the balance sheets below, the standalone financial statements have been prepared at historical cost:

Financial assets at fair value through other comprehensive income.

2. Functional currency and currency presented

The Company adopts the currency used in the main economic environment in which it operates as its functional currency. The standalone financial statements are presented in the Company's functional currency, namely New Taiwan dollars (NTD). All financial information presented in NTD is in the unit of thousands of NTD.

(3) Foreign currency

Foreign currency transactions are translated into functional currency at the exchange rate prevailing on the transaction date. On the end date of each reporting period (hereinafter referred to as the “balance sheet date”), foreign currency monetary items are translated into the functional currency at the exchange rate prevailing on the balance sheet date Foreign currency non-monetary items measured at fair value are translated into the functional currency at the exchange rate prevailing on the day of measurement. Foreign currency non-monetary items measured at historical cost are translated at the exchange rate prevailing on the transaction date.

Foreign currency translation differences arising from a translation are normally recognized in profit or loss, except for the circumstances below where such differences are recognized in other comprehensive income: equity instrument designated at fair value through other comprehensive income.

(4) Criteria for classification of current and non-current assets and liabilities

The Company are mainly contracted for construction and civil engineering projects, and leasing or sales of real estate. The business cycle is usually longer than one year, and the assets and liabilities related to the construction projects are classified as current and non-current based on an operating cycle of three to five years. The criteria for classifying current and non-current assets and liabilities are as follows:

Assets that meet one of the following criteria are classified as current assets; all other assets that are not current assets are classified as non-current assets:

1. Assets expected to be realized in the Company's ordinary course of business (usually longer than one year for the construction industry), or intended to be sold or consumed;
2. Assets held primarily for the purpose of trading;
3. Assets expected to be realized within 12 months after the balance sheet date; or
4. Assets that are in cash or cash equivalents, excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

Liabilities that meet one of the following criteria are classified as current liabilities; all other liabilities that are not current liabilities are classified as non-current liabilities:

1. Liabilities expected to be settled in the Company's ordinary course of business (usually longer than one year for the construction industry);
2. Liabilities held primarily for the purpose of trading;
3. Liabilities expected to be settled within 12 months after the balance sheet date; or
4. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date. However, the terms of a liability that could, at the option of the counterparty, result in its settlement by issue of equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents refer to short-term and highly liquid investments that can be converted into a certain amount of cash at any time and the risk of value changes is very small. Time deposits that meet the aforementioned definition and whose purpose is to satisfy short-term cash commitments in operations are classified as cash equivalents. Time deposits that do not meet the above definitions are recognized in other financial assets - current and non-current.

(6) Financial instruments

Accounts receivable and debt securities issued are initially recognized when incurred. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual terms of the financial instruments. Financial assets (except receivables that do not contain significant financial components) or financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction prices.

1. Financial assets

   If the purchase or sale of financial assets conforms to the regular way purchase or sale, the Company shall adopt trade date accounting or settlement date accounting consistently to recognize the purchase or sale of the financial assets in the same category.

   Financial assets are classified as financial assets at amortized cost and equity instrument investments at fair value through other comprehensive income upon initial recognition. The Company only reclassifies all affected financial assets from the first day of next reporting period when changing the financial assets management model.

   (1) Financial assets at amortized cost

   If the financial assets are in alignment with the following criteria and not designated as at fair value through profit or loss, such assets are measured at amortized cost:

   - Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets.

- The cash flows on specific dates specified in the contractual terms are solely payments for the principal and interest on the principal amount outstanding.

Such assets are subsequently amortized by the effective interest method plus or less the initially recognized amount using the effective interest method, adjusted for the allowance for losses measured at amortized cost. Interest income, foreign exchange gains or losses, and impairment losses are recognized in the profit or loss. Upon derecognition, the gain or loss is included in profit or loss.

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

Investments in debt instruments that meet the following criteria at the same time and are not designated as at fair value through profit or loss are measured at fair value through other comprehensive income:

- Held under a certain business model, of which the objective is for collection of contractual cash flows and sales by holding the financial assets.
- The cash flows on specific dates specified in the contractual terms are solely payments for the principal and interest on the principal amount outstanding.

Upon initial recognition, the Company may make an irrevocable election to recognize subsequent changes in fair value of equity instrument investments not held for trading in other comprehensive income. The foregoing election is made as per each instrument.

Investments in debt instruments are subsequently measured at fair value. Interest income, foreign currency exchange gains or losses, and impairment losses calculated using the effective interest method are recognized in profit or loss, while the remaining net gains or losses are recognized in other comprehensive income. Upon derecognition, the cumulative amount of other comprehensive income is reclassified to profit or loss.

Investments in equity instruments are subsequently measured at fair value. Dividend income (unless it clearly represents a recovery of part of an investment cost) is recognized in profit or loss. The remaining net gain or loss is recognized as other comprehensive income and is not reclassified to profit or loss.

Dividend income from investments in equity is recognized on the date on which the Company is entitled to receive the dividend (usually the ex-dividend date).

(3) Evaluation of the business model

The Company evaluates the business model of financial assets held at the portfolio level as it is the best way to reflect the way they operate and provide information to the management. The information to be considered includes:

- Such a portfolio policy and purpose and the operation of the policy. Including whether the management's strategy is focused on earning contractual cash flows, maintaining a specific interest-yield portfolio, matching the duration of financial assets with the duration of relevant liabilities or expected cash outflows, or realizing cash flows by selling financial assets.
- The performance of the business model and how the financial assets held under the model are evaluated and reported to an enterprise’s key management personnel;
- Risks affecting the performance of the business model (and the financial assets held under the model) and how such risks are managed;
- How the managers’ remuneration is determined at an enterprise, such as the remuneration based on the fair value of assets under management or contractual

cash flow received; and

- Frequency, amount, and timing of sales of financial assets in previous periods, the reasons for such sales, and forecast for future sales.

According to the above business purpose, if a transaction of transferring a financial asset to a third party does not meet the de-recognition criteria, it is not a sale as mentioned above, which is consistent with the Company's purpose of continuing to recognize the asset.

(4) Evaluation of whether the contractual cash flow is entirely for the payment for the principal and the interest on the outstanding principal

Based on the evaluation purpose, the principal is the fair value of a financial asset at the time of initial recognition, and the interest is composed of the following considerations: the time value of money, the credit risk associated with the amount of outstanding principal in a specific period, other basic lending risks and costs, and profit margin.

To evaluate whether a contractual cash flow is entirely for payment for principal and interest on the outstanding principal, the Company considers the contractual terms of the financial instrument, including assessing whether the financial asset contains a contractual term that may change the timing or amount of the contractual cash flow, resulting in the failure to meet this criterion. During evaluation, the Company considers:

- Any contingencies that will change the timing or amount of a contractual cash flow;
- Terms that may have the contractual coupon rate adjusted, including the characteristics of variable interest rates;
- Early repayment and deferment; and
- The Company's right of claim is limited to terms of cash flow from specific assets (such as the non-recourse feature).

(5) Impairment of financial assets

The Company recognizes the expected credit losses on financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, and other financial assets) and contract assets in allowance for losses.

The allowance for losses for the financial assets below are measured at 12-month expected credit losses, and the allowance for losses for the rest are measured at the lifetime expected credit losses:

- Debt securities are judged to be of low credit risk on the balance sheet date; and
- The credit risk of other debt securities and bank deposits (i.e. the risk of default during the expected duration of the financial instruments) has not increased significantly since the initial recognition.

Allowance for losses on accounts receivable and contract assets are measured at lifetime expected credit losses.

When determining whether the credit risk has increased significantly since the initial recognition, the Company takes into account reasonable and corroborative information (obtainable without undue cost or effort), including qualitative and quantitative information, and analyzes it based on the Company's historical experience, credit assessments, and forward-looking information.

If the credit risk rating of an financial instrument is equivalent to the globally defined "investment grade" (BBB- in Standard & Poor's, Baa3 in Moody's, or twA in Taiwan Ratings, or higher than such levels), the Company regards that the credit risk of the debt securities is low.

If a contract payment is overdue, the Company assumes that the credit risk of an financial asset has increased significantly.

If a contract payment is overdue for more than 90 days, or the borrower is unlikely to fulfill its credit obligations and pay the full amount to the Company, it will deem the financial asset to be in default.

Lifetime expected credit losses refer to the expected credit losses arising from all possible default events during the expected duration of a financial instrument.

Twelve-month expected credit losses are expected credit losses on a financial instrument arising from possible default events within 12 months after the balance sheet date (or a shorter period if the expected duration of the financial instrument is less than 12 months).

The maximum period over which expected credit losses are measured is the maximum contract period over which the Company is exposed to credit risk.

Expected credit losses are an estimate of weighted probability of credit losses over the expected lifetime of a financial instrument. Credit losses are measured at the present value of all cash shortfalls, that is the difference between the cash flows that the Company can receive as per the contract and the cash flows that the Company expects to receive. Expected credit losses are discounted at the effective interest rate on the financial asset.

The Group assesses whether the financial assets at fair value through other comprehensive income are credit-impaired on each balance sheet date. A financial asset is credit-impaired when one or more events have occurred with an adverse effect on the estimated future cash flows of the financial asset. Evidence that indicates a financial asset is credit-impaired includes the observable information below:

- The borrower or issuer encountered significant financial difficulties;
- Default, such as delayed or overdue payment for more than 90 days;
- The Company, for financial or contractual reasons related to the borrower's financial difficulties, grants the borrower a concession that the borrower would not otherwise consider;
- The borrower is likely to file for bankruptcy or other financial restructuring; or
- The active market for the financial asset disappears due to financial difficulties.

The allowance for losses for a financial asset measured at amortized cost is deducted from the carrying amount of the asset.

When the Company cannot reasonably expect to recover the whole or part of an financial asset, it directly reduces the total carrying amount of the financial asset. For individuals, the Company's policy is to write off the total carrying amount of an financial asset when it is overdue based on the past experience of similar assets. For companies, the Company analyzes the timing and amount of write-off for each company on the basis of whether it can reasonably expect to recover the financial asset. The Company does not expect a material reversal of an amount written off. However, financial assets that have been written off are still enforceable to be aligned with the Company's procedures for recovering overdue amounts.

(6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash inflow from the financial asset expire, when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party, or when it has not transferred, retained substantially all the risks and rewards of ownership, and retained control over the financial asset.

For transfer of transfer financial assets, if the Company has retained all or substantially all the risks and rewards of ownership of the asset to be transferred, it continues to recognize the asset on the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities and equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity as per the substance of a contractual agreement and the definition of financial liabilities and equity instruments.

(2) Financial liabilities

Financial liabilities are classified as those at amortized cost or at fair value through profit or loss. Financial liabilities are classified at fair value through profit or loss if they are held for trading, derivatives, or designated upon initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and the relevant net gain and loss, including any interest expense, is recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gains or losses are recognized in profit or loss. Any gain or loss is also recognized in profit or loss upon derecognition.

(3) Derecognition of financial liabilities

The Company derecognizes financial liabilities when contractual obligations have been fulfilled, cancelled, or expired. When the terms of financial liabilities are revised and the cash flow of the revised liabilities is significantly different, the initial financial liabilities are derecognized, and new financial liabilities are recognized at fair value as per the revised terms.

When a financial liability is derecognized, the difference between its carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(7) Inventories

The initial cost of inventories is the necessary expenditure to bring them to a condition and location ready for sale. Development costs of real estate include construction, land, borrowing, and project costs incurred during the development period. Subsequently, they will be measured at the lower of cost or net realizable value. When the cost of inventory is higher than the net realizable value, the cost should be written down to the net realizable value, and the amount written down should be recognized in the cost of sales in the current period.

Net realizable value is an estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The methods for evaluating the net realizable value are as follows:

1. Construction land: Net realizable value is based on the estimate made by the competent authority as per the market condition.
2. Construction in progress: The net realizable value is calculated based on the estimated selling price (according to the market condition at the time) less the costs and selling

expenses required till completion.

3. Real estate for sale: Net realizable value is calculated based on estimated selling price (based on the estimate made by the competent authority per the market condition) less estimated costs and selling expenses incurred in the sales of the real estate.

(8) Investment in associates

An associate is an entity on which the Company has significant influence on its financial and business policies and is not a controller or joint controller.

The Company adopts the equity method to account for its equity in associates. Under the equity method, investments in an associate are initially recognized at cost, and the investment cost includes the transaction cost. The carrying amount of an investment in an associate includes the goodwill identified at the time of the initial investment, less any accumulated impairment losses.

The Company's standalone financial statements include, from the date of it having significant influence to the date of it losing significant influence, after adjusting associates' accounting policies to be consistent with those adopted by the Company, include the amount of profit or loss and other comprehensive income from investment in each associate recognized in proportion to the equity held. When an associate undergoes a change in equity that is not related to profit or loss or other comprehensive income without affecting the Company's shareholding in the associate, the Company recognizes the share of changes in equity attributable to the Company in capital surplus in proportion to its shareholding.

Unrealized gains or losses arising from transactions between the Company and any associate are recognized in the financial statements to the extent that such gains or losses are unrelated to the investor's interests in associates.

When the Company's share of losses on an associate equals or exceeds its interest in the associate, the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of said associate.

(9) Investment in subsidiaries

When preparing the standalone financial statements, the Company adopts the equity method to valuate the investees over which the Company has control. With the equity method, the current profit or loss and other comprehensive income in the standalone financial statements are the same as the current profit or loss and other comprehensive income attributable to the owners of the parent company in the consolidated financial statements. The owner's equity in the standalone financial statements is the same as the equity attributable to the owners of the parent company in the consolidated financial statements.

Changes in the Company's ownership interests in subsidiaries that do not result in the loss of its control over them are treated as equity transactions between the owners.

(10) Investment property

Investment property refers to property held for earning rents or asset appreciation or both, but not for sale under normal business activities, production, provision of goods or services, or for administrative purposes. Investment property is initially measured at cost, and subsequently measured at cost less accumulated depreciation and accumulated impairment. The depreciation method, useful life, and residual value are handled in accordance with the rules of property, plant and equipment.

Gains or losses on the disposal of investment property (calculated as the difference between the net proceed from the disposal and the carrying amount of the property) are recognized in the profit or loss.

Rental income from investment property is recognized in non-operating income on a straight-line basis over the lease term. The lease incentives are recognized as part of the rental income over the lease term.

(11) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

When the useful lives of material components of property, plant and equipment are different, they are treated as separate items (major components) of property, plant and equipment.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent cost

Subsequent expenditures are capitalized only when it is probable that the future economic benefits will flow to the Company.

3. Depreciation

Depreciation is calculated at the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful life of each component.

Land is not depreciated.

The estimated useful life for the current and comparative periods are as follows:

(1) Office equipment	3–6 years
(2) Leasehold improvement	2–5 years
(3) Other equipment	3–5 years

The Company reviews the depreciation method, useful life, and residual value on each balance sheet date and makes appropriate adjustments if necessary.

(12) Lease

The Company assesses whether a contract is or contains a lease on the date of the establishment the contract and determines a contract is or contains a lease if the contract transfers control over the use of the identified asset for a period of time in exchange for consideration.

1. Lessee

The Company recognizes the right-of-use asset and lease liability on the lease commencement date. The right-of-use asset is initially measured at cost, which includes the initially measured amount of the lease liability, adjusted for any lease payments paid on or before the lease commencement date, plus the initial direct costs incurred and the estimated costs for dismantling, removing the asset, or restoring its location or the asset, and less any lease incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the lease commencement date to the end of the useful life of the right-of-use asset or the end of the lease term, whichever is earlier. In addition, the Company regularly assesses whether the right-of-use asset is impaired and accounts for any impairment loss that has occurred, and adjusts the right-of-use asset if the lease liability is remeasured.

The lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date. If the interest rate implicit in a lease is easy to be determined, the discount rate is said rate; if it is not easy to determine such a rate, the Company's incremental borrowing rate is adopted. Generally speaking, the Company adopts its incremental borrowing rate as the discount rate.

Lease payments included in the lease liability measurement include:

(1) Fixed payments, including substantial fixed payments;
(2) The lease payment depends on the change in an index or rate, and the index or rate on the lease commencement date is adopted for the initial measurement;
(3) The residual value guarantee amount expected to be paid; and
(4) The exercise price or penalty to be paid when it is reasonably ascertain that the purchase or lease termination will be executed.

Interest on lease liabilities is subsequently accrued using the effective interest method, and the amount is re-measured under each of the circumstances below:

(1) Changes in the index or rate used to determine lease payments result in changes in future lease payments;
(2) There is a change in the residual value guarantee amount expected to be paid;
(3) There is a change in the evaluation of the option of purchasing the asset;
(4) A change in the evaluation of whether to extend or terminate a lease has resulted in a change in the evaluation of the lease term;
(5) The subject leased, scope of lease, or other terms are modified.

When the lease liability is re-measured due to the aforementioned changes in the index or rate used to determine the lease payment, changes in the residual value guarantee amount, and changes in the evaluation of the purchase, extension, or termination, the carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications with a reduced scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between said amount and the remeasured amount of the lease liability is recognized in profit or loss.

The Company presents right-of-use assets and lease liabilities not in alignment with the definition of investment property on a separate line in the balance sheet.

For short-term leases of office equipment and leases of low-value assets, the Company elects not to recognize right-of-use assets and lease liabilities and recognizes relevant lease payments in expenses on a straight-line basis over the lease term instead.

2. Lessor

Transactions in which the Company is the lessor are classified on the lease commencement date as per whether a lease contract is with substantially all risks and rewards attached to the ownership of the asset transferred; if so, such a contract is classified as a finance lease, otherwise it is classified as an operating lease. During evaluation, the Company considers relevant specific indicators, including whether the lease term covers a major part of the economic life of the asset.

If the Company is a sublessor, it accounts for headlease and sublease transactions separately and classifies sublease transactions based on the right-of-use assets derived from a headlease. If a headlease is a short-term lease to which recognition exemption applies, the sublease transaction derived therefrom should be classified as an operating lease.

If an agreement contains lease and non-lease components, the Company allocates the consideration in the agreement as per IFRS 15.

The Company recognizes lease payments of operating leases received in rental income over the lease term on a straight-line basis.

(13) Intangible assets

1. Recognition and measurement

Goodwill arising from the acquisition of a subsidiary is measured at cost less accumulated impairment.

The Company’s acquisition of other intangible assets with finite useful life is measured at the cost less accumulated amortization and accumulated impairment.

2. Subsequent expenditure

Subsequent expenditure is capitalized only to the extent that the future economic benefits of a specific asset will increase. All other expenditures are recognized in profit or loss when occurring, including internally developed goodwill and branding.

3. Amortization

Except goodwill, amortization is calculated at the cost of the asset less the estimated residual value and is recognized in profit or loss using the straight-line method over the estimated useful life from when an intangible asset becomes available for use.

The estimated useful life for the current and comparative periods are as follows:

Computer software 1－3 years

The Company reviews the amortization method, useful life, and residual value of intangible assets on each balance sheet date and makes appropriate adjustments if necessary.

(14) Impairment of non-financial assets

The Company evaluates if there is any sign of impairment of non-financial assets (except inventories, contract assets, and deferred tax assets) at the balance sheet date. The Group estimates the recoverable amount of such assets with a sign of impairment. The Company tests the impairment of goodwill.

Impairment testing aims at the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the synergies of the combination.

The recoverable amount is the higher of the individual asset or the air value of the cash-generating unit less cost of disposal and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects present market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognized when the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount thereof.

Impairment losses are recognized immediately in profit or loss with the carrying amount of the cash-generating unit's amortized goodwill reduced first; then the carrying amount of each asset in proportion to the carrying amount thereof in the unit reduced.

Goodwill impairment losses are not reversed. Non-financial assets other than goodwill are reversed only when it does not exceed the carrying amount (less depreciation or amortization) that would have been determined if such assets had not been recognized for impairment losses in prior years.

(15) Borrowing costs

It takes a long period of work to bringing an asset to the condition ready for use or sale, during which borrowing costs directly attributable to the acquisition, construction, or manufacturing of an asset should be capitalized as the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other relevant costs incurred on borrowings.

(16) Provision

The recognition of provision is a present obligation due to past events, which makes it probable that the economic resources may flow out from the Company to settle the obligation in the future and the amount of the obligation can be estimated reliably. The provision is discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, and the amortization of the discount is recognized in interest expense.

(17) Revenue recognition

1. Revenue from customer contracts

Revenue is measured as the consideration to which the transfer of goods or services is expected to be entitled. The Company recognizes revenue when the control over goods or services is transferred to customers and its performance obligations are fulfilled. The Company's main revenue items are described as follows:

(1) Land development and real estate sales

The Company develops and sells residential property and often launches pre-sale property projects during or before construction. The Company recognizes revenue when control over property is transferred. Due to contractual restrictions, property usually has no other uses for the Company. Therefore, the Company recognizes property in revenue when the legal ownership of property is transferred to customers based on the date of the immovable property transferred to customers even though only either of them was completed before the balance sheet date and the other was completed after the balance sheet date.

Revenue is measured at the transaction price in the contractual agreement. If it is a sale of a finished property project, the consideration, in most cases, can be collected when the legal ownership of property is transferred. In a few cases, the payment can be deferred per the contractual agreement. If a significant financial component is included, the transaction price is adjusted to reflect the effect of the significant financial component. In the case of a pre-sale property project, the payment is usually collected in installments during the period from when the contract is signed to when the property is transferred to a customer. If the contract contains a significant financial component, the transaction price is adjusted as per the borrowing rate for the project during said period to reflect the effect of time value of money. Advance receipts are recognized in contract liabilities, and interest expenses and contract liabilities are recognized when the effect of the time value of the monetary needs is adjusted. The cumulative contract liabilities are reclassified to revenue when the property is transferred to a customer.

Some contracts include multiple items to be delivered, such as the sale of residential property and interior design services, which are regarded as a separate performance obligation and the transaction price is amortized on a stand-alone selling price basis. If no directly observable price is available, the stand-alone selling price is estimated based on expected cost plus margin. The interior design service is recognized in relevant income during the financial reporting period for rendering of services, which are determined on the basis of the proportion of construction costs that have occurred to date to the estimated total contract costs.

2. Cost of customer contracts

(1) Incremental cost of obtaining contracts

If the Company expects to recover its incremental costs of obtaining customer contracts, it recognizes such costs in assets. Incremental costs of obtaining a contract are costs incurred when a customer contract is obtained that would not have been incurred if the contract had not been obtained. Costs of obtaining a contract that will be incurred regardless of whether the contract is obtained are recognized in expenses when incurred, unless such costs are clearly chargeable to customers regardless of whether a contract has been obtained.

The Company adopts the practical expedient as in the standard, if the incremental cost of obtaining a contract is recognized as an asset and the amortization period of the asset is less than one year, it is recognized as an expense when the incremental cost occurs.

2. Cost of fulfilling contracts

If costs arising from fulfilling of a contract with a customer are not covered by other standards (IAS 2 "Inventories", IAS 16 "Property, Plant and Equipment", or IAS 38 "Intangible Assets" ”), the Company recognizes such costs as assets only when the costs or contracts, or directly related to a clearly identifiable prospective contract, generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future and when such costs are expected to be recovered.

General and management costs, costs of wasted materials, labor, or other resources used to fulfill contracts without being reflected in the contract price, costs associated with fulfilled (or partially fulfilled) performance obligations, or the costs that cannot be distinguished between unfulfilled or fulfilled (or partially fulfilled) performance obligations are recognized as expenses as occurred.

(18) Employee benefits

1. Defined contribution plan

Contribution obligations to the defined contribution plan are recognized in expenses in the period during which the employee provides services. Prepaid contributions that will result in a refund of cash or a reduction in future payments are recognized as an asset.

2. Short-term employee benefits

Short-term employee benefits are recognized as expenses when the relevant services are provided. If the Company has a present legal or constructive payment obligation due to an employee's past services and the obligation can be estimated reliably, the amount of benefits is recognized in liabilities.

(19) Share-based payments

In an equity-settled share-based payment agreement, the fair value on the grant date is recognized as expenses with the equity relatively increased during the vesting period of the reward. The expenses recognize are adjusted based on the expected amount of rewards for satisfying the service criteria and (non-market) vesting conditions; and the final amount recognized is based on the amount of rewards for satisfying the service criteria and (non-market) vesting conditions on the vesting date.

The non-vesting conditions regarding share-based payment awards have been reflected in the measurement of the fair value of share-based payment on the grant date, and differences between expected and actual results do not need to be verified and adjusted.

The fair value of stock appreciation rights paid to employees is recognized as expenses with liabilities relatively increased during the period when employees can unconditionally receive remuneration. The liability is remeasured at fair value of the stock appreciation rights at each balance sheet date and on the settlement date, with any changes recognized in profit or loss.

(20) Income tax

Income tax includes current income and deferred taxes. Current income tax and deferred tax are recognized in profit or loss, except in relation to business combinations or items directly recognized in equity or other comprehensive income.

The Company judged that the interest or penalties related to income tax (uncertainty over income tax treatments) did not meet the definition of income tax, and therefore the accounting treatment under IAS 37 applies.

Current income tax includes the expected income tax payable or tax refund receivable based on the taxable income (loss) for the year and any adjustments to income tax payable or tax refund receivable in prior years. The amount is the best estimate of the amount expected to be paid or received based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized based on the temporary differences between the carrying amounts of an asset and liability for financial reporting purposes and its tax base. Temporary differences arising from the circumstances below are not recognized in deferred tax:

1. Assets or liabilities are initially recognized for a transaction that is not a business combination, and such assets or liabilities does not affect accounting profit and taxable income (loss) at the time of the transaction;
2. For temporary differences arising from investments in subsidiaries, associates, and joint venture interests, the Company can control the timing of the reversal of such temporary differences and it is likely that they will not be reversed in the foreseeable future; and
3. Taxable temporary differences arises from the initial recognition of goodwill.

Unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized, as well as deductible temporary differences are recognized in deferred tax assets. It is reassessed at each balance sheet date to reduce the relevant income tax benefits to the extent that it is not probable that they will be realized; or to reverse the previously reduced amount to the extent that it becomes probable that sufficient taxable income will be available.

Deferred tax is measured at the tax rate at which the temporary difference is expected to reverse, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

The Company will offset deferred tax assets and deferred tax liabilities only when the criteria below are met at the same time:

1. Has the statutory enforcement power to offset current income tax assets and current income tax liabilities; and
2. Deferred tax assets and deferred tax liabilities are related to one of the following taxpayers with income tax levied by the same tax authority:
   (1) The same taxpayer; or
   (2) Different taxpayers but each taxpayer intends to settle the current tax liabilities and assets on a net basis or to realize both in each future period, in which significant amounts of deferred tax assets are expected to be recovered and deferred tax liabilities are

expected to be settled.

(21) Business combination

The Company adopts the acquisition method for each business combination. Goodwill is the fair value of the consideration transferred on the acquisition date, including the amount attributable to the acquiree's any non-controlling interests, less identifiable assets acquired and the net liability (usually fair value) assumed. If the balance after deduction is negative, the Company reassesses whether it has correctly identified all acquired assets and all assumed liabilities before recognizing the bargain purchase gains in profit or loss.

Except for those related to the issuance of debt or equity instruments, transaction costs related to business combinations shall be recognized as the Company's expenses once they occur.

Among the acquiree's non-controlling interests, if it is the present ownership interest and the holder is entitled to the enterprise's share of the net assets on a *pro rata* basis when the liquidation occurs, the Company shall elect to measure it at fair value on the acquisition date on a transaction-by-transaction basis or at the share of the amount of the acquiree's identifiable net assets recognized based on the present ownership instruments. Other non-controlling interests are measured at fair value on the acquisition date or other bases as required by IFRS endorsed by the FSC.

Contingent consideration included in the transfer consideration is recognized at fair value on the acquisition date. For changes in the fair value of the contingent consideration after the acquisition date in the measurement period, the acquisition cost is retrospectively adjusted with goodwill relatively adjusted. Measurement period adjustments are adjustments made by the Company to obtain additional information about the facts and circumstances existing on the acquisition date after the acquisition date. The measurement period does not exceed one year from the acquisition date. The accounting for changes in the fair value of contingent consideration that are not measurement period adjustments depends on the classification of the contingent consideration. Contingent consideration classified as equity shall not be re-measured, and its subsequent settlement is adjusted within equity. Other contingent consideration is measured at fair value on each balance sheet date after the acquisition date, with changes in fair value recognized in profit or loss.

(22) Earnings per share

The Company presents basic and diluted earnings per share attributable to holders of the Group's common shares. The Company's basic earnings per share is calculated by dividing the profit or loss attributable to the equity holders of the Company's common shares by the weighted average number of common shares outstanding in the current period. Diluted earnings per share is calculated by having the profit or loss attributable to the equity holders of the Company's ordinary shares and the weighted average number of ordinary shares outstanding adjusted for the effect of all potential dilutive common shares. The Company's potentially dilutive common shares include employee remuneration.

(23) Information on Segments

The Company has disclosed segment information in the consolidated financial statements, so does not disclose such information in the standalone financial statements.

5. Key Sources of Uncertainties over Critical Accounting Judgments, Assumptions and Estimates

When the management prepares the standalone financial statements, it shall make judgments, estimates, and assumptions, which will affect the accounting policies adopted and the amounts of assets, liabilities, income, and expenses presented. Actual results may differ from estimates.

The management continues to review estimates and basic assumptions, and changes in accounting estimates are recognized in the period in which they are changed and future periods affected.

The accounting policies involve significant judgement, and the information with a material impact on the amounts recognized in this standalone financial statements lies in the substantive control over investees. Please refer to the 2021 consolidated financial statements.

The uncertainties in the following assumptions and estimates pose significant risks that the carrying amount of assets and liabilities will be adjusted significantly in the next fiscal year with the effect of the COVID-19 pandemic reflected. The relevant information is as follows:

(1) Inventory valuation

As inventories should be measured at the lower of cost or net realizable value, the Company assessed that the market selling price of inventories on the balance sheet date was lower than cost and wrote down the cost of inventories to the net realizable value. This inventory valuation is mainly based on the prevailing market conditions. Please refer to Note 6(5) for details of inventory valuation and estimation.

(2) Evaluation of impairment of investments accounted for using the equity method

In the process of evaluating asset impairment, the Company needs to rely on its subjective judgment and determines the independent cash flow of a specific asset group, the number of the asset's useful lives, and potential future gains and losses based on asset use patterns and industry characteristics of investments using the equity method. Any changes in financial position or changes in corporate strategy may affect estimates, thereby causing significant impairment in the future.

The Company's accounting policies and disclosures include the adoption of fair value to measure its financial and non-financial assets and liabilities. The Company has established relevant internal control systems for fair value measurement. Of them, an investment team has been established to be responsible for reviewing all significant fair value measurements (including Level 3 fair value) and reporting to the responsible manager. The team regularly reviews significant unobservable inputs and adjustments. If an input used to measure fair value is based on external third-party information (such as a broker or pricing service institution), the investment team will assess the evidence provided by the third party in support of the input to confirm that the valuation and its fair value level are aligned with the requirements of IFRS. The fair value of investment property is estimated with reference to the current land value.

The Company adopts observable inputs in the market wherever possible when measuring its assets and liabilities. The fair value levels are based on the inputsused in the valuation techniques and are classified as follows:

·Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

·Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

·Level 3 inputs are not based on observable inputs (unobservable inputs) for the asset or liability.

If a transfer occurs between the fair value levels, the Company recognizes the transfer on the balance sheet date. Please refer to Note 6(23) "Financial instruments" for relevant information on the assumptions used to measure fair value.

6. Description of Significant Account Titles

(1) Cash and cash equivalents

	2021.12.31	2020.12.31
Cash	$ 55	50
Demand deposit	1,561,758	535,318
Checking deposit	19,006	24,072
Foreign currency deposit	272	280

	$	1,581,091	559,720

Please refer to Note 6(23) for the disclosure of interest rate risk and sensitivity analysis of the Company’s financial assets and liabilities.

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

1. The details are as follows:

		2021.12.31	2020.12.31
Equity instruments at fair value through other comprehensive income:			
Domestic TWSE/TPEx listed stock - Acer Incorporated	$	482	374
Domestic privately placed stock - Choice		26,430	36,990
Hong Kong listed stock - Beijing Enterprises Holdings Limited		26,962	44,657
Total	$	53,874	82,021

These equity instrument investments held by the Company are long-term strategic investments and are not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.

2. Please refer to Note 6(23) for credit risk and market risk information.
3. None of the above financial assets was pledged as collateral as of December 31, 2021 and 2020.

(3) Notes and accounts receivable

		2021.12.31	2020.12.31
Notes receivable - from operations	$	9,344	8,490
Accounts receivable - from operations		8	-
Less: Allowance for losses		-	-
	$	9,352	8,490

The Company adopts a simplified approach to estimate expected credit losses for all notes receivables, which are measured at lifetime expected credit losses. To this end, such notes receivables are grouped by common credit risk characteristics that represent a customer's ability to pay all amounts due as per the contract terms with forward-looking information incorporated, including the information on the overall economy and relevant information. The Company's expected credit loss analysis for the notes receivable is as follows:

	2021.12.31		
	Carrying amount of notes and accounts receivable	**Weighted average expected credit loss rate**	**Allowance for lifetime expected credit losses**
Not past due	$ 9,352	0%	-

	2020.12.31		
	Carrying amount of notes receivable	**Weighted average expected credit loss rate**	**Allowance for lifetime expected credit losses**
Not past due	$ 8,490	0%	-

The changes in allowances for losses on the Company's notes receivable are as follows:

	2021	2020
Ending balance (opening balance)	$ -	-

None of the above notes receivable was pledged as collateral as of December 31, 2021 and 2020.

Please refer to Note 6(23) for information on other credit risks.

(4) Other receivables

	2021.12.31	2020.12.31
Other receivables- joint construction deposit	$ 6,000	6,000
Others	1,647	2,225
Less: Allowance for losses	(6,000)	(6,000)
	$ 1,647	2,225

1. As of December 31, 2021 and 2020, the Company recognized a joint construction deposit of NT$6,000 thousands, and the possibility of recovery of this deposit was low based on the assessment, so it set aside an allowance for losses.
2. Please refer to Note 6(23) for information on other credit risks.

(5) Inventories

	2021.12.31	2020.12.31
Construction business		
Real estate for sale	$ 353,141	37,741
Construction land	1,399,821	46,000
Construction in progress	1,642,158	1,490,769
Prepayment for land	17,735	17,735
	$ 3,412,855	1,592,245
Estimated to be recovered after more than 12 months	$ 3,059,714	1,009,194

1. The Company recognized the cost of inventories in cost of sales and expenses in 2021 and 2020 in the amounts of NT$282,585 thousands and NT$0, respectively.
2. In both 2021 and 2020, there was no inventory valuation loss recognized due to

inventory written down to net realizable value and no gain on inventory value recovery recognized due to increase in net realizable value or sale of inventory.

3. The Company's construction in progress in 2021 and 2020 was calculated at the capitalized interest rate of 1.36% and 0.94%, respectively. Please refer to Note 6(22) for the amount of capitalized interest.
4. Please refer to Note 8 for the Company's inventory pledged as collateral as of December 31, 2021. The Company's inventory was not pledged as collateral as of December 31, 2021.

(6) Investments using the equity method

The Company's investments using the equity method as at the balance sheet date are listed below:

		2021.12.31	2020.12.31
Subsidiary	$	308,696	260,311
Associate		43,639	46,326
	$	352,335	306,637

1. Subsidiary

   Please refer to the 2021 consolidated financial statements.

2. Associate

   The information on associates with materiality to the Company is as follows:

Name of associate	Relations with the Company	Principal place of business	Proportion of ownership interest and voting rights 2021.12.31	Proportion of ownership interest and voting rights 2020.12.31
SURV Planning And Development Co., Ltd.	Principal business is real estate development	Taiwan	35%	35%

The aggregate financial information of the Company's material associates is as follows, and the respective associates' amounts included in the standalone financial statements as per IFRS have been adjusted to reflect the fair value adjustment made by the Company when it acquired the equity of the associates and the adjustment made for the difference in accounting policies:

Aggregate financial information of SURV Planning And Development Co., Ltd.:

	2021.12.31	2020.12.31
Current assets	$ 148,643	361,603
Non-current assets	15,535	18,443
Current liabilities	(20,408)	(165,706)
Non-current liabilities	(19,088)	(81,980)
Net assets	$ 124,682	132,360
Net assets attributable to non-controlling interests in investee	$ -	-
Net assets attributable to owners of investee	$ 124,682	132,360

	2021	2020
Operating revenue	$ 490,876	2,648,951
Net income of continuing business units for the period	$ 146,428	821,830
Other comprehensive income	-	-
Total comprehensive income	$ 146,428	821,830
Total comprehensive income attributable to owners of investee	$ 146,428	821,830

	2021	2020
The Company's share of the net assets of associates at the beginning of the period	$ 46,326	186
Total comprehensive income attributable to the Company for the period	51,250	287,640
Dividends received from associates in the period	(53,937)	(150,500)
Capital returned for capital reduction	-	(91,000)
The Company's share of the net assets of associates at the end of the period	43,639	46,326
Carrying amount of the Company's equity in associates at the end of the period	$ 43,639	46,326

3. Collateral

None of the above investments using the equity method by the Company was pledged as collateral as of December 31, 2021 and 2020.

(7) Property, plant and equipment

The details of the changes in the cost, depreciation, and impairment losses of the Company's property, plant and equipment are as follows:

	Office equipment	Leasehold improvement	Other equipment	Total
Cost or deemed cost:				
Balance on January 1, 2021	$ 8,619	6,651	1,647	16,917
Addition	710	148	-	858
Disposal	(52)	-	-	(52)
Balance on December 31, 2021	**$ 9,277**	**6,799**	**1,647**	**17,723**
Balance on January 1, 2020	$ 8,239	8,425	1,647	18,311
Addition	415	-	-	415
Disposal	(35)	(1,774)	-	(1,809)
Balance on December 31, 2020	**$ 8,619**	**6,651**	**1,647**	**16,917**
Depreciation and impairment losses:				
Balance on January 1, 2021	$ 8,100	6,651	1,647	16,398
Depreciation during the period	269	8	-	277
Disposal	(52)	-	-	(52)
Balance on December 31, 2021	**$ 8,317**	**6,659**	**1,647**	**16,623**
Balance on January 1, 2020	$ 7,937	8,425	1,647	18,009
Depreciation during the period	198	-	-	198
Disposal	(35)	(1,774)	-	(1,809)
Balance on December 31, 2020	**$ 8,100**	**6,651**	**1,647**	**16,398**
Book value:				
December 31, 2021	**$ 960**	**140**	**-**	**1,100**
January 1, 2020	**$ 302**	**-**	**-**	**302**
December 31, 2020	**$ 519**	**-**	**-**	**519**

None of the above property, plant and equipment held by the Company was pledged as collateral as of December 31, 2021 and 2020.

(8) Right-of-use assets

The changes in the cost and depreciation of the buildings and transportation equipment leased by the Company are as follows:

		Buildings	Transportation equipment	Total
Cost of right-of-use assets:				
Balance on January 1, 2021	$	18,753	1,206	19,959
Addition		-	3,881	3,881
Balance on December 31, 2021	$	18,753	5,087	23,840
Balance on January 1, 2020	$	979	1,533	2,512
Addition		17,774	1,206	18,980
Decrease		-	(1,533)	(1,533)
Balance on December 31, 2020	$	18,753	1,206	19,959
Depreciation and impairment losses on right-of-use assets:				
Balance on January 1, 2021	$	6,217	578	6,795
Depreciation		6,251	1,210	7,461
Balance on December 31, 2021	$	12,468	1,788	14,256
Balance on January 1, 2020	$	41	1,415	1,456
Depreciation		6,176	696	6,872
Decrease in others		-	(1,533)	(1,533)
Balance on December 31, 2020	$	6,217	578	6,795
Book value:				
December 31, 2021	$	6,285	3,299	9,584
January 1, 2020	$	938	118	1,056
December 31, 2020	$	12,536	628	13,164

(9) Investment property

		2021.12.31	2020.12.31
Land			
Cost	$	19,809	19,809
Impairment		(13,000)	(13,000)
Total investment property	$	6,809	6,809
Fair value	$	50,204	48,022

The Company's investment property is mainly held for gains from capital appreciation, so it is recognized in investment property.

The fair value of investment property is estimated with reference to the current land value for each reporting period. The input used in the fair value measurement is Level 3 fair value.

None of the above investment property held by the Company was pledged as collateral as of December 31, 2021 and 2020.

(10) Other financial assets

		2021.12.31	2020.12.31
Current:			
Joint construction deposit	$	341,771	252,066
Other financial assets - trust account for presale of properties		403,232	173,770
	$	745,003	425,836
Non-current:			
Other financial assets - restricted deposits	$	216,570	62,400
Guarantee deposits paid		990	730
	$	217,560	63,130

Please refer to Note 8 for the Company's other financial assets pledged as collateral as of December 31, 2021 and 2020.

(11) Short-term borrowings

		2021.12.31	2020.12.31
Unsecured bank borrowings	$	1,341,000	500,000
Secured bank borrowings		1,005,723	-
Total	$	2,346,723	500,000
Unused credit lines	$	117,000	163,000
Interest rate range		1.25%~2.00%	1.27%~1.95%

Please refer to Note 8 for the Company's assets provided as collateral for bank borrowings as of December 31, 2021. The company's short-term borrowings were not pledged as of December 31, 2020. Please refer to Note 6(23) for information on exposure to liquidity risk.

(12) Short-term notes and bills payable

The details of the Company's short-term notes and bills payable are as follows:

	2021.12.31			
	Guarantee or acceptance institution	**Interest rate range**		**Amount**
Commercial papers payable	Union Bills Finance Corporation, Taiwan Cooperative Bills Finance Corporation, China Bills Finance Corporation, and Dah Chung Bills Finance Corp.	1.38%~1.90%	$	300,000
Less: Discount of short-term notes and bills payable				(384)
Total			$	299,616
Unused credit lines			$	-

	2020.12.31			
	Guarantee or acceptance institution	**Interest rate range**		**Amount**
Commercial papers payable	Union Bills Finance Corporation, Taiwan Cooperative Bills Finance Corporation, Grand Bills Finance Corporation, Ta Ching Bills Finance Corporation, Dah Chung Bills Finance Corp., and China Bills Finance Corporation	1.262%~1.80%	$	500,000
Less: Discount of short-term notes and bills payable				(654)
Total			$	499,346
Unused credit lines			$	-

The Company’s short-term notes and bills payable were not pledged as of December 31, 2021 and 2020. Please refer to Note 6(23) for information on liquidity risk.

(13) Corporate bonds payable

1. The information on the corporate bonds payable issued by the Company is as follows:

		2021.12.31	**2020.12.31**
Amount of domestic ordinary corporate bonds issued	$	1,600,000	600,000
Unamortized balance of discounted corporate bonds payable		(4,460)	(420)
Less: Current portion		-	-
Balance of corporate bonds payable at the end of the period	$	1,595,540	599,580

2. The main rights and obligations attached to the Company's domestic secured convertible corporate bonds as of January 14, 2021 and July 29, 2019 are as follows:

Item	The first issue of domestic secured corporate bonds in 2020
Total issue amount	NT$1,000,000 thousands
Issue date	2021.01.14
Coupon rate	0.62%
Issue period	2021.01.14~2026.01.14
Guarantee agency	First Commercial Bank
Trustee	Taishin International Bank
Repayment method	The Company may repay the principal in one lump sum upon the end of five years from the date of issue of the corporate bonds.

Item	The first issue of domestic secured corporate bonds in 2019
Total issue amount	NT$600,000 thousands
Issue date	2019.07.29
Coupon rate	0.80%
Issue period	2019.07.29~2024.07.29
Guarantee agency	First Commercial Bank
Trustee	E.SUN Commercial Bank
Repayment method	The Company may repay the principal in one lump sum upon the end of five years from the date of issue of the corporate bonds.

3. Please refer to Note 8 for details of the guarantees provided for said secured ordinary corporate bonds.

(14) Lease liabilities

The carrying amounts of the Company's lease liabilities are as follows:

	2021.12.31	2020.12.31
Current	$ 6,860	6,426
Non-current	$ 4,221	8,276

Please refer to Note 6(23) "Financial instruments" for maturity analysis.

The amounts recognized in profit or loss are as follows:

	2021	2020
Interest expense on lease liabilities	$ 258	343
Gains from sublease of right-of-use assets	$ 434	503
Expenses on short-term leases	$ 147	150
Expenses on low-value leased assets (excluding short-term, low-value leases)	$ 103	105

The amounts recognized in the Statements of Cash Flows are as follows:

	2021	2020
Total cash outflow from leases	$ 7,834	5,761

1. Lease-in of land and buildings

   The Company leases in land and buildings as offices. The lease term for the offices is usually three years. Some leases include an option to extend the lease term for the same period as in the original contract.

   Some of the lease contracts contain options for lease extension or lease termination, and such contracts are managed by each entity of the Company separately, so the individual terms and conditions agreed upon vary within the Company. Such options can only be exercised by the Company rather than the lessors. Where it is not reasonably certain that an option to extend the lease term will be exercised, payments related to the term covered by the option are not included in the lease liabilities.

2. Other leases

   The lease term for the transportation equipment leased by the Company ranges from two to three years.

   The lease term for the office equipment leased by the Company ranges from one to five years. As such leases are short-term or low-value leases, the Company elects to apply the exemption from recognition and does not recognize the relevant right-of-use assets and lease liabilities thereof.

(15) Employee benefits

1. Defined benefit plan

   The details of the Company's employee benefit liabilities are as follows:

	2021.12.31	2020.12.31
Paid leave liability	$ 414	399

   The Company’s defined benefit plan is transferred to the pension reserve account with the Bank of Taiwan. Pension payment for each employee to which the Labor Standards Act applies is calculated based on the number of units obtained for the length of services and the average salary for the six months prior to retirement.

2. Defined contribution plan

   The Company's defined contribution plan is as per the Labor Pension Act, and the Company makes a contribution equal to 6% of each employee’s monthly salary to employees’ individual pension accounts under the Bureau of Labor Insurance. Under this plan, after the Company has provided a fixed amount to the Bureau of Labor Insurance, it has no legal or constructive obligation to pay additional amounts.

   The Company’s pension expenses under the defined contribution plan in 2021 and 2020 were NT$2,237 thousands and NT$1,842 thousands, respectively, which have been contributed to the Bureau of Labor Insurance.

(16) Income tax

1. Income tax expense

   (1) The details of the Company’s income tax expenses for 2021 and 2020 are as follows:

	2021	2020
Income tax expense in this period		
Land value increment tax	$ 2,397	-
Income tax expense	**$ 2,397**	**-**

(2) The reconciliation of the Company's income tax expenses and net income (losses) before tax for 2021 and 2020 is as follows:

	2021	2020
Net income (loss) before tax	$ (100,176)	14,379
Income tax calculated at the domestic tax rate where the Company is located	$ (20,035)	2,875
Domestic investment losses (gains) recognized using the equity method	3,666	(26,927)
Income from land exempt from land tax	9,687	-
Investment loss	(86,435)	-
Book and tax difference of capitalization	6,057	912
Current tax losses on unrecognized deferred tax assets	76,218	-
Land value increment tax	2,397	-
Others	10,842	23,140
Total	**$ 2,397**	**-**

2. Deferred tax assets and liabilities

Items not recognized as deferred tax assets by the Company are as follows:

	2021.12.31	2020.12.31
Tax loss	$ 104,259	40,783
Others	7,412	7,414
	$ 111,671	**48,197**

Taxable losses are determined in accordance with the Income Tax Act, and the losses for the previous ten years may be deducted from the net income for the year after being approved by the tax authority before the income is taxed. Such an item is not recognized in deferred tax assets because it is not highly probable that the Company will have sufficient taxable income in the future for the temporary differences.

For the Company's unrecognized current tax losses on deferred tax assets as of December 31, 2021, the deadlines are as follows:

Year		Losses not yet used	Last valid year
2014 (approved amount)	$	45,189	2024
2015 (approved amount)		81,762	2025
2017 (approved amount)		419	2027
2019 (approved amount)		12,836	2029
2021 (approved amount)		381,088	2031
	$	521,294	

3. The Company's profit-seeking enterprise income tax returns filed have been approved by the tax authority up to the year 2019.

(17) Capital and other interests

1. Share capital

The total amount of the Company's authorized capital as of December 31, 2021 and 2020 was NT$3,000,000 thousands and NT$2,500,000 thousands, respectively, divided into 300,000 thousands shares and 250,000 thousands, respectively, both with a par value of NT$10 per share. The above-mentioned authorized capital is in the form of common shares. The number of outstanding common shares was 226,379 thousands and 136,379 thousands, respectively, and all capital contributions for the shares have been received.

The Company's Board of Directors, on December 25, 2019, resolved a decision to conduct capital increase in cash in the amount of NT$300,000 thousands, by issuing 30,000 thousands common shares with a par value of NT$10 per share. The Board of Directors, on December 25, 2019, resolved a decision to set the issue price at NT$9.5 per share. This capital increase proposal has been approved by the FSC, and the capital increase record date was February 11, 2020. All the capital contributions for the shares issued have been received, recognized in equity, and the relevant legal registration procedures have been completed.

The Company's Board of Directors, on May 14, 2021, resolved a decision to conduct capital increase in cash in the amount of NT$900,000 thousands, by issuing 90,000 thousands common shares with a par value of NT$10 per share. The Board of Directors, on August 19, 2021, resolved a decision to set the issue price at NT$9.5 per share. This capital increase proposal has been approved by the FSC, and the capital increase record date was September 24, 2021. All the capital contributions for the shares issued have been received, recognized in equity, and the relevant legal registration procedures have been completed.

2. Capital surplus

The balance of the Company's capital surplus is as follows:

		2021.12.31	2020.12.31
Share issued at a premium	$	16,408	63,546
Share issued at a premium - employee stock options		1,076	641
	$	17,484	64,187

As per the Company Act amended in January 2012, the capital surplus shall be used to compensate a deficit first before the realized capital surplus can be converted into capital or used to pay out cash dividends. The realized capital surplus referred to in the preceding paragraph includes the premium from shares issued in excess of the par value, the difference between the price of the shares actually acquired or disposed of in a subsidiary and the book value, and the income from gifts. Pursuant to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total amount of capital surplus to be used as capital shall not exceed 10% of the paid-in capital.

The Company's Board of Directors, on December 10, 2019, resolved a decision to increase the capital by issuing 30,000 shares with the issue price per share of NT$9.5; the amount to be raised was NT$285,000 thousands; the discounted amount of the outstanding shares was NT$15,738 thousands (discounted amount of the issued shares of NT$15,000 thousands, plus the incremental cost attributable to the cash capital increase of NT$738 thousands), and the shares issued from the capital surplus at a premium, reclassified from the subscription through capital surplus - employee stock options in the amount of NT$641 thousands. Relevant information is available on the Market Observation Post System (MOPS).

The Company's Board of Directors, on August 19, 2021, resolved a decision to increase the capital by issuing 90,000 shares with the issue price per share of NT$9.5; the amount to be raised was NT$855,000 thousands; the discounted amount of the outstanding shares was NT$47,138 thousands (discounted amount of the issued shares of NT$45,000 thousands, plus the incremental cost attributable to the cash capital increase of NT$2,138 thousands), and the shares issued from the capital surplus at a premium, reclassified from the subscription through capital surplus - employee stock options in the amount of NT$435 thousands. Relevant information is available on the Market Observation Post System (MOPS).

3. Retained earnings

As per the Articles of Incorporation, if there are earnings at the end of a fiscal year, the Company shall first pay tax and make up for past losses. The Company shall then set aside 10% for statutory surplus reserve (except when the statutory surplus reserve has reached the Company's paid-in capital) and set aside a special reserve or reversal of the special reserve for the current year's recorded reduction in shareholders' equity that occurred during the year. The accumulated undistributed earnings from the previous periods are then added as shareholders' dividends. Aside from retaining some earnings for future distribution by resolution, the total proportion is distributed in accordance with the Company's dividend policy.

As the Company is involved in the construction industry, it considers a balanced and stable dividend policy. Depending on the demand for investment capital and the dilution of earnings per share, the Company shall distribute stock dividends or cash dividends in an appropriate manner, of which cash dividends shall not be less than 10% of the total dividends to shareholders. Nevertheless, if the cash dividends are less than NT$0.1 per share or if the Board of Directors considers that the debt ratio in the Company's financial statements for the year is more than 50%, or if there are significant capital expenditure plans for the year, the Board of Directors may reduce the percentage of cash dividends or distribute stock dividends.

(1) Legal reserve

When the Company suffers no losses, it may, upon a resolution by the shareholders' meeting, issue new shares or pay out cash from the legal reserve, but only to the extent that such reserve exceeds 25% of the paid-in capital.

(2) Special reserve

As per the regulations of the FSC, when the Company distributes the distributable earnings, it shall set aside a special reserve from the current profit or loss and the undistributed earnings from the prior period in the same amount of the net deduction of other shareholders' equity in the year, and; as for the cumulative deduction amount of other shareholders' equity, the Group shall set aside a special reserve from the undistributed earnings from the prior period and shall not distribute it. If there is a subsequent reversal of the amount of the deduction of other shareholders' equity, the earnings may be distributed from the reversed portion.

(3) Earnings distribution

The Company's annual general meeting, on August 27, 2021 and June 11, 2020, passed a resolution not to distribute 2020 and 2019 earnings due to a loss suffered by the Company.

4. Other equity interests (net of tax)

	Unrealized gain or loss on financial assets at fair value through other comprehensive income
Balance on January 1, 2021	$ (189,592)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	(28,147)
Share of unrealized gain or loss on financial assets at fair value through other comprehensive income of subsidiaries using the equity method	227
Cumulative gain or loss on disposal of debt instruments at fair value through other comprehensive income reclassified to profit or loss	57
Balance on December 31, 2021	**$ (217,455)**
Balance on January 1, 2020	$ (185,856)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	(3,781)
Share of unrealized gain or loss on financial assets at fair value through other comprehensive income of subsidiaries using the equity method	45
Balance on December 31, 2020	**$ (189,592)**

(18) Share-based payments

The Company's share-based payments for 2021 and 2020 occurred due to the new shares issued for cash capital increase, reserved for subscription by employees.

	Equity settlement	Equity settlement
	Cash capital increase reserved for subscription by employees	**Cash capital increase reserved for subscription by employees**
Grant date	2021.08.31	2019.12.25
Number of shares granted	990 thousands shares	1,492 thousands shares
Fair value on the grant date	9.94	9.93
Strike price	9.5	9.5
Recipient	Full-time employee	Full-time employee
Vesting condition	Immediately vested	Immediately vested

The details of the above employee stock warrants are as follows:

	2021		2020	
(in thousands)	**Weighted average strike price (NTD)**	**Number of stock options**	**Weighted average strike price (NTD)**	**Number of stock options**
Number outstanding on January 1	-	-	-	-
Number of shares granted in this period	$ 9.50	990	9.50	1,492
Number of options exercised	9.50	(990)	9.50	(1,492)
Number outstanding on December 31	$ -	-	-	-
Number exercisable on December 31	$ -	-	-	-

The Company's expenses from cash capital increase reserved for subscription by employees for 2021 and 2020 were NT$435 thousands and NT$641 thousands, respectively.

(19) Earnings (loss) per share

The basic earnings (loss) per share for 2021 and 2020 are as follows:

	2021	2020
Basic earnings (loss) per share		
Net profit (loss) attributable to holders of the Company's common shares	$ (102,573)	14,379
Weighted average number of common shares outstanding	160,790	133,018
Basic earnings (loss) per share	$ (0.64)	0.11
Diluted earnings (losses) per share		
Net profit (loss) attributable to holders of the Company's common shares (after adjustment to the effect of potentially dilutive common shares)	$ (102,573)	14,379
Weighted average number of common shares outstanding after adjustment	160,790	133,018
Employee stock options	2	1
Weighted average number of common shares outstanding (after adjustment to the effect of potentially dilutive common shares)	160,792	133,019
Diluted earnings (losses) per share	$ (0.64)	0.11

(20) Revenue from customer contracts

1. Details of revenue

	2021	2020
Main product/service lines:		
Sales of real estate	$ 319,138	-
Service income	-	3,383
Others	396	259
	$ 319,534	3,642

2. Contract balance

	2021.12.31	2020.12.31	2020.1.1
Notes receivable - from operations	$ 9,344	8,490	6,456
Accounts receivable - from operations		-	-
Less: Allowance for losses	-	-	-
Total	$ 9,352	8,490	6,456
Contract assets — service contracts	$ -	-	447
Contract liabilities	$ 455,151	276,909	85,875

Please refer to Note 6(3) for the disclosure of notes and accounts receivable and the impairment thereof.

The opening balances of contract liabilities on January 1, 2021 and 2020 recognized in income for 2021 and 2020 were in the amounts of NT$106,123 thousands and NT$0, respectively.

The contract assets are mainly from the transfer of engineering consultancy services to a customer in exchange for the right to consideration, but the payment has not been requested as at the balance sheet date. When the Company has unconditional rights to the consideration, it will be reclassified to accounts receivable.

Changes in contract assets and contract liabilities are mainly attributable to the difference between the time when the Company transfers goods or services to customers to satisfy performance obligations and when customers pay.

(21) Remuneration of employees, directors, and supervisors

Per the Company's Articles of Incorporation, if the Company makes a profit in a year, it shall allocate 8% of the balance as employee remuneration and no more than 5% as directors' remuneration. However, profits must first be reserved to offset against the cumulative deficit, if applicable.

As the Company suffered a cumulative deficit in both 2021 and 2020, there was no need to estimate the amount of employee remuneration and directors' remuneration. In addition, the amount of the Company's employee remuneration and directors' remuneration are estimated based on the Company's net income before tax for each period before employee remuneration and directors' remuneration are deducted, multiplied by the percentages of employee remuneration and directors' remuneration as stipulated in the Company's Articles of Incorporation, which is recognized as operating costs or operating expenses for the period. If there is a difference between the amount distributed in the following year and the estimated amount, it will be treated as a change in accounting estimates, and the difference will be recognized in the following year's profit or loss. Relevant information is available on the MOPS.

The Company's employee remuneration and directors' remuneration for 2020 and 2019 were both in the amounts of NT$0, which was no different from the actual distribution. Relevant information is available on the MOPS.

(22) Non-operating income and expenses

1. Interest income

The details of the Company's interest income for 2021 and 2020 are as follows:

	2021	2020
Interest on bank deposits	$ 752	717
Other interest income	5	7
	$ 757	724

2. Other income

The details of the Company's other income for 2021 and 2020 are as follows:

	2021	2020
Dividend income	$ 1,224	12
Contract termination income	4,286	-
Others	5,189	4,239
	$ 10,699	4,251

3. Other gains and losses

The details of the Company's other gains and losses in 2021 and 2020 are as follows:

	2021	2020
Foreign currency exchange gains or losses	$ (8)	(15)

4. Financial costs

The Company's financial costs for 2020 and 2020 are as follows:

	2021	2020
Interest expense		
Bank borrowings	$ 35,936	9,207
Interest on lease liabilities	258	343
Subtotal	36,194	9,550
Amount of discounted and amortized corporate bonds	1,115	120
Less: Capitalized interest	(10,302)	(3,924)
	$ 27,007	5,746

(23) Financial instruments

1. Credit risk

(1) Exposure to credit risk

The carrying amount of various financial assets held by the Company represents the maximum exposure to credit risk.

(2) Credit concentration risk

As the Company has a large customer base and does not have significant customer concentration in transactions, there is no significant credit concentration risk of accounts receivable. In order to reduce the credit risk, the Company also regularly and continuously evaluates each customer's financial position but does not require the customer to provide collateral.

(3) Credit risk of receivables

Please refer to Note 6(3) for information on the exposure of notes and accounts receivable to the credit risk.

The Company's other financial assets measured by amortized cost, including other receivables, are financial assets with a low credit risk. Therefore, the allowance for loss for the period is measured by the 12-month expected credit loss (refer to Note 4(6) for the description of how the Company determines a low credit risk).

Please refer to Note 6(3) for details of changes in allowance for losses as of December 31, 2021 and 2020.

2. Liquidity risk

The Company's working capital is sufficient to cover it, so there is no liquidity risk arising from the inability to raise funds to fulfill contractual obligations. The table below indicates the contractual maturity dates for financial liabilities, including estimated interest but excluding the effect of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	Over 2 years
December 31, 2021					
Non-derivative liabilities:					
Secured bank borrowings	$ 1,341,000	1,378,340	893,571	7,971	476,798
Unsecured bank borrowings	1,005,723	1,066,692	342,884	11,264	712,544
Lease liabilities	11,081	11,701	7,432	2,989	1,280
Short-term notes and bills payable	299,616	300,000	300,000	-	-
Accounts and other payables	303,180	303,180	262,638	4,719	35,823
Secured ordinary corporate bonds	1,595,540	1,637,399	11,000	11,000	1,615,399
Guarantee deposits received	487	487	487	-	-
	$ 4,556,627	4,697,799	1,818,012	37,943	2,841,844
December 31, 2020					
Non-derivative liabilities:					
Lease liabilities	$ 14,702	15,451	7,078	6,408	1,965
Unsecured bank borrowings	500,000	501,578	501,578	-	-
Short-term notes and bills payable	499,346	500,000	500,000	-	-
Accounts and other payables	330,131	330,339	285,269	4,719	40,351
Secured ordinary corporate bonds	599,580	617,160	4,800	4,800	607,560
Other non-current liabilities - others	48	48	48	-	-
	$ 1,943,807	1,964,576	1,298,773	15,927	649,876

The Company does not expect that the timing of the cash flows for the maturity analysis will occur significantly earlier or that the actual amounts will be significantly different.

3. Exchange rate risk

The Company's investment in equity instruments exposed to material foreign currency exchange rate risk is as follows:

	2021.12.31			2020.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Non-monetary items						
HKD	7,667	3.549	26,962	12,217	3.673	44,657

4. Interest rate analysis

The exposure of the Company's financial assets and financial liabilities to interest rate risk is described in liquidity risk management in this note.

The sensitivity analysis below is based on the exposure of non-derivative instruments to interest rate risk at the balance sheet date. For floating-rate liabilities, the analysis is based on an assumption that the amount of a liability outstanding at the balance sheet date is outstanding throughout the year. The sensitivity to a 0.5% change in interest rate is used when reporting the interest rate risk internally to key management personnel and also represents the management's assessment of the reasonably possible change in interest rates.

If the interest rate increased/decreased by 0.5% and all other variables remain unchanged, the Company's net income (loss) for 2021 and 2020 would have decreased/increased by NT$8,491 thousands and NT$3,751 thousands, respectively, mainly due to the Company's borrowings at variable interest rates.

5. Other price risks

If the price of equity securities changes on the balance sheet date (the analyses in the two periods are on the same basis while other factors are assumed to remain unchanged), the impact on the comprehensive income items is as follows:

Securities prices on the balance sheet date	2021 Other comprehensive income after tax	2020 Other comprehensive income after tax
Increase by 3%	$ 1,616	2,461
Decrease by 3%	$ (1,616)	(2,461)

6. Information on fair value

(1) Types and fair values of financial instruments

The Company's financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amounts and fair values of various types of financial assets and financial liabilities (including fair value level information, but the carrying amounts of financial instruments not measured by fair value is a reasonable approximation of fair value, and the fair values of lease liabilities per the regulations, are not required to be disclosed) are listed below:

	2021.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Domestic and foreign listed stocks	$ 27,444	27,444	-	-	27,444
Publicly listed companies' privately placed stocks	26,430	-	26,430	-	26,430
Subtotal	53,874	27,444	26,430	-	53,874
Financial assets at amortized cost					
Cash and cash equivalents	$ 1,581,091	-	-	-	-
Notes and accounts payable	9,352	-	-	-	-
Other receivables	1,647	-	-	-	-
Other financial assets (current and non-current)	962,563	-	-	-	-
Subtotal	2,554,653	-	-	-	-
Total	$ 2,608,527	27,444	26,430	-	53,874
Financial liabilities at amortized cost					
Short-term borrowings and short-term notes and bills payable	$ 2,646,339	-	-	-	-
Notes and accounts payable (including related parties)	197,302	-	-	-	-
Other payables (including related parties)	105,878	-	-	-	-
Lease liabilities (current and	11,081	-	-	-	-

non-current)					
Secured ordinary corporate bonds	1,595,540	-	-	-	-
Guarantee deposits received	487	-	-	-	-
Total	$ 4,556,627	-	-	-	-

	2020.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Domestic and foreign listed stocks	$ 45,031	45,031	-	-	45,031
Publicly listed companies' privately placed stocks	36,990	-	36,990	-	36,990
Subtotal	82,021	45,031	36,990	-	82,021
Financial assets at amortized cost					
Cash and cash equivalents	$ 559,720	-	-	-	-
Notes receivable	8,490	-	-	-	-
Other receivables	2,225	-	-	-	-
Other financial assets (current and non-current)	488,966	-	-	-	-
Subtotal	1,059,401	-	-	-	-
Total	$ 1,141,422	45,031	36,990	-	82,021
Financial liabilities at amortized cost					
Short-term borrowings and short-term notes and bills payable	$ 999,346	-	-	-	-
Notes and accounts payable (including related parties)	71,698	-	-	-	-
Other payables (including related parties)	258,433	-	-	-	-
Lease liabilities (current and non-current)	14,702	-	-	-	-
Secured ordinary corporate bonds	599,580	-	-	-	-
Guarantee deposits received	48	-	-	-	-
Total	$ 1,943,807	-	-	-	-

(2) Fair value valuation techniques for financial instruments not at fair value

The methods and assumptions adopted by the Company to estimate instruments not at fair value are as follows:

(2.1) Financial assets and liabilities at amortized cost

If there is information on quoted prices from transactions or market makers, the latest transaction price and quoted price should be adopted as the basis for valuating the fair value. If there is no information on market prices for reference, the valuation method is adopted for estimation. The estimates and assumptions used in the valuation method are the discounted value of cash flows to estimate the fair value.

(3) Fair value valuation techniques for financial instruments at fair value

(3.1) Non-derivative financial instruments

When a financial instrument is quoted in an active market, the quoted price in the active market is the fair value.

A financial instrument is deemed to be with quoted prices in the active markets if its quoted prices can be obtained from exchanges, brokers, underwriters, industry associations, pricing services institutions, or competent authorities in a timely and regular manner, and the prices represent the prices in actual fair market transactions that occur frequently. If the above criteria are not met, the market is deemed inactive. Generally speaking, a large bid-ask spread, a significant increase in the bid-ask spread, or a low trading volume are all indicators of an inactive market.

Except for the above financial instruments with active markets, the fair values of other financial instruments are obtained through valuation techniques or with reference to the quoted prices by counterparties. The fair value obtained through valuation techniques may be calculated and obtained with reference to the present fair value of other financial instruments with substantively similar criteria and characteristics, discounted cash flow method, or other valuation techniques, including the use of models based on market information available at the balance sheet date.

(4) Transfer between levels of fair values

There was no change in the Company’s valuation techniques for fair values in 2021 and 2020. In addition, there was no transfer between the levels of fair values in 2021 and 2020.

(24) Financial risk management

1. Summary

The Company is exposed to the risks below due to the use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This note indicates the Company's exposure to each of the above risks and its objectives, policies, and procedures for risk measurement and management. Please refer to the notes to the standalone financial statements for more quantitative information.

2. Risk management framework

The formulation of the Company's risk management policy aims to identify and analyze the risks faced by the Company, set appropriate risk limits and control, and monitor risks and observance of risk limits. The risk management policy and system are regularly reviewed to reflect changes in market conditions and the Company's operations. The Company develops a disciplined and constructive control environment through training, management guidelines, and operating, enabling all employees to understand their roles and responsibilities.

3. Credit risk

The Company’s credit risk is the risk of financial loss suffered by the Company arising from the failure of customers or counterparties of financial instruments to fulfill contractual obligations, mainly from the Company's accounts receivable from customers.

(1) Accounts and other receivables

The Company’s credit risk exposure is mainly affected by each customer’s circumstances. However, the Company does not have significant credit risk concentration.

The Company maintains an allowance account for losses to reflect estimates of losses incurred on accounts receivable and investments. The main components of the allowance account include specific loss components associated with individual material exposures and a portfolio of losses created for losses on similar asset groups that are incurred but unidentified. The allowance account for the portfolio of losses is determined based on historical data on payments for similar financial assets.

(2) Investment

The credit risk of bank deposits, fixed-income investments, and other financial instruments is measured and monitored by the Company's finance department. As the Company's transaction counterparties and contract counterparties are all creditworthy banks, financial institutions rated at investment grade and above, corporate organizations, and government agencies, there is no significant doubts over contract performance, hence no significant credit risk.

(3) Guarantee

The Company, as of December 31, 2021 and 2020, did not provide any endorsement/guarantee.

4. Liquidity risk

Liquidity risk is the risk arising when the Company cannot deliver cash or other financial assets to settle financial liabilities and fails to fulfill relevant obligations. The Company's approach to managing liquidity is to ensure, as much as possible, that the Company, under normal circumstances and pressure, has sufficient liquidity to cover its liabilities as they fall due, without resulting in a risk of incurring unacceptable losses or causing damage to the Company's reputation.

The Company ensures that there is sufficient cash to cover any expected operating expenses, including the performance of financial obligations, monitors the use of banks' financing facilities, and ensures compliance with the terms and conditions of loan contracts. The banks' financing facilities not drawn by the Company, as of December 31, 2021 and 2020, were in the amounts of NT$117,000 thousands and NT$163,000 thousands, respectively.

5. Market risk

Market risk refers to the risk that affects the Company's revenue or the value of financial instruments held due to changes in market prices, such as changes in exchange rates, interest rates, or equity instrument prices. The purpose of market risk management is to control the exposure to market risks within a range of tolerance and optimize return on investment.

(25) Capital management

The Company's capital management aims to ensure the ability to continue as a going concern, continue to provide bonuses to shareholders and interests to other related parties, and maintain an optimal capital structure to reduce capital costs. To maintain or adjust the capital structure, the Company may adjust the dividends paid to shareholders, reduce capital and refund capital to shareholders, issue new shares, or sell assets to settle liabilities. The Company's capital management strategy in 2021 was the same as in 2020.

The debt-to-equity ratios as of December 31, 2021 and 2020 were as follows:

	2021.12.31	2020.12.31
Total liabilities	$ 5,023,922	2,231,445
Less: Cash and cash equivalents	(1,581,091)	(559,720)
Net liabilities	3,442,831	1,671,725
Total equity	1,677,019	978,421
Capital after adjustment	**$ 5,119,850**	**2,650,146**
Debt-to-equity ratio	**67.24%**	**63.08%**

The increase in the debt-to-equity ratio as of December 31, 2021 was mainly due to the short-term borrowings and short-term notes taken out with the progress of the construction projects and the contract liabilities recognized for the pre-sale of the housing projects in this period.

7. Related Party Transactions

(1) Name of related party and relations

The Company's subsidiaries and other related parties that have transactions with the Company during the period covered by the standalone financial statements are as follows:

Name of related party	Relations with the Company
Charter Leisure Co., Ltd.	Subsidiary of the Company
Huide Development Company Limited	Subsidiary of the Company
Newkind Co., Ltd. (Note 1)	Subsidiary of the Company
Good One Company Limited	Subsidiary of the Company
Qun Xin Properties Co., Ltd.	Subsidiary of the Company
Kinship Restaurant Group Ltd. (Note 2)	Sub-subsidiary of the Company
SURV Planning And Development Co., Ltd.	Investee valuated by the Company using the equity method
Shi Hong Interior Design Co., Ltd. (Shi Hong)	Subsidiary of the Company - investee valuated using the equity method
T-Design Co., Ltd. (T-Design)	Subsidiary of the Company - investee valuated using the equity method
SHIHLIN ELECTRIC & ENGINEERING CORPORATION	The director at the Company and the chairman of the company are relatives within the second degree of kinship
THE AMBASSADOR HOTEL CO., LTD.	The director at the Company and the chairman of the company are relatives within the second degree of kinship
HCT Logistics Co., Ltd. (HCT Logistics)	The director at the Company and the chairman of the company are relatives within the second degree of kinship
Jia Bin Management Consultants Co., Ltd. (Jia Bin Management) (formerly known as the Ambassador Apartment Building Management and Maintenance Co., Ltd.)	The chairman of a subsidiary of the Company and the chairman of the company are the same person.
Chuang Sheng Investment Co., Ltd. (Chuang Sheng)	The director at the Company and the chairman of the company are the same person.
YAO ZE LIMITED	The Chairman of the Company and the chairman of the company are the same person.
Chih-Chieh Co., Ltd.	The director at the Company and the chairman of the company are the same person.
DE YU COMPANY LIMITED	The director at the Company and the chairman of the company are the same person.
Prospect Hospitality Co., Ltd. (Prospect Hospitality)	The director at the Company and the chairman of the company are the same person.
Guo-Bin Bin-Fen Bakery Co., Ltd.	Substantive related party of the Company
Republic of Marketing Limited	Substantive related party of the Company
Haolin Catering Consultants Co., Ltd. (Haolin Catering)	The director at sub-subsidiary Kinship Restaurant Group Ltd.

Note 1: Considering the Group’s operations, Newkind Co., Ltd. was dissolved by resolution of the shareholders’ meeting held on January 31, 2020. The application was approved by Order Letter Jin-Shou-Zhong-Zi No. 1933060590 dated February 7 of the same year. The liquidation process was completed by Order Letter Hua-Yuan-Feng-Min-Mao-109-Si-16-Zi No.00005 dated January 4, 2021.

Note 2: Considering the Group's operational needs, Goodone Company Limited sold all the shares of Kinship Restaurant Group Ltd. as per the resolution adopted by the board of directors on September 30, 2021. The equity sale was completed on September 30, 2021, and the proceeds from the sale have been fully recovered as of December 31, 2021.

(2) Significant transactions with related parties

1. Purchases

The Company's purchases from the related parties are as follows:

Category of related party	Purchases 2021	Purchases 2020
Associate–SURV Planning And Development Co., Ltd.	$ -	67,376

The Company has no non-related party transactions as a basis to compare the purchase prices offered by the above-mentioned related party, and the payment term is not significantly different from that with non-related parties.

2. Payables to related parties

The Company's payables to related parties are as follows:

Account	Category of related party	2021.12.31	2020.12.31
Other payables	Other related parties–SHIHLIN ELECTRIC & ENGINEERING	$ 77	77
Other payables	Other related parties	-	120
Total		$ 77	197

3. Loans from related parties

The Company's loans from the related parties are as follows:

	2021.12.31	2020.12.31
Other related parties–Chuang Sheng	$ -	200,000

The Company's loans from related parties are calculated at the interest rate of the Company's short-term borrowings from financial institutions at the time and are guaranteed by promissory notes of the same amounts. The interest expenses recognized for 2021 and 2020 were NT$208 thousands and NT$120 thousands, respectively, and the relevant loans were fully repaid in January, 2021.

4. Lease

The Company leased office buildings from a related party in January 2020 and signed a three-year lease contract with reference to the office rental market in nearby areas. The total contract price was NT$17,774 thousands. The interest expenses recognized for 2021 and 2020 were NT$203 thousands and NT$310 thousands, respectively, and the balances of lease liabilities as of December 31, 2021 and 2020 were NT$7,565 thousands and NT$13,489 thousands.

In addition, the Company subleased its leased office building and warehouse to other related parties as offices. The rental income recognized for 2021 and 2020 was NT$411 thousands and NT$400 thousands respectively, recognized in other income

5. For the cash dividends received by the Company from the associate - SURV Planning And Development Co., Ltd. in 2021 and 2020, please refer to Note 6(6) for relevant

information.

6. The Company recovered a capital of NT$8,054 thousands in 2021 for liquidation of subsidiary, Newkind Co., Ltd.
7. The Company subscribed for shares of its subsidiary Qun Xin Properties Co., Ltd. for capital increase not in proportion to the shareholding with a capital of NT$150,000 thousands; thus, its shareholding increased to 79.31%, and recognized the adjusted difference between the price of the subsidiary's equity acquired and the book value in retained earnings of NT$24,265 thousands.

(3) Transactions by key management personnel

	2021	2020
Short-term employee benefits	$ 13,375	11,465
Post-retirement benefits	216	108
	$ 13,591	11,573

8. Assets Pledged

The details of the book value of the assets pledged by the Company are as follows:

Asset name	Collateral	2021.12.31	2020.12.31
Inventory	Bank borrowings	$ 1,638,590	-
Restricted assets (recognized in other financial assets - non-current)	Collateral for corporate bonds	216,570	62,400
		$ 1,855,160	62,400

9. Material Contingent Liabilities and Unrecognized Contractual Commitments

(1) Significant unrecognized commitments:

1. Projects launched by the Company and the price of the pre-sale and finished housing sales contracts signed with the customers are as follows:

	2021.12.31	2020.12.31
Price of the signed sales contract	$ 4,444,930	2,365,910
Amount received as per contract (recognized in contract liabilities - current)	$ 455,118	276,876

2. The construction contracts signed between the Company and suppliers and amounts paid as per the contracts are as follows:

	2021.12.31	2020.12.31
Price of the signed construction contract	$ 4,183,647	349,988
Amount paid as per contract	$ 181,334	149,540

3. The Company intended to undertake an urban renewal project and signed a collaborative development and integration contract and a rights transfer agreement. The payment according to the contract is as follows:

	2021.12.31	2020.12.31
Price of signed contract (before tax)	$ 683,965	761,905
Amount paid as per contract (before tax)	$ 290,289	214,286

4. The total price of the land purchase contract signed by the Company for the purchase of land is as follows:

	2021.12.31	2020.12.31
The total price of the signed purchase contract	$ 354,706	354,706
Amount not yet paid	$ 336,971	336,971

5. Other unrecognized contractual commitments are as follows:

Item	Subject matter	2021.12.31	2020.12.31
Guarantee notes received	Outsourcing of projects and urban renewal development collaboration	$ 480,881	440,067
Guarantee deposits paid (recognized in other financial assets - current)	Joint construction project	$ 341,771	252,066

(2) Others:

1. In October 2012, the Company signed a joint venture agreement with Jut Land Development Company Limited to increase the overall operating profit, with 24 parcels of land, including land lots 430-453, Subsection 3, Zhengyi Section, Zhongshan District, Taipei City, as the collaborative development subject matter. As of December 31, 2021, this project was still under planning.
2. The Company signed a service contract with a non-related party in October 2020 for the development and integration of the urban renewal project of 33 parcels of land, including land lot 1, sub-section 3, Shuanglian Section, Datong District, Taipei City, and the urban renewal project of 43 parcels of land, including land lot 330, sub-section 1, Wuxing Section, Xinyi District, Taipei City, to handle all relevant matters before the completion of the projects and handover of the housing units, and the Company will pay a service fee at 2% of the sales profit of the projects after the landlords handed over their housing units. In addition, the Company agreed to rescind the rights transfer contract (including the service contract) in November 2021 after comprehensive consideration for the urban renewal project of 43 parcels of land, including land lot 330, sub-section 1, Wuxing Section, Xinyi District, Taipei City as unfavorable conditions arose for this project, and all the payments, including royalties for rights transfer, were recovered.

10. Major Disaster Loss: None

11. Material Events After the Balance Sheet Date

The Company's Board of Directors passed a resolution to issue the 2021 first domestic secured ordinary corporate bonds at par on December 23, 2021 in the amount of NT$1,200,000 thousands, with a coupon rate of 0.6% for a period of five years. Interest is accrued at the coupon rate based on the outstanding balance every year, and the principal is repaid in one lump sum upon maturity. This corporate bond has been issued in January 2022.

12. Others

Employee benefits and depreciation and amortization expense are summarized by function as follows:

By function / By nature	2021 Operating costs	2021 Operating expenses	2021 Total	2020 Operating costs	2020 Operating expenses	2020 Total
Employee benefits						
Salary and wages	$ -	48,923	48,923	2,438	40,032	42,470
Labor and health insurance	-	3,776	3,776	-	2,915	2,915
Pension	-	2,237	2,237	-	1,842	1,842
Remuneration to directors	-	3,626	3,626	-	3,800	3,800
Other employee benefits	-	2,662	2,662	-	1,634	1,634
Depreciation expense	-	7,738	7,738	-	7,070	7,070
Amortization expense	-	376	376	-	179	179

Additional information on the Company's number of employees and employee benefit expenses for 2021 and 2020 is as follows:

	2021	2020
Number of employees	45	40
Number of directors who do not serve as employees con-currently	6	5
Average employee benefit expenses	$ 1,477	1,396
Average employee salary and wages	$ 1,254	1,213
Average adjustment to employee salary and wages	3.38%	
Supervisors' remuneration	$ -	-

The Company's remuneration policy (including directors, managerial officers, and employees) information is as follows:

(1) Directors:

The Company's remuneration to directors (including independent directors) is determined by the Remuneration Committee authorized by the Board of Directors in accordance with the Articles of Incorporation based on the degree of the director's involvement in the Company's operations as well their contribution and value, with reference to standard remuneration paid by peers. The Company's remuneration and travel expenses are paid in accordance with the "Payment Standards of Remuneration to Directors and Functional Committee Members" established by the Remuneration Committee.

Where the Company makes profit, the amount of remuneration is resolved by the board meeting in accordance with the Articles of Incorporation.

(2) Managerial officers and employees:

The Company's remuneration to managerial officers and employees consists of a fixed monthly wage (including basic salary and meal allowance) and bonuses for the three major festivals. Other allowances or appraisal bonuses are given in accordance with the Company's operating conditions and evaluation rules.

Wages for managerial officers and employees are determined based on their academic background, technical expertise and professional experience, regardless of their gender, race, religion and political positions.

Where the Company makes profit, remuneration to employees is resolved by the board meeting in accordance with the Articles of Incorporation.

13. Additional Disclosures

(1) Information on significant transactions

As per the Regulations Governing the Preparation of Financial Reports by Securities

Issuers, the Company shall disclose the relevant information of significant transactions in 2021 as follows:

1. Loans to others:

Number	Lender	Borrower	Account title	Related party status	Highest balance for the period	Ending balance	Amount drawn	Interest rate range	Nature of loans	Business transaction amount	Reason for short-term financing	Allowance for losses	Collateral		Maximum financing amount for each borrower	Aggregate maximum financing amount
													Name	Worth		
1	Huide Development Company Limited	Hsin Chun Build	Other receivables	No	2,500	-	-	10%	2	-	For the company's development and construction needs	-	-	-	22,763	45,525

Note 1: The aggregate amount of loans to others shall not exceed 40% of its net value in the period. If a borrower engages in transactions with the Group, the financing amount shall not exceed the total amount of the transactions. The short-term financing shall not exceed 20% of the Company's net value in the period.

Note 2: Said net worth is based on the latest financial statements.

Note 3: Description of the nature of loans

(1) 1 for business transactions.

(2) 2 for the necessity for short-term financing.

2. Endorsements/Guarantees provided to others: None
3. Securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures):

Company	Type and name of marketable securities held	Relations with marketable securities issuer	Account title	End of Period				Remarks
				Number of shares (in thousands)	Carrying amount	Shareholding ratio (%)	Fair value	
The Company	Stock - Acer Incorporated	None	Financial assets at fair value through other comprehensive income - non-current	16	482	- %	482	
The Company	Stock - Choice Development, Inc.	None	〃	3,000	26,430	2.96 %	26,430	Note
The Company	Stock - Beijing Enterprises Medical and Health Industry Group Limited	None	〃	84,258	26,962	- %	26,962	
The Company	Stock - Lico Technology Corp.	None	〃	4,014	-	3.23 %	-	
Charter Leisure Co., Ltd.	Stock - Nan Ya Plastics Corporation	None	〃	29	2,495	- %	2,495	
Charter Leisure Co., Ltd.	Stock - Acer Incorporated	None	〃	16	482	- %	482	
Charter Leisure Co., Ltd.	Stock - Winbond Electronics Corp.	None	〃	4	135	- %	135	
Charter Leisure Co., Ltd.	Stock - The Roar Company Limited	None	〃	547	2,957	13.07 %	2,957	
Huide Development Company Limited	Stock - Hsin Chun Build	None	〃	2,025	20,250	20.00 %	20,250	

Note: It is a privately placed common share, and its fair value is measured using the Black-Scholes valuation model.

4. Marketable securities acquired or sold at costs or prices at least nt$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual property at costs of at least NT$300 million or 20% of the paid-in capital:

Unit: NT$ thousand

Company name	Property	Date of occurrence	Transaction amount	Payment status	Transaction counterparty	Relationship	If the transaction counterparty is a related party, the previous transfer data				Basis for price determination	Purpose of acquisition and use	Other agreed matters
							Owner	Relation to the issuer	Transfer date	Amount			
The Company	Tonghua Section, Daan District, Taipei City	2021.02.02	$ 838,890	838,890	Ministry of National Defense of the Republic of China	Non-related party	-	-	-	-	Public bidding by the Ministry of Finance	Urban renewal	None

6. Disposal of individual property at costs of at least NT$300 million or 20% of the paid-in capital:

Unit: NT$ thousand

Company	Property	Date of occurrence	Original acquisition date	Book value	Transaction amount	Status of payment collection	Gain or loss on disposal	Transaction counterparty	Relationship	Purpose of disposal	Basis for price determination	Othe agree matte
The Company	Real estate of the Linyi Street project	2021.07.05	2014.12.23	282,585	319,138	319,138	36,553	LR Ventures Co., Ltd.	Non-related party	Construction sales	Market price	-

7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Derivatives Trading: None.

(2) Information on investees:

The information on the Company's investees in 2021 is as follows:

Investor	Investee	Location	Main business	Initial investment amount		End of period			Gain or loss on Investee	Investment gain or loss recognized during the period	Remarks
				End of this period	End of last year	Number of shares (in thousands)	Percentage	Carrying amount			
The Company	Charter Leisure Co., Ltd.	Taiwan	Food and drink and clubs	$ 21,662	21,662	2,166	43.30%	46,376	(210)	(93)	
The Company	SURV Planning And Development Co., Ltd.	Taiwan	Real estate development	17,858	17,858	1,750	35.00%	43,639	146,428	51,250	
The Company	Huide Development Company Limited	Taiwan	Real estate development	115,000	115,000	11,500	100.00%	113,813	(2,014)	(2,014)	
The Company	Newkind Co., Ltd.	Taiwan	Specific Area Development	-	310,350	-	- %	-	-	-	Note 1
The Company	Good One Company Limited	Taiwan	Retail sales of integrated wholesales	80,000	80,000	8,000	100.00%	6,026	(4,575)	(4,575)	
The Company	Qun Xin Properties Co., Ltd.	Taiwan	General hotel industry	350,000	200,000	23,000	79.31%	142,481	(109,737)	(62,900)	
Huide Development Company Limited	T-Design Co., Ltd.	Taiwan	Interior design	19,800	19,800	1,980	33.00%	(1,047)	(11,251)	Exempted from disclosure	
Huide Development Company Limited	Shi Hong Interior Design Co., Ltd.	Taiwan	Interior design	29,400	29,400	2,940	49.00%	29,397	(4,187)	〃	
Goodone Company Limited	Kinship Restaurant Group Ltd.	Taiwan	Catering industry	-	6,967	-	- %	-	-	〃	Note 2
Qun Xin Properties Co., Ltd.	Newkind Co., Ltd.	Taiwan	Specific Area Development	-	100	-	- %	-	-	〃	Note 1

Note 1: Considering the Group's operations, Newkind Co., Ltd. was dissolved by resolution of the shareholders' meeting held on January 31, 2020. The application was approved by Order Letter Jin-Shou-Zhong-Zi No. 1933060590 dated February 7 of the same year. The liquidation process was completed by Order Letter Hua-Yuan-Feng-Min-Mao-109-Si-16-Zi No.00005 dated January 4, 2021, and the amount recovered for the liquidation was NT$8,054 thousands.

Note 2: Considering the Group's operations, Goodone Company Limited sold all the shares of Kinship Restaurant Group Ltd. as per the resolution adopted by the board of directors on September 30, 2021. The equity sale was completed on September 30, 2021, and the proceeds from the sale have been fully recovered.

(3) Information on investments in Mainland China: None.

(4) Information on major shareholders:

Shares Name of principal shareholder	Number of shares held	Shareholding ratio
Choice Development, Inc.	21,506,014	9.50%
Chuang Sheng Investment Co., Ltd.	20,374,118	8.99%
Yao ze Limited	20,374,118	8.99%
Chen Chieh Investment Limited	12,376,201	5.46%

14. Information on Segments

Please refer to the 2021 consolidated financial statements.

Shihlin Development Company Limited

Statement of Cash and Cash Equivalents

As of December 31, 2021 **Unit: NT$ thousand**

Item	Summary	Amount
Cash		$ 55
Bank deposits		
Foreign currency deposit	US$9,991.45 at the exchange rate of 27.28 NTD to 1 USD	272
Checking deposit		19,006
Demand deposit		1,561,758
		1,581,036
		$ 1,581,091

Shihlin Development Company Limited
Statement of Inventories
As of December 31, 2021 **Unit: NT$ thousand**

Item	Summary	Amount: Cost	Amount: Net realizable value	Remarks
Real estate for sale	Residential project in Neihu	$ 23,659		Close to the market price
	Tianmu West Road C project	14,082		"
	Linyi Street project	315,400		"
	Subtotal	353,141	403,826	
Construction in progress	Chengde Jinxi project	874,749		Return on investment analysis
	Zhiyuan 1st Rd., Beitou project	214,858		"
	Xinyi Anhe project	167,591		"
	Bihu 410 Road project	91,863		"
	Shidong Road project	197,575		"
	Ruian Street project	72,493		"
	Ruian Heping project	4,857		"
	Tianmu West Road project- Area A	4,327		"
	Section 6, Zhongshan North Road project	7,899		"
	Ruian - Bank of Taiwan project	5,946		"
	Subtotal	1,642,158	1,758,399	
Construction land	Bihu 410 Road project	46,000		Close to the market price
	Xinyi Anhe project	1,097,764		"
	Ruian Street project	256,057		"
	Subtotal	1,399,821	1,567,906	
Prepayment for land	Section 2, Anhe Road	17,735	17,735	
Total		**$ 3,412,855**	**3,747,866**	

Statement of Other Financial Assets

Please refer to Note 6(10) for relevant information.

Shihlin Development Company Limited
Statement of Changes in Investments Using the Equity Method
For the Year Ended December 31, 2021

Unit: NT$ thousand

Company	Opening balance		Increase in this period (Note 1)		Decrease in this period (Note 2)		Adjustments to values using the equity method (Note 3)	Ending balance			Market price or net equity worth	Guarantee or pledge
	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount		Number of shares (in thousands)	Shareholdings (%)	Amount		
Charter Leisure Co., Ltd.	2,166	$ 46,183	-	-	-	-	193	2,166	43.30	46,376	21.41	None
Huide Development Company Limited	11,500	115,827	-	-	-	-	(2,014)	11,500	100.00	113,813	9.90	〃
SURV Planning And Development Co., Ltd.	1,750	46,326	-	-	-	53,937	51,250	1,750	35.00	43,639	24.94	〃
Qun Xin Properties Co., Ltd.	20,000	79,646	15,000	125,735	12,000	-	(62,900)	23,000	79.31	142,481	6.19	〃
Newkind Co., Ltd.	34,960	8,054	-	-	34,960	8,054	-	-	-	-	-	〃
Goodone Company Limited	8,000	10,601	-	-	-	-	(4,575)	8,000	100.00	6,026	0.75	〃
Total		$ 306,637		125,735		61,991	(18,046)			352,335		

Note 1: The increase in this period is due to the subscription of an investee's shares for cash capital increase in the amount of NT$150,000 thousands and the difference between the acquisition price of such shares and the book value of NT$(24,265) thousands.

Note 2: The decrease in this period is due to the cash dividends of NT$53,937 thousands received and the share capital of NT$8,054 thousands return due to the liquidation of an investee. In addition, Qun Xin Properties Co., Ltd. reduced capital to compensate a deficit with 12,000 thousands shares reduced.

Note 3: The adjustments to values using the equity method are the share of profits or losses on subsidiaries and associates recognized using the equity method in the amount of NT$(18,332) thousands and the change in other comprehensive income in the amount of NT$286 thousands.

Shihlin Development Company Limited
Statement of Short-Term Borrowings
As of December 31, 2021

Unit: NT$ thousand

Creditor	Type of borrowings	Ending balance	Type of borrowings	Interest rate range	Financing facility	Mortgage or collateral
The Shanghai Commercial & Savings Bank, Ltd.	Unsecured borrowings	$ 24,000	2021/12/13~2022/3/31	Note	50,000	None
First Commercial Bank	〃	50,000	2021/11/18~2022/2/18	"	50,000	None
〃	〃	53,000	2021/01/29~2015/01/29	"	482,000	None
Lanya Branch, Mega International Commercial Bank	〃	180,000	2021/07/26~2022/01/21	"	180,000	"
〃	Secured borrowings	587,223	2021/03/23~116/03/23	"	650,000	Yes
Tienmu Branch, Chang Hwa Commercial Bank Ltd.	Unsecured borrowings	50,000	2021/11/12~2022/05/12	"	50,000	None
E. Sun Commercial Bank, Ltd.	〃	15,000	2021/10/25~2022/01/21	"	50,000	"
〃	〃	35,000	2021/12/07~2022/03/04	"	The amounts above share the same facility	"
Cathay United Bank	〃	50,000	2021/02/05~2022/02/05	"	50,000	"
O-Bank Co., Ltd.	〃	50,000	2021/10/26~2022/01/26	"	50,000	"
〃	〃	80,000	2021/12/15~2022/03/15	"	80,000	"
〃	Secured borrowings	166,000	2021/09/30~2022/09/30	"	166,000	Yes
Taiwan Shin Kong Commercial Bank Co., Ltd.	Unsecured borrowings	100,000	2021/11/29~2022/02/25	"	100,000	None
Dazhi Branch, Bank of Kaohsiung	〃	100,000	2021/11/18~2022/02/16	"	100,000	"
Shilin Branch, Hua Nan Commercial Bank, Ltd.	〃	50,000	2021/12/23~2022/01/21	"	50,000	"
Taishin International Bank	〃	50,000	2021/11/30~2022/01/24	"	50,000	"
〃	〃	50,000	2021/10/26~2022/01/24	"	50,000	"
〃	Secured borrowings	18,200	2021/11/30~2022/05/27	"	18,200	Yes
〃	〃	118,300	2021/11/30~2022/05/27	"	118,300	"
〃	〃	26,000	2021/11/30~2022/01/24	"	26,000	"
Sinan Branch, Bank of Taiwan	〃	90,000	2021/08/10~115/08/10	"	90,000	"
〃	〃	290,000	2021/08/31~115/08/31	"	480,000	"
〃	〃	114,000	2021/11/30~115/08/31	"	The amounts above share the same facility	"
		$ 2,346,723				

Note: Interest rate range is from 1.25%–2%.

Shihlin Development Company Limited
Statement of Contract Liabilities
As of December 31, 2021

Unit: NT$ thousand

Item	Summary	Amount	Remarks
Advance real estate receipts	Section 6, Zhongshan North Road project	$ 22,773	
	Zhiyuan 1st Rd., Beitou project	92,736	
	Shidong Road project	119,932	
	Chengde Jinxi project	219,677	
Others		33	
		$ 455,151	

Statement of Corporate Bonds Payable

Please refer to Note 6(13) for relevant information.

Shihlin Development Company Limited
Statement of Operating Income
For the Year Ended December 31, 2021 **Unit: NT$ thousand**

Item	Summary	Amount	
Construction income	Income from sales of real estate	$	319,138
Rental income	Parking space rental income		396
		$	**319,534**

Statement of Operating Costs

Item	Summary	Amount	
Construction cost	Cost of sales of real estate	$	282,585
Cost of lease	Parking space management fees		98
		$	**282,683**

Shihlin Development Company Limited
Statement of Operating Expenses
For the Year Ended December 31, 2021

Unit: NT$ thousand

Item	Marketing expenses	Management expenses	Total
Salary and wages	$ -	54,649	54,649
Depreciation expense	-	7,738	7,738
Processing fee for guarantee for corporate bonds	-	10,713	10,713
Advertisement	5,403	244	5,647
Others (Note)	299	24,090	24,389
	$ 5,702	**97,434**	**103,136**

Note: The amount of each item does not exceed 5% of the total amount of the account.

Statement of Net Amounts of Other Income and Expenses

Please refer to Note 6(22) for relevant information.

VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial status. None.

Seven. Review and analysis of financial status and operating results and risks

1. Financial status:

Unit: NT$ thousand

Item / Year	2021	2020	Difference	
			Amount	(%)
Current assets	6,353,704	3,015,511	3,338,193	110.70
Financial assets	80,193	107,818	(27,625)	(25.62)
Investments accounted for using the equity method	73,036	81,260	(8,224)	(10.12)
Property, plant and equipment	455,750	530,833	(75,083)	(14.14)
Intangible assets	372	208	164	78.85
Other assets	1,362,920	1,308,762	54,158	4.14
Total assets	8,325,975	5,044,392	3,281,583	65.05
Current liabilities	3,846,993	2,145,254	1,701,739	79.33
Non-current liabilities	2,704,065	1,797,204	906,861	50.46
Total liabilities	6,551,058	3,942,458	2,608,600	66.17
Equity attributable to owners of the parent company	1,677,019	978,421	698,598	71.40
Share capital	2,263,791	1,363,791	900,000	65.99
Capital surplus	17,484	64,187	(46,703)	(72.76)
Retained earnings	(386,801)	(259,965)	(126,836)	48.79
Other equity interest	(217,455)	(189,592)	(27,863)	14.70
Non-controlling interests	97,898	123,513	(25,615)	(20.74)
Total equity	1,774,917	1,101,934	672,983	61.07

Main reasons for the significant change in assets, liabilities and equity in the most recent two fiscal years: (change ratio reaching 20% or more and changes amounting to NT$ 10 million), their effects and future plans:

1. The increase in current assets as compared to the previous period was mainly due to the increase in the inventory cost input from the construction projects for the current period and the increase in the incremental cost of contracts for the pre-construction sales.
2. The decrease in financial assets was mainly due to the decrease in fair value valuation.
3. The increase in total assets as compared to the previous period was mainly due to the increase in the inventory cost and the increase in the incremental cost of contract for the pre-construction sales.
4. The increase in total liabilities as compared to the previous period was mainly due to the increase in short-term borrowings and secured corporate bonds required for fund investments in developing construction projects for the current period.
5. The increase in share capital was due to capital increase for the current period.
6. The decrease in additional paid-in capital was due to discounts from capital increase for the current period.

II. Operating Results

(I) Comparative analysis of operating results:

Unit: NT$ thousand

Item / Year	2021	2020	Increase or decrease amount	Change ratio (%)
Operating revenue	736,271	369,550	366,721	99.23
Operating costs	595,806	319,245	276,561	86.63
Gross profit	140,465	50,305	90,160	179.23
Operating expenses	321,570	343,103	(21,533)	(6.28)
Net operating profit	(181,105)	(292,798)	111,693	(38.15)
Non-operating income and expenses	33,351	229,468	(196,117)	(85.47)
Net income (loss) before tax	(147,754)	(63,330)	(84,424)	133.31
Less: Income tax expense	3,566	(1,930)	5,496	(284.77)
Net profit for the period	(151,320)	(61,400)	(89,920)	146.45

(II) Analysis of changes in the increase or decrease ratio in the most recent two fiscal years:

1. The increase in net operating income, operating costs, gross profit, and net operating profit was mainly due to the increase in revenue recognized for the completion of new construction projects in 2021 and revenue from the catering and hotel department, resulting in the increase in gross margin.
2. The decrease in non-operating revenue and expenses was mainly due to the decrease in gain on investments for the current year.
3. The increase in net loss before tax and net loss for the current period was mainly due to the decrease in gain on investments for the current year.

(III) Analysis of changes in gross profit before and after the period:

Unit: NT$ thousand

Item / Year	Net operating income	Operating costs	Gross profit	Gross margin (%)
2021	736,271	595,806	140,465	19.08
2020	369,550	319,245	50,305	13.61

Instructions for significant changes in gross profit:(before and after the period reaches 20% or more, the impact of price and volume changes on gross margin should be analyzed)

Item / Product		Net operating income	Operating costs	Gross profit
2021	Construction income	319,138	282,585	36,553
	Accommodation	193,752	161,693	32,059
	Food and drink service	152,625	144,483	8,142
	Membership service	57,922	0	57,922
	Other	12,834	7,046	5,788
	Total	736,271	595,806	140,465
2020	Accommodation	101,815	168,635	(66,820)
	Food and drink service	167,381	135,643	31,738
	Membership service	74,658	0	74,658
	Other	25,696	14,967	10,729
	Total	369,550	319,245	50,305
Increase (decrease) change		366,721	276,561	90,160

The increase in gross margin was due to the increase in revenue recognized for the completion of new construction projects and accommodation revenue of guest rooms in 2021.

III. Cash flows

(I) Analysis of changes in cash flows in the most recent fiscal year:

Unit: NT$ thousand

Item / Year	Cash inflows (outflows)		Increase (decrease) change	
	2021	2020	Amount	(%)
Operating activities	(1,775,590)	(844,090)	(891,500)	100.84
Investment activities	(252,686)	23,897	(276,583)	(1157.40)
Financing activities	3,077,086	1,275,009	1,802,077	141.34

(II) Analysis of changes in the increase or decrease ratio in the most recent two fiscal years:

1. Operating activities: The decrease in the funds for operating activities was mainly due to the increase in construction-in-progress inventories input in developing construction projects, the increase in incremental cost of obtaining contracts for the pre-construction sales, and the increase in contract amount of pre-construction sales being transferred to other financial assets - current
2. Investing activities: The decrease in cash flow used in investing activities was mainly due to the increase in other financial assets for the current year.
3. Financing activities: The increase in cash flows used in financing activities was mainly due to the increase in short-term borrowings and issuing secured corporate bonds required for fund investments in developing construction projects for the current period.

(III) Corrective measures to be taken in response to illiquidity: Not applicable as the Company has no illiquidity.

(IV) Liquidity analysis for the coming year:

Unit: NT$ thousand

Opening cash balance	Net cash flows from operating activities for the year	Net cash flows from other activities for the year	Cash surplus (deficiency) amount	Remedies for cash deficits	
				Investment plan	Financial plan
1,822,523	(1,573,480)	(53,106)	195,937	None	None

(1) Analysis of cash flows for the current year: In the coming year, the Company will promote projects and constructions to make payments according to the operating objectives.

(2) Remedies and liquidity analysis for expected cash deficits: None.

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

V. The company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:

2021/12/31; Unit: NT$ thousand

Descriptions / Item	Original investment	Book value	Shareholding ratio (%)	Investment gain or loss recognized during the period	Policy	Main reasons for gain or loss	Improvement plan	Other future investment plans
Charter Leisure Co., Ltd.	21,662	46,376	43.30%	(93)	Diversified business	Operating loss	None	None
SURV Planning And Development Co., Ltd.	17,858	43,639	35%	51,250	Diversified business	Completion of construction projects are recognized under income	None	None
Huide Development Company Limited	115,000	113,813	100%	(2,014)	Diversified business	Suffered a loss for the year	None	None
Newkind Co., Ltd. (Note 2)	—	—	—	—	—	Liquidation process was completed on January 4, 2021	—	—
Good One Company Limited	80,000	6,026	100%	(4,575)	Diversified business	Suffered a loss for the year	None	None
Qun Xin Properties Co., Ltd.	350,000	142,481	79.31%	(62,900)	Diversified business	Operating loss	None	None
T-Design Co., Ltd.	19,800	（1,047）	33.00%	— (Note 1)	Diversified business	The construction project suffered a loss	None	None
Shi Hong Interior Design Co., Ltd.	29,400	29,397	49.00%	— (Note 1)	Diversified business	Provision for bad debts	None	None
Kinship Restaurant Group Ltd. (Note 2)	—	—	—	—	—	The process of equity sale was completed on September 30, 2021.	—	—

Note 1: The gain or loss of the investment company already includes its investment company, and to avoid confusion, it is not expressed separately.

Note 2: In consideration of the Group's operations, Newkind Co., Ltd. was dissolved by resolution of the shareholders' meeting held on January 31, 2020. The application was approved by Order Letter Jing-Shou-Zhong-Zi No. 1933060590 dated February 7 of the same year. The liquidation process was completed by Order Letter Hua-Yuan-Feng-Min-Mao-109-Si-16 No.00005 dated January 4, 2021.

Note 3: Considering the Group's operations, Good One Company Limited sold all the shares of Kinship Restaurant Group Ltd. as per the resolution adopted by the board of directors on September 30, 2021. The equity sale was completed on September 30, 2021, and the sale proceeds had been fully taken.

VI. Analysis and assessment of risks during the most recent fiscal year and as of the publication date of the annual report:

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

(1) Changes in interest rates and interest expenditures

Unit: NT$ thousand

Item \ Year	2021	As of March 31, 2022
Interest income	1,299	581
Interest expense	52,787	15,974
Net operating income	736,271	103,940
(Interest expense - interest income)/net operating income	6.99%	14.81%

Policy and response measures:

A. In terms of interest rates, we pay attention to research reports published by domestic and foreign economic research institutions and banks. By doing this, we are able to take on board the future trend of interest rates. We also keep an active communication channel with banks that we have a business relationship with to obtain favorable terms on loans.

B. By effectively using various types of financial instruments, we improve company financial planning to reduce the risk of interest rate changes.

C. In the future, we will continue to adhere to a conservative manner and consider safe and reasonable return. In the meantime, the Company's idle funds are safeguarded by a reliable financial institution.

(2) Exchange gains and losses

Unit: NT$ thousand

Item \ Year	2021	As of March 31, 2022
Net exchange (losses) gains	3	8
Net operating income	736,271	103,940
Net exchange (losses) gains/net operating income	0.00%	0.01%

Policy and response measures:

A. The Company collects information on exchange rate changes at all times to make judgement on their status in order to make timely hedges to avoid risks. This way, we can reduce adverse impact of exchange rate changes on the Company's profit or loss.

B. For our foreign exchange positions, the Company takes reference from professional consulting services provided by financial institutions to fully master the exchange rate trend. Additionally, the Company decides the favorable time to convert the Taiwan dollar depending on the actual capital needs.

C. Depending on foreign exchange market changes and foreign exchange capital needs, the Company adopts hedging strategies for derivative financial instruments. These include options and pre-sales of forward exchange to hedge related exchange rate changes. By doing this, we hope to minimize the impact of exchange rate changes on the Company's profit or loss.

The Company's payments and receipts are mainly in New Taiwan dollars, and exchange rate judgements are carried out with reference to professional reports published by research institutions for hedging purposes.

(3) Changes in the inflation rate, and response measures to be taken in the future:
As there is a rising trend for international raw material and material prices in recent years, we are at the same time under pressure to increase raw material and material costs. Based on such notion, we have been proactively seeking multiple sources of supply and continues to grasp the pricing ability of the market to reduce the pressure of additional costs brought by inflation. In the meantime, we also convince our customers to accept the rate of product price increase so as to reduce the pressure of cost increase borne by the Company.

(II) In the most recent fiscal year and as of the publication date of the annual report, the company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

(1) Engaging in high-risk investments or highly leveraged investments
We abide by prudent and sensible management philosophy, and aside from focusing on long-term investments in the Company's related businesses, the Company has not engaged in any high-risk or high-leverage investments since 2021.

(2) Loaning to other parties
The Company and its subsidiaries make loans to others in accordance with the Operational Procedures for Loaning Funds to Others. As of December 31, 2021 and the date of publication of the annual report, the Company made no loans to others.

(3) Making endorsements/guarantees
Making endorsements/guarantees is handled in accordance with the Operating Procedures for Making Endorsements/Guarantees of the Company and its subsidiaries. As of December 31, 2021, and the publication date of the annual report, the Company made no endorsements/guarantees.

Loaning funds to others, endorsements/guarantees and derivative transactions of the Company and its subsidiaries are carried out in accordance with the policies and measures provided in the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" and the "Regulations Governing the Acquisition and Disposal of Assets." In the future, the Company will continue to follow related regulations in a strict manner in order to protect the best interests of the Company.

(4) Engaging in derivative transactions
The Company adopts a conservative and prudent policy when it comes to derivative transactions to hedge the risk of real exchange rate fluctuations. Since establishment, the Company has not engaged in derivative transactions for trading purposes but has used actual foreign receipts and disbursements as hedging targets. The Company will continue to collect information on exchange rate changes at all times and make good use of reports published by research institutions to strengthen the judgment on exchange rate trends so as to increase natural hedges on foreign exchange. In addition, the Company did not engage in other derivative transactions. In the future, if other derivative transactions are necessary due to business development needs, they will be carried out in accordance with the Company's "Regulations Governing the Acquisition and Disposal of Assets." The transactions will also be fully disclosed in

the financial statements audited and certified by CPAs.

(III) **Research and development work to be carried out in the future, and further expenditures expected for research and development work:** Not applicable

(IV) **Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:**
The Company abides by domestic and foreign laws and regulations, while also keeping a close eye on domestic and foreign product development trends as well as regulatory changes. This enables us to adopt appropriate policies and make action plans for changes in the market. Therefore, changes in important domestic and foreign policies and laws did not pose significant impact on the Company's financial operations in the most recent fiscal year.

(V) **Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:**
We pay close attention to technological change in the industry in which we operate. In order to quickly grasp the industry dynamics, we designate dedicated personnel or project teams to evaluate the impact of the study on the future development and financial operations. Moreover, by constantly improving our own R&D capabilities, we protect our innovative concepts and designs by applying for patents, and are also proactively expanding our market applications in the market. Therefore, technology and industrial change will pose positive impact on the Company.

(VI) **Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:**
The Company has been focusing on managing its business in the industry since establishment, and has sound business results and positive reputation. There is no report in the market that would damage the Company's corporate image. Therefore, there has not been occurrence of corporate image change that resulted in corporate crisis management.

(VII) **Expected benefits and possible risks associated with any mergers and acquisitions, and mitigation measures being or to be taken:**
There have been no mergers or acquisitions in the most recent fiscal year and as of the prospectus publication date.

(VIII) **Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:**
There has been plant expansion in the most recent fiscal year and as of the prospectus publication date.

(IX) **Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:**
There are no risks associated with any consolidation of sales or purchasing of suppliers and customers.

(X) **Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10**

percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

No major quantity of shares belonging to a director of the Company has been transferred or has otherwise changed hands.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

(XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

(XIII) Other important risks, and mitigation measures being or to be taken: Information security risk evaluation analysis and mitigation measures being or to be taken:

The Company strives for protecting the confidential information of the Company, customers, and employees. Not only have anti-virus systems been installed for information security, but company information is also backed up off-site. Moreover, the use of data and security maintenance are strictly managed and firewalls and electronic files encryption system are built, aiming to reduce the risk of company information security.

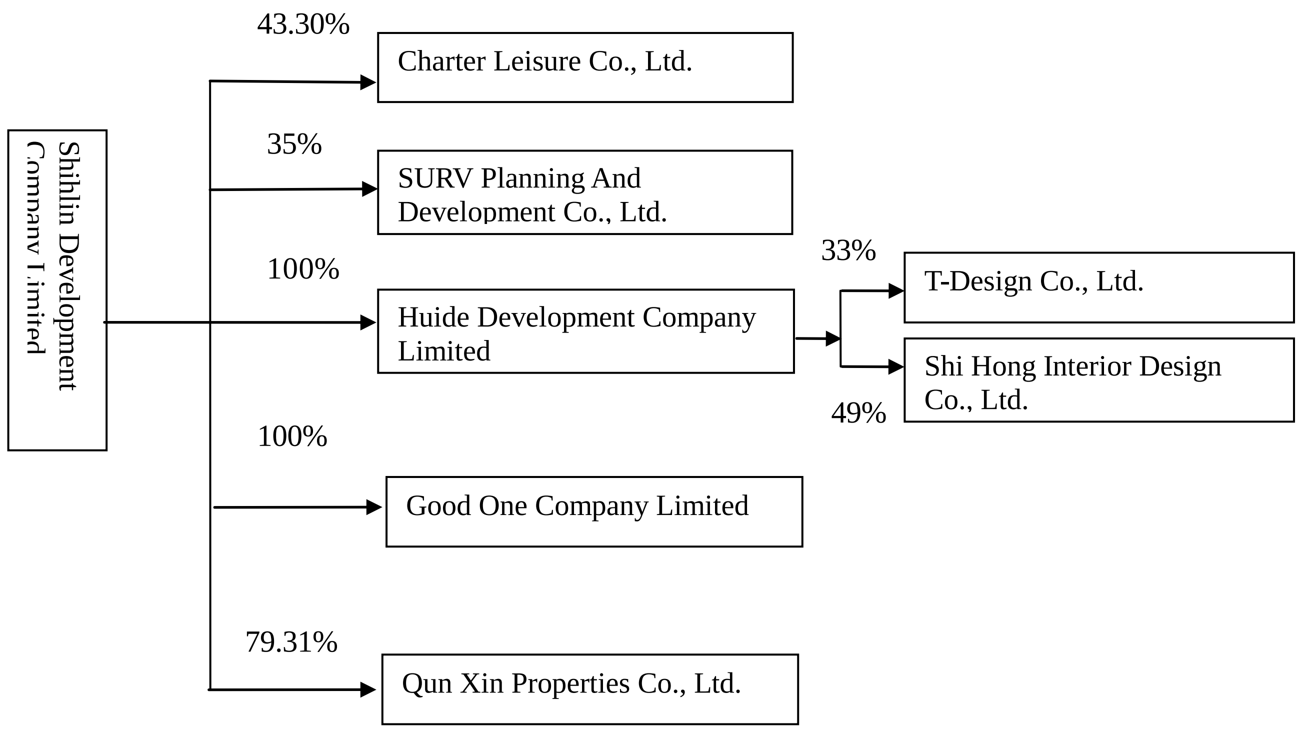
VII. Other important matters: None.

Eight. Special items to be included:

I. Information related to the company's affiliates

(I) Consolidated business report of affiliates:

(1) Organizational chart of affiliates:



(2) Basic information of affiliates:

2021/12/31; Unit: NT$ thousand

Company name	Date of establishment	Location	Paid-in capital	Main business
Charter Leisure Co., Ltd.	1997/07/04	BF.1,2, No. 88, Sec. 6, Zhongshan N. Rd., Taipei City	50,000	Food and drink and clubs
SURV Planning And Development Co., Ltd.	2001/05/03	7F., No. 88, Sec. 6, Zhongshan N. Rd., Taipei City	310,000	Real estate development
Huide Development Company Limited	2010/07/05	8F., No. 90, Sec. 6, Zhongshan N. Rd., Taipei City	115,000	Real estate development
Newkind Co., Ltd. (Note 1)	2011/09/06	No. 144, Zhonghua Rd., Hualien City, Hualien County	350,000	Specific Area Development.
Good One Company Limited	2012/07/20	3F., No. 88, Sec. 6, Zhongshan N. Rd., Taipei City	80,000	Retail sales of integrated wholesales
T-Design Co., Ltd.	1992/12/07	3F., No. 88, Sec. 6, Zhongshan N. Rd., Shihlin Dist., Taipei City	60,000	Interior design
Qun Xin Properties Co., Ltd.	2009/06/29	No. 57-1, Sec. 2, Zhongshan N. Rd., Taipei City	290,000	General hotel industry
Shi Hong Interior Design Co., Ltd.	2014/09/25	3F., No. 88, Sec. 6, Zhongshan N. Rd., Shihlin Dist., Taipei City	60,000	Interior design
Kinship Restaurant Group Ltd. (Note 2)	2016/10/25	1F., No. 22, Aly. 6, Ln. 170, Sec. 4, Zhongxiao E. Rd., Taipei City	8,036	Catering industry

Note 1: In consideration of the Group's operations, Newkind Co., Ltd. was dissolved by resolution of the shareholders'

meeting held on January 31, 2020. The application was approved by Order Letter Jing-Shou-Zhong-Zi No. 1933060590 dated February 7 of the same year. The liquidation process was completed by Order Letter Hua-Yuan-Feng-Min-Mao-109-Si-16 No.00005 dated January 4, 2021.

Note 2: Considering the Group's operations, Good One Company Limited sold all the shares of Kinship Restaurant Group Ltd. as per the resolution adopted by the board of directors on September 30, 2021. The equity sale was completed on September 30, 2021, and the sale proceeds had been fully taken.

(3) Information on the same shareholders presumed to have a relationship of control and subordination: None.

(4) Information on directors, supervisors and presidents of affiliates:

2021/12/31; Unit: Shares, %, NT$

Company name	Title	Name or representative	Shares held	
			Number of shares	Shareholding ratio
Charter Leisure Co., Ltd.	Chairman	Ambassador Hotel Co., Ltd. (Representative: Li, Wei-Yi)	900,000	18%
	Director	Ambassador Hotel Co., Ltd. (Representative: temporarily unavailable)	900,000	18%
	Director	Shihlin Development Company Limited (Representative: Kuo, Ying-Yen)	2,166,167	43.3%
	Director	HCT Logistics Co., Ltd. (Representative: Li, Ying-Chu)	900,000	18%
	President	Li, Wei-Yi	0	0
	Supervisor	Shihlin Electric Co., Ltd. (Representative: Ho, Chung-Jen)	950,000	19%
SURV Planning And Development Co., Ltd.	Chairman	Huang Yi Development Asset Management Co., Ltd. (Representative: Lo, Yung-Cheng) (Representative: Lo, Yung-Cheng)	3,250,000	65%
	Vice chairman	Huang Yi Development Asset Management Co., Ltd. (Representative: Lin, Cheng-Pang) (Representative: Lin, Cheng-Pang)	3,250,000	65%
	Director	Shihlin Development Company Limited (Representative: Li, Chang-Lin)	1,750,000	35%
	President	Fu, Hong-Chieh	0	0
	Supervisor	Tseng, Yu-Wen	0	0
	Supervisor	Fu, Chin-Yu	0	0
Huide Development Company Limited	Chairman	Shihlin Development Company Limited (Representative: Hsu, Yu-Shan)	11,500,000	100%
	Director	Shihlin Development Company Limited (Representative: Lin, Hsin-Cheng)	11,500,000	100%
	Director	Shihlin Development Company Limited (Representative: Chang, Ching-Min)	11,500,000	100%
	Supervisor	Shihlin Development Company Limited (Representative: Kuo, Ying-Yen)	11,500,000	100%
Good One Company Limited	Chairman	Shihlin Development Company Limited (Representative: Hsu, Yu-Shan)	8,000,000	100%
	Director	Shihlin Development Company Limited (Representative: Lin, Hsin-Cheng)	8,000,000	100%
	Director	Shihlin Development Company	8,000,000	100%

		Limited (Representative: Chang, Ching-Min)		
	Supervisor	Shihlin Development Company Limited (Representative: Kuo, Ying-Yen)	8,000,000	100%
Qun Xin Properties Co., Ltd.	Chairman	Shihlin Development Company Limited (Representative: Li, Chang-Lin)	23,000,000	79.31%
	Director	Shihlin Development Company Limited (Representative: Hsu, Yu-Shan)	23,000,000	79.31%
	Director	Shihlin Development Company Limited (Representative: Lin, Hsin-Cheng)	23,000,000	79.31%
	Director	Ambassador Hotel Co., Ltd. (Representative: Li, Ying-Chu)	3,600,000	12.41%
	Director	China Prosperity Development Corporation (CPDC) (Representative: Huang, Hsiang-Yun)	2,400,000	8.28%
	President	Li, Chang-Lin	0	0
	Supervisor	Ho, Chung-Jen	0	0
T-Design Co., Ltd.	Chairman	Shi Hong Investment Co., Ltd. (Representative: Chen, Chin-Hsien)	NT$20,400,000	34.00%
	Director	Huide Development Company Limited (Representative: Hsu, Yu-Shan)	NT$19,800,000	33.00%
	Director	Hsu, Chao-Shun	NT$15,800,000	26.33%
Shi Hong Interior Design Co., Ltd.	Chairman	Shi Hong Investment Co., Ltd. (Representative: Chen, Chin-Hsien)	NT$30,540,000	50.90%

Note 1: If an affiliate is a foreign company, its position is listed as equivalent.

Note 2: If an investee is a limited company, please state the number of shareholding and percentage of shareholding. For others, please state the capital contribution and the percentage of capital contribution.

Note 3: If the director or supervisor is a legal entity, the relevant information on the representative should be disclosed separately.

(5) Overview of the operations of the affiliates

2021/12/31; Unit: NT$ thousand

Company name	Capital	Total value of assets	Total liabilities	Net worth	Operating revenue	Operating profit	Profit or loss for the period (after tax)	Earnings per share (NT$) (after tax)
Charter Leisure Co., Ltd.	50,000	131,414	24,309	107,105	68,455	(9,575)	(210)	0.09
SURV Planning And Development Co., Ltd.	50,000	164,178	39,496	124,682	490,876	154,656	146,428	29.29
Huide Development Company Limited	115,000	114,925	1,112	113,813	0	(77)	(2,014)	(0.18)
Newkind Co., Ltd. (Note 3)	0	0	0	0	0	0	0	0
Good One Company Limited	80,000	6,170	144	6,026	79	(2,093)	(4,575)	(0.57)
Qun Xin Properties Co., Ltd.	290,000	1,681,221	1,501,571	179,650	327,421	(105,890)	(109,737)	(3.78)
T-Design Co., Ltd.	60,000	9,726	24,957	(15,231)	0	(10,883)	(11,252)	(1.88)
Shi Hong Interior Design Co., Ltd.	60,000	139,153	79,158	59,995	111,075	(3,110)	(4,187)	(0.70)
Kinship Restaurant Group Ltd. (Note 4)	0	0	0	0	0	0	0	0

Note 1: All affiliates must be disclosed regardless of their size.

Note 2: If a related party is a foreign company, figures should be presented using the exchange rate as of the reporting date in New Taiwan dollars.

Note 3: In consideration of the Group's operations, Newkind Co., Ltd. was dissolved by resolution of the shareholders' meeting held on January 31, 2020. The application was approved by Order Letter Jing-Shou-Zhong-Zi No. 1933060590 dated February 7 of the same year. The liquidation process was completed by Order Letter Hua-Yuan-Feng-Min-Mao-109-Si-16 No.00005 dated January 4, 2021.

Note 4: Considering the Group's operations, Good One Company Limited sold all the shares of Kinship Restaurant Group Ltd. as per the resolution adopted by the board of directors on September 30, 2021. The equity sale was completed on September 30, 2021, and the sale proceeds had been fully taken.

(II) Consolidated Financial Statements of Affiliates:

Representation Letter

Considering that the companies to be included into the consolidated financial statements of affiliates under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were the same as those to be included into the consolidated financial statements of the parent and subsidiaries under Summary of Statement No. 7 – FASB in 2021 (from January 1, 2021 to December 31, 2021), and the related information to be disclosed in the consolidated financial statements of affiliated enterprises has already disclosed in said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of affiliated enterprises were prepared separately.

It is hereby declared

Company name: Shihlin Development Company Limited

Chairman: Hsu, Yu-Shan

Date: March 21, 2022

II. Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

III. Holding or disposal of the Company's equity by its subsidiary during the most recent fiscal year and as of the publication date of the annual report: Not applicable.

IV. Other matters for which supplementary explanation is required: None.

V. If any of the situations listed in Article 36, paragraph 2 subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None

Shihlin Development Company Limited

Chairman: Hsu Yu-Shan