Stock Code: 5324

士林開發
Shihlin Development

Shihlin Development Company Limited

2022 Annual Report

Printed on April 30, 2023

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
2022 Annual Report
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One. A Report to the Shareholders

Shihlin Development Company Limited
2022 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 2022 operating results and 2023 business outlook are as follows:

I. 2022 Operating Results

(I) Business plan implementation results

The operating revenue recognized for 2022 totaled NT$452,193 thousand.

(II) Budget implementation: Unit: NT$ thousand

Item	2022 actual number	2022 forecasted number	Achievement rate %
Operating revenue	452,193	Financial forecasts not published	Not applicable
Operating costs	(311,247)		
Gross profit	140,946		
Operating expenses	(324,615)		
Non-business income (expenditures)	(41,689)		
Net loss before tax	(225,358)		

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

Item	Year	2022	2021
Financial income and expenditures	Net operating income	452,193	736,271
	Gross profit	140,946	140,465
	Net loss after tax	(228,179)	(151,320)

Item	Year		2022	2021
Profitability	Return on assets (%)		(1.97)	(1.63)
	Return on shareholders' equity (%)		(13.74)	(10.52)
	As a percentage of	Operating profit	(8.11)	(8.31)

	paid-in capital ratio (%)	Income before tax	(9.95)	(6.53)
	Profit margin (%)		(50.46)	(20.55)
	Earnings per share (NT$)		(0.92)	(0.64)

(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. Due to the impact of global rate hikes, tightening of monetary policy and actions taken to curb speculation of the housing market in 2022, Taiwan's overall housing market has entered a phase of shrinkage and consolidation. Buyers' willingness to offer bids has dropped sharply, resulting in financial constraints for small and medium-sized construction firms and also affecting the integration of urban renewal projects. The Company's has come into contact with more diverse sources of projects and land owners' willingness for co-development or sell land also greatly increased. In 2023, the Company will be more rigorous in selecting urban renewal cases, hoping to moderately expand our business in times of an economic slowdown.
2. Our strategy for land development focuses on the co-development of renovation of old buildings and urban renewal projects in the Greater Taipei area, supplemented by self-construction of purchased land. At this point, we still focus on the projects of residential buildings, and will also continue to find projects of commercial and industrial buildings.
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.

(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 was approximately NT$670 million, of which 50% of the units had been sold and closed. 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)	A total sales amount of NT$0.3 billion. Note*
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.

Note* As the foundation for the co-development with land owners' property are connected with the adjacent houses, reinforcement for the adjacent houses is needed before construction. However, the home owners of the nearby houses do not agree to the reinforcement, so the land owners will clear the obstacles through litigation before the delivery to the Company for future construction.

Looking into 2023, 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. The urban renewal project in the Bihu Section in Neihu District has been approved by the City Government of Taipei and the building demolition permit has been obtained, so the demolition work will be carried out within this year as planned.

(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 on the performance of the housing market in 2022 when it turned cold from hot, there were factors such as the Russo-Ukrainian War which affected price hikes in energy and commodities, the constant rate hikes in the US which also resulted in the rise in domestic interest rate and were not conducive to the domestic house sales, both holding back the demand for a wait-and-see. In terms of the supply, the domestic policy has adopted financial control and pressure on construction firms, so the recent trends of short-term interest rate hikes remain unchanged, which increased the capital cost for builders. The price of raw materials has also gone up, the supply of foreign workers went down, which caused the shortage in construction workers, so the overall environment is rather unfriendly to construction firms.

Looking forward to the new year, the various factors unfavorable to construction firms make it difficult to keep an optimistic view. However, food, clothing, housing and transportation are the fundamental needs in people's daily life and there are other factors affecting the construction industry, such as the changes in population demographics and the society (declining birthrate, the aging society, etc.), which will bring the market into an equilibrium, so that the small properties and center city which have convenient transportation and access to daily necessities and the urban renewal of houses in old communities will have more development potential.

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.

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

Two. Company Description

I. Date of establishment: January 23, 1984.

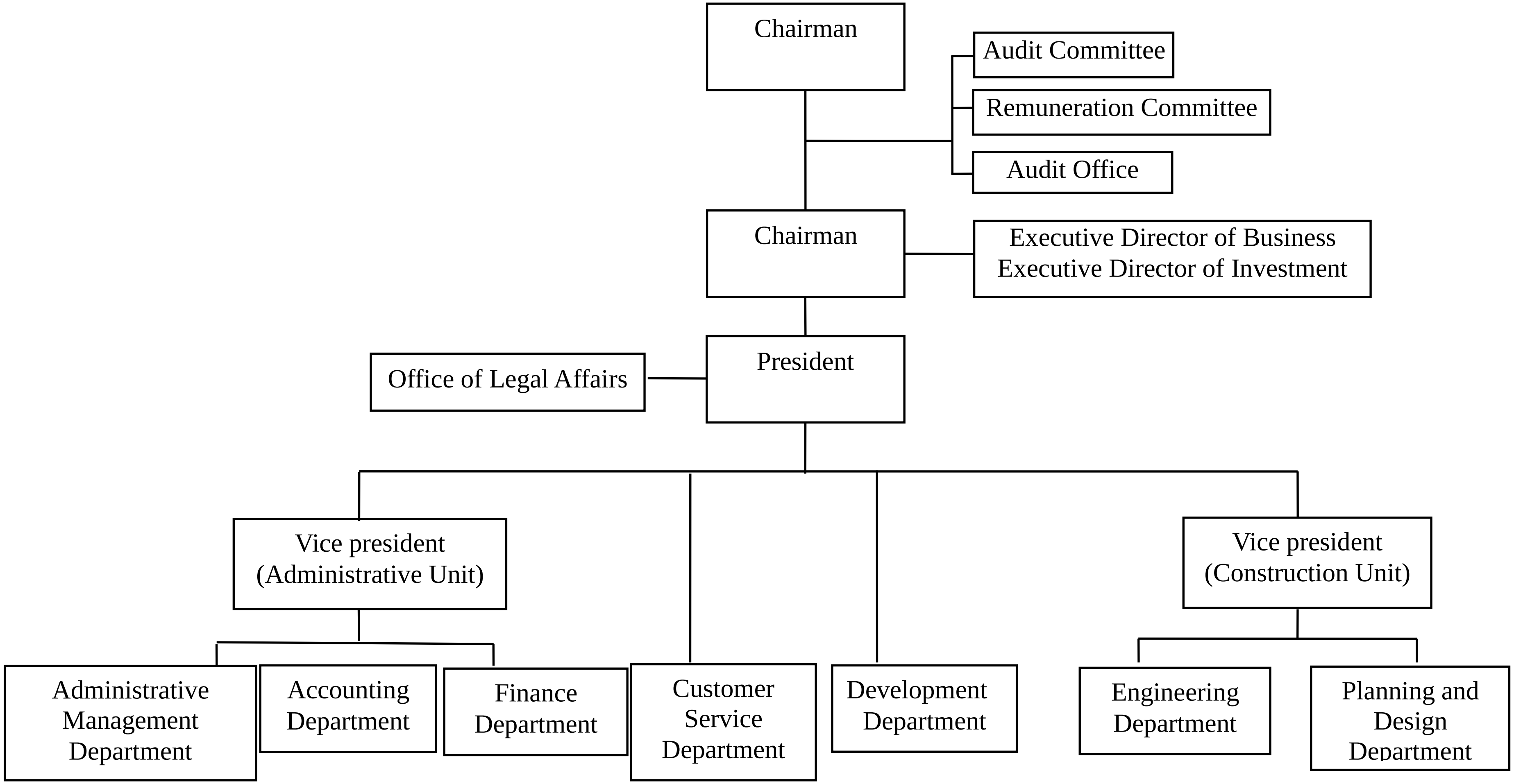
II. Company History:

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, 2023

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	2022/6/10	3 years	2007/10/29	1,946,184	0.86%	1,946,184	0.86%	0	0	0	0	Graduated from Department of Cooperative Economics, National Chung Hsing University Chairman, Shihlin Development	Chairman of Huide Development Company Limited; director of Shunlin Investment Co., Ltd., Prospect Hospitality Co., Ltd., Qun Xin Properties Co., Ltd., Deyu Co., Ltd., T-Design Co., Ltd.	None	None	None	None
		Representative: Hsu, Yu-Shan					0	0	0	0	4,927,182	2.18%	0	0						
Director	Taiwan	Li, Chang-Lin	Male 51-60	2022/6/10	3 years	2008/06/18	260,250	0.11%	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.	None	None	None	None
Director	Taiwan	Xiemei Industrial Co., Ltd.	Male 61-70	2022/6/10	3 years	2013/06/13	9,977,374	4.14%	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	2.55%	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, Charter Leisure Co., Ltd., Qun Xin Properties Co., Ltd.	None	None	None	None
		Representative: Li, Ying-Chu					0	0	0	0	0	0	0	0						

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	
Director	Taiwan	Lin, Hsin-Cheng	Male 61-70	2022/6/10	3 years	2022/6/10	3,055,880	1.35%	3,055,880	1.35%	0	0	0	0	Graduated from Urban Planning Group, Graduate Institute of Industrial Planning, Chinese Culture University	President, Shihlin Development Company Limited Director, Qun Xin Properties Co., Ltd., Director, Huide Development Company Limited, Independent Director, Da-Cin Construction Co., Ltd.	None	None	None	None
Independent Director	Taiwan	Wang, Chia-Kun	Male 61-70	2022/6/10	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	2022/6/10	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
Independent Director	Taiwan	Chen, Chia-Hsiu	Male 71-80	2022/6/10	3 years	2022/6/10	0	0	0	0	0	0	0	0	Graduated from Department of Accounting ,Soochow Univeristy	Senior Partner Accountant and adviser, KPMG Taiwan Director, e-Formula Technologies Independent Director, Wahlee group 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, 2023

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, 2023

Name of legal entity (Note 1)	Major shareholders of legal entity (Note 2)
Ambassador Hotel Co., Ltd.	Shihlin Electric Co., Ltd. (18.24%), Dehong Investment Co., Ltd. (7.19%), HCT Logistics Co., Ltd. (7.67%), Xinhe Investment Co., Ltd. (6.82%), Yuyoung Investment Co., Ltd., (5.38%), Jindesheng Co., Ltd. (5.59%), Agent Investment Account for Citibank as custodian of Firstrade Securities (Hong Kong) (3.56%), Changhong Investment Co., Ltd. (3.46%), Shin Kong Life Insurance Co., Ltd. (2.24%), Yangte Investment Business Co., Ltd. (2.17%)
Changxin Investment Co., Ltd.	Yeh, Hsun-Wan (30.4%), Yeh, Hsun-Yang (16%), Tseng, Shu-Yun (10%), Yeh, Yuan-Chu (10.56%), Yeh, Chi-Chao (8.64%), Xiemei Industrial Co., Ltd. (8%), Yeh, Ying-Hsia (6%), Yeh, Ying-Chin (5.6%), Yeh,Hung-Luan (2.80%)、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
Director Lin, Hsin-Cheng	Director Lin graduated from the Institute of Business Planning, Chinese Culture 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 extensive experience and expertise.	Not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.	1

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 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.	None
Independent Director Kuo, Chia-Wen	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.		None
Independent Director Chen, Chia-Hsiu	Director Chen graduated from Department of Accounting ,Soochow Univeristy, and is a member of the Company's Audit Committee, with more than five years of work experience required for business, finance, and corporate business. Served as a senior partner accountant of KPMG Taiwan, and specializes in business operations, and financial report analysis, with extensive experience and expertise.		None

(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 eight directors, and the management objective has been achieved.
Gender equality in appointments of board members	Currently, there is one female director among the eight directors, and the management objective has been achieved.
Professional knowledge and skills	The board of directors of the Company is composed of 8 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
Director	Lin, Hsin-Cheng	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	Chen, Chia-Hsiu	Male		V		V			V	V	V	V	V		V

2. Independence of the board of directors

There are currently 8 members of the Board of Directors of the Company, including 3 independent directors (accounting for 37.5%) and 5 non-independent directors (accounting for 62.5%). As of the end of 2022, 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 10 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 7-8 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, 2023

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	4,927,182	2.18%	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 Finance and Accounting Department (Note)	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
Assistant Manager of Accounting Department (Note)	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

Note: The supervisor of the former Finance and Accounting Department Tseng, Yu-Wen resigned on February 10, 2022 due to personal career planning. The Assistant Manager of Accounting Department shall be concurrently held by Assistant Manager of Finance and Accounting Department Kuo, Ying-Yen.

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, 2022 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)		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	1,200	0	0	0	0	15	15	1,215 (0.58)	1,215 (0.58)	2,864	2,864	0	0	0	0	0	0	4,079 (1.96)	4,079 (1.96)	None
Director	Li, Chang-Lin	0	1,800	0	0	0	0	56	56	56 (0.03)	1,856 (0.89)	0	0	0	0	0	0	0	0	56 (0.03)	1,856 (0.89)	None
Director	Xiemei Industrial Co., Ltd. Representative: Yeh, Chi-Chao	0	0	0	0	0	0	12	12	12 (0.01)	12 (0.01)	0	0	0	0	0	0	0	0	12 (0.01)	12 (0.01)	None
Director	Ambassador Investment Corp. Ltd. Representative: Li, Ying-Chu	0	0	0	0	0	0	12	12	12 (0.01)	12 (0.01)	0	0	0	0	0	0	0	0	12 (0.01)	12 (0.01)	None
Director	Lin, Hsin-Cheng(Note 13)	0	0	0	0	0	0	9	9	9 (0)	9 (0)	2,598	2,598	60	60	0	0	0	0	2,667 (1.28)	2,667 (1.28)	None
Independent Director	Wang, Chia-Kun	773	773	0	0	0	0	325	325	1,098 (0.53)	1,098 (0.53)	0	0	0	0	0	0	0	0	1,098 (0.53)	1,098 (0.53)	None
Independent Director	Kuo, Chia-Wen	466	466	0	0	0	0	272	272	738 (0.35)	738 (0.35)	0	0	0	0	0	0	0	0	738 (0.35)	738 (0.35)	None
Independent Director	Shen, Ching-Mao	106	106	0	0	0	0	65	65	171 (0.08)	171 (0.08)	0	0	0	0	0	0	0	0	171 (0.08)	171 (0.08)	None
Independent Director	Chen, Chia-Hsiu(Note 13)	335	335	0	0	0	0	9	9	344 (0.17)	344 (0.17)	0	0	0	0	0	0	0	0	344 (0.17)	344 (0.17)	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 2022, 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:
   Independent Director Chen, Chia-Hsiu acted as the company's financial advisor from 2022/01/01 to 2022/05/31, and received a remuneration of NT$125,000.

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, Lin, Hsin-Cheng, Kuo, Chia-Wen, Shen, Ching-Mao, Chen, Chia-Hsiu– Representatives of Ambassador Investment Corp. Ltd.	Yeh Chi-Chao – Representative of Xiemei Industrial Co., Ltd.; Li, Ying-Chu, Lin, Hsin-Cheng, Kuo, Chia-Wen, Shen, Ching-Mao, Chen, Chia-Hsiu– 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, Chen, Chia-Hsiu– Representatives of Ambassador Investment Corp. Ltd.	Yeh Chi-Chao – Representative of Xiemei Industrial Co., Ltd.; Li, Ying-Chu, Kuo, Chia-Wen, Shen, Ching-Mao, Chen, Chia-Hsiu– 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.	Representatives of Shunlin Investment Co., Ltd. – Hsu, Yu-Shan, 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)	-		Lin, Hsin-Cheng	Lin, Hsin-Cheng
NT$3,500,000 (inclusive) – NT$5,000,000 (exclusive)	-	-	Hsu, Yu-Shan, – Representatives of Shunlin Investment Co., Ltd.	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	9	9	9	9

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.

Note 12: The term of independent director, Shen, Ching-Mao will end on 2022/06/10.

Note 13: Director Lin, Hsin-Cheng and independent director Chen, Chia-Hsiu took office on 2022/06/10.

(II) Remuneration to president and vice president

December 31, 2022 Unit: NT$ thousand

Title	Name	Salary (A) (Note 2)		Pension (B)		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			
President	Lin, Hsin-Cheng	4,917	4,917	108	108	383	383	0	0	0	0	5,408 (2.60)	5,408 (2.60)	None
Executive Director of Investment	Hsu, Yu-Shan	1,800	1,800	0	0	1,064	1,064	0	0	0	0	2,864 (1.38)	2,864 (1.38)	None
Vice president	Yuan, Cho-Tao	3,170	3,170	108	108	0	0	0	0	0	0	3,278 (1.58)	3,278 (1.58)	None

Range of Remuneration

Range of remuneration to the president and vice president	Name of president and vice president	
	The Company (Note 2)	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)	-	-
NT$2,000,000 (inclusive) – NT$3,500,000 (exclusive)	Hsu, Yu-Shan, Yuan, Cho-Tao.	Hsu, Yu-Shan, 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, 2022 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			
President	Lin, Hsin-Cheng	4,917	4,917	108	108	383	383	0	0	0	0	5,408 (2.60)	5,408 (2.60)	None
Executive Director of Investment	Hsu, Yu-Shan	1,800	1,800	0	0	1,064	1,064	0	0	0	0	2,864 (1.38)	2,864 (1.38)	None
Vice president	Yuan, Cho-Tao	3,170	3,170	108	108	0	0	0	0	0	0	3,278 (1.58)	3,278 (1.58)	None
Assistant Manager of Finance and Accounting Department	Kuo, Ying-Yen	1,701	1,701	91	91	0	0	0	0	0	0	1,792 (0.86)	1,792 (0.86)	None
Assistant Manager of Accounting Department	Tseng, Yu-Wen	740	740	12	12	0	0	0	0	0	0	752 (0.36)	752 (0.36)	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.

* 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, 2022 Unit: NT$ thousand

Title (Note 1)		Name (Note 1)	Stock Amount	Cash Amount	Total	Ratio of total amount to profit after tax (%)
Managerial officer	President	Lin, Hsin-Cheng	0	0	0	0
	Executive Director of Investment	Hsu, Yu-Shan				
	Vice president	Yuan, Cho-Tao				
	Assistant Manager of Finance and Accounting Department	Kuo, Ying-Yen				
	Assistant Manager of Accounting Department (Note 5)	Tseng, Yu-Wen				

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.

(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	2021				2022			
	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)	5,246	7,946	(5.11)	(7.75)	9,177	10,977	(4.41)	(5.28)
Supervisor (Note 2)	0	0	0	0	0	0	0	0
President and vice president (Note 3)	10,009	10,009	(9.76)	(9.76)	11,549	11,549	(5.55)	(5.55)

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:

On June 10, 2022, the company's general meeting of shareholders was fully re-elected.The number of directors meetings in 2022 was 2 in the 17th session (A) and 3 in the 18th session (A). Below is the attendance of directors:

<table>
<tr><td colspan="6">The 17th Board</td></tr>
<tr><td>Title</td><td>Name (Note 1)</td><td>Actual Attendance (B)</td><td>Attendance by Proxy</td><td>Percentage of actual attendance (%) (B/A) (Note 2)</td><td>Remarks</td></tr>
<tr><td>Chairman</td><td>Representatives of Shunlin Investment Co., Ltd.: Hsu, Yu-Shan</td><td>2</td><td>0</td><td>100%</td><td>None</td></tr>
<tr><td>Director</td><td>Li, Chang-Lin</td><td>2</td><td>0</td><td>100%</td><td>None</td></tr>
<tr><td>Director</td><td>Yeh, Chi-Chao – Representative of Xiemei Industrial Co., Ltd.</td><td>1</td><td>0</td><td>50%</td><td>None</td></tr>
<tr><td>Director</td><td>Representative of Ambassador Investment Corp. Ltd.: Li, Ying-Chu</td><td>1</td><td>1</td><td>50%</td><td>None</td></tr>
<tr><td>Independent Director</td><td>Wang, Chia-Kun</td><td>2</td><td>0</td><td>100%</td><td>None</td></tr>
<tr><td>Independent Director</td><td>Kuo, Chia-Wen</td><td>2</td><td>0</td><td>100%</td><td>None</td></tr>
<tr><td>Independent Director</td><td>Shen, Ching-Mao</td><td>2</td><td>0</td><td>100%</td><td>None</td></tr>
<tr><td colspan="6">The 18th Board</td></tr>
<tr><td>Title</td><td>Name (Note 1)</td><td>Actual Attendance (B)</td><td>Attendance by Proxy</td><td>Percentage of actual attendance (%) (B/A) (Note 2)</td><td>Remarks</td></tr>
<tr><td>Chairman</td><td>Representatives of Shunlin Investment Co., Ltd.: Hsu, Yu-Shan</td><td>3</td><td>0</td><td>100%</td><td rowspan="8">Held an election on June 10, 2022</td></tr>
<tr><td>Director</td><td>Li, Chang-Lin</td><td>3</td><td>0</td><td>100%</td></tr>
<tr><td>Director</td><td>Yeh, Chi-Chao – Representative of Xiemei Industrial Co., Ltd.</td><td>2</td><td>1</td><td>66%</td></tr>
<tr><td>Director</td><td>Representative of Ambassador Investment Corp. Ltd.: Li, Ying-Chu</td><td>2</td><td>0</td><td>66%</td></tr>
<tr><td>Director</td><td>Lin, Hsin-Cheng</td><td>3</td><td>0</td><td>100%</td></tr>
<tr><td>Independent Director</td><td>Wang, Chia-Kun</td><td>3</td><td>0</td><td>100%</td></tr>
<tr><td>Independent Director</td><td>Kuo, Chia-Wen</td><td>3</td><td>0</td><td>100%</td></tr>
<tr><td>Independent Director</td><td>Chen, Chia-Hsiu</td><td>3</td><td>0</td><td>100%</td></tr>
</table>

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 2022. Please refer to page 52 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:

Name of director	Content of Agenda	Reasons for the required recusal	Participation in voting
Independent director Wang, Chia-Kun	The motion of the remuneration and traveling expenses of the independent directors of the company	The discussion motion has a stake in itself The discussion motion has a stake in itself	Director Wang is an stakeholder in this motion. After Director Wang explained his own interest and voluntarily avoided the motion, the chairman consulted with other directors present and agreed to pass the motion.
Independent director Kuo, Chia-Wen	The motion of the remuneration and traveling expenses of the independent directors of the company	The discussion motion has a interest in itself	Director Kuo is an stakeholder in this motion. After Director Kuo explained his own interest and voluntarily avoided the motion, the chairman consulted with other directors present and agreed to pass the motion.
Independent director Chen, Chia-Hsiu	The motion of the remuneration and traveling expenses of the independent directors of the company	The discussion motion has a interest in itself	Director Chen is an stakeholder in this motion. After Director Chen explained his own interest and voluntarily avoided the motion, the chairman consulted with other directors present and agreed to pass the motion.
Director Li, Chang-Lin	The company obtained the right to use assets from related parties.	The discussion motion has a interest in itself	Director Li is an stakeholder in this motion. After Director Li explained his own interest and voluntarily avoided the motion, the chairman consulted with other directors present and agreed to pass the motion.

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, 2022.

(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 2022, 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 2022 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

On June 10, 2022, the company's general meeting of shareholders was fully re-elected. The audit committee was composed of all new independent directors. The number of meetings of the audit committee in 2022 was 2 in the 1st session (A) and 2 in the 2nd session (A). 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	2	0	100%	The 1st Audit Committee was set up on June 18, 2019
Audit Committee member	Kuo, Chia-Wen	2	0	100%	
Audit Committee member	Shen, Ching-Mao	2	0	100%	
2nd 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	2	0	100%	Held an election on June 10, 2022
Audit Committee member	Kuo, Chia-Wen	2	0	100%	
Audit Committee member	Shen, Ching-Mao	2	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
2022.03.21	The 16th Meeting of the 1st Term Audit Committee	1. Passed the 2021 financial statements. 2. Passed the 2021 business report and the summary of the 2022 operational plans. 3. Passed the 2021 profit and loss appropriation. 4. Passed the motion of the change of the Company's accounting supervisor and spokesperson. 5. Passed the motion for the amendments to some contents of Company's "internal control system." 6. Pass the the 2022 salary structure of the Company's director/supervisors and managerial officers. 7. Passed the motion for the Company's "2021 Declaration of Internal Control System"	Unanimously approved by all Audit Committee members	Approved with the consent of all the directors attending the meeting
2022.05.12	The 17th Meeting of the 1st Term Audit Committee	1. Passed the motion for the Company's consolidated quarterly financial report for the first quarter of 2022.	Unanimously approved by all Audit Committee members	Approved with the consent of all the directors attending the meeting
2022.08.11	The 1th Meeting of the 2nd Term Audit Committee	1. Passed the motion for the Company's consolidated quarterly financial report for the second quarter of 2022. 2. Passed the motion for appointment and independence assessment of certified accountants.	Unanimously approved by all Audit Committee members	Approved with the consent of all the directors attending the meeting
2022.11.10	The 2th Meeting of the 2nd Term Audit Committee	1. Passed the motion for the Company's consolidated quarterly financial report for the third quarter of 2022. 2. Passed the motion for the Company's "annual audit plan for 2023 internal audit." 3. Passed the motion for the amendments to some contents of Company's "internal control system." 4. Passed the motion for obtaining the right to use assets from related parties through the company. 5. Passed the motion for accumulative	Unanimously approved by all Audit Committee members	Approved with the consent of all the directors attending the meeting

		acquisition of more than 300 million of real estate under the same development plan through the company.		

(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 2022 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
2022.3.21	1. Report on the execution of internal audit operations. 2. Review of the 2021 audit of the internal control system efficiency and the "Internal Control Statement."	Independent directors had no objections
2022.05.12	1. Report on the execution of internal audit operations.	Independent directors had no objections
2022.08.11	1. Report on the execution of internal audit operations.	Independent directors had no objections
2022.11.10	1. Report on the execution of internal audit operations. 2. Review of the annual audit plan for 2023 internal audit.	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 2022 and the following is a summary of past communications:

Meeting date	Matters communicated between the CPAs and the Audit Committee members	Independent director comments
2022.03.21	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
2022.11.10	1. Report on the review results of the financial statements for the first 3 quarters of 2022. 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.

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	
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?	V		(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	No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEx Listed Companies.
(2) Apart from establishing the Remuneration Committee and Audit Committee in accordance with the law, has the company established other functional committees voluntarily?	V			
(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?	V			
(4) Does the company regularly assess the independence of the CPAs?	V			

Title	Name	Gender	Core Items of Diversification						
			Operations management	Leadership and decision-making	Industry knowledge	Commerce	Finance & accounting	Legal expertise	Risk management
Chairman	Hsu, Yu-Shan	Male	V	V	V	V	V		V
Director	Li, Chang-Lin	Male	V	V	V	V	V		V
Director	Yeh, Chi-Chao	Male	V	V	V	V	V		V
Director	Li, Ying-Chu	Male	V	V	V	V	V		V

<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></td><td></td><td></td><td>
<table>
<tr><td>Director</td><td>Lin,
Hsin-Cheng</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 Director</td><td>Kuo,
Chia-Wen</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>
<tr><td>Independent Director</td><td>Chen,
Chia-Hsiu</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 2022 Board of Directors’ performance evaluation is described as follows:
In order to cooperate with the new corporate governance regulations of the competent authority, the company revised the performance evaluation method of the board of directors on 2021.03.29 and conducted performance evaluation. The performance evaluation results of the board of directors in 2022 (including the evaluation results of functional committees) have submitted the report of the board of directors on 2023.03.09 , and the evaluation situation is 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 2022.
(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).
</td><td></td></tr>
</table>

<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></td><td></td><td></td><td>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 August 11, 2022 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:
<table>
<tr><th>Evaluation item</th><th>Yes</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></tr>
<tr><td>2. The certified public accountants do not have a significant close business relationship with the Company.</td><td>V</td></tr>
<tr><td>3. The certified public accountants do not have a potential employment relationship with the Company.</td><td>V</td></tr>
<tr><td>4. The certified public accountants shall ensure their assistants comply with integrity, impartiality, and independence.</td><td>V</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></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></tr>
<tr><td>7. The certified public accountants do not concurrently operate other businesses that may lose their independence.</td><td>V</td></tr>
</table></td><td></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			
			8. The certified public accountants do not receive any business-related commissions.	V		
			9. The certified public accountants do not hold any shares of the Company.	V		
			10. The certified public accountants do not have regular work at the Company and receive a fixed salary.	V		
			11. The certified public accountants do not have any relationship of a joint investment or benefit sharing with the Company.	V		
			12. The certified public accountants are not involved in the Company's management function of making decisions.	V		
			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.	V		
			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.	V		
			15. The certified public accountants shall issue the "Statement of Hyper-independence."	V		
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	V		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.			No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEx Listed

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	
and shareholders' meetings, preparation of board meeting and shareholders' meeting minutes)?				Companies.
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?	V		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.	No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEx Listed Companies.
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				No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEx Listed Companies.
(1) Does the company have a website set up and the financial business and corporate governance information disclosed?	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) 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)?	V		(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) Does the company publish and report its annual financial report within two months after the end of a		V	(3) The Company currently reports financial reports and monthly operations on the dates required by the "List of Required Tasks for	

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	
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?			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.	
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 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?	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. (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:	No significant variance from the Corporate Governance Best-Practice Principles for TSEC/TPEx Listed Companies.

Name	Date of continuing education and hours	Organizer	Name of course
Wang, Chia-Kun	2022.03.09 (3 hours)	Taiwan Institute of Directors	Leadership Academy Forum Restart under the New Reality - See

<table>
<tr><td rowspan="2">Evaluation item</td><td colspan="3">The state of operations (Note 1)</td><td 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</td></tr>
<tr><td>Yes</td><td>No</td><td>Description</td></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td></td><td></td><td>Digital New Taiwan</td></tr>
<tr><td>Wang, Chia-Kun</td><td>2022.09.23 (3 hours)</td><td>Taiwan Corporate Governance Association</td><td>How to conduct equity planning and organizational structure design for start-up companies</td></tr>
<tr><td>Kuo, Chia-Wen</td><td>2022.07.27 (2 hours)</td><td>TSEC and TPEx</td><td>Sustainable Development Roadmap Industry Promotion</td></tr>
<tr><td>Chen, Chia-Hsiu</td><td>2022.07.27 (2 hours)</td><td>TSEC and TPEx</td><td>Sustainable Development Roadmap Industry Promotion</td></tr>
<tr><td>Chen, Chia-Hsiu</td><td>2022.08.25 (3 hours)</td><td>TSEC and TPEx</td><td>Insider shareholding publicity briefing for companies emerging from the OTC</td></tr>
<tr><td>Li, Ying-Chu</td><td>2022.11.24 -11.25 (12 hours)</td><td>Shih Chien University</td><td>Accounting supervisor training course</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 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
</td><td></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	
			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 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	1.10	Has the company uploaded the english version fo shareholders' meeting handbook and supplementary information to the shareholders' meeting 30 days before the annual general meeting?	The english version fo shareholders' meeting handbook and supplementary information have been uploaded 30 days before the meeting in 2023.
2	2.2	Did the company adopt a board diversity policy and disclose the specific management objectives as well as the status of implementation of the diversity policy on the company's website and in the annual report?	Enhancement of Website and annual report information disclosure
3	4.3	Did the company regularly disclose on the company website or in its annual report or sustainability report its concrete plans for promoting environmental, social, and governance (ESG) practices and the results of the implementation of those plans?	The company will upload the ESG report before the end of September 2023.
4	4.4	Did the company, following the Global Reporting Initiative (GRI) Standards, by the end of September, prepare and upload its sustainability report to the MOPS and to the company website?	The company will upload the ESG report before the end of September 2023.
5	4.10	Did the company disclose on its website and in its annual report the measures it takes to provide its employees with personal security and a safe working environment and the implementation thereof?	Enhancement of Website and annual report information disclosure

(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 10, 2022. The board meeting held on August 11, 2022 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 2022, the Company held four Remuneration Committee meetings and resolutions were reported at the board meeting.

(1) Information on members of the Remuneration Committee

Requirement Identity	Name	Professional qualifications and experience	Status of independence	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
Member	Shen, Ching-Mao	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.		

(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 10, 2022 to June 9, 2025. In 2022, Two Remuneration Committee meetings were held 4th Term (A) and 5th Term (A) separately ; the attendance of members are as follows:

The 4th Term Remuneration Committee					
Title	Name	Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Wang, Chia-Kun	2	0	100%	None
Member	Kuo, Chia-Wen	2	0	100%	None

Member	Shen, Ching-Mao	2	0	100%	None
The 5th Term Remuneration Committee					
Title	Name	Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Wang, Chia-Kun	2	0	100%	None
Member	Kuo, Chia-Wen	2	0	100%	None
Member	Shen, Ching-Mao	2	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
2022.01.26	The 10th 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
2022.03.21	The 11th Meeting of the 4th Term Remuneration Committee	1. Discussion on 2021 distribution of remuneration to employees and directors 2. Passed the motion for the salary structure of the Company's managerial officers.	1. As of 2021, 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. 2. Approved with	Not applicable

				the consent of all the members attending the meeting	
	2022.08.11	The 1st Meeting of the 5th Term Remuneration Committee	1. Revise the company's " Payment Standards of Remuneration to Directors and Functional Committee Members " proposal. 2. The company's new directors (including independent directors) and functional committee members' remuneration proposals.	Approved with the consent of all the members attending the meeting	Not applicable
	2022.11.10	The 2nd Meeting of the 5th Term Remuneration Committee	(1) Review on the Company’s 2023 annual salary structure proposal for the salary structure of directors and managerial officers (2) Formulation of the 2023 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? (2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment? (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? (4) Did the company calculate greenhouse gas	V V V V		(1)The Company proposes building plans while taking into consideration climate and environmental change in order to improve the quality of life of occupants. (2)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. (3)The Company proposes building plans while taking into consideration climate and environmental change in order to improve the quality of life of occupants. (4)We introduce paperless office and achieve energy	There is no significant variance from the Sustainable Development Best Practice Principles.

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.	
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		(1)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		(2)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.	
(3) Does the company provide employees with a safe and healthy working environment and regularly provide safety and health education to employees?	V		(3)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 Inspection Regulations and the Fire Services Act.	
(4) Has the company established an effective career capability development training program for employees?	V		(4)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.	
(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		(5)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.	
(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		(6)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.	
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.

  c. This year is the 13th year to participate in KPMG's "Love in a Remote Country, Happiness Together" activity. Through the continuous donation of second-hand computers, this activity spreads warmth to every corner of Taiwan in need, allowing disadvantaged groups and digital opportunity centers in remote areas to have computer equipment to use, and shortening the gap between urban and rural areas.

  d. The company designates December as Charity Month every year and participates in many other public welfare activities. For example: Sponsoring the Broken Wings Angel Orchestra, so that young people with developmental delays and physical and mental disabilities can enhance their self-confidence and livelihood skills through music learning, and enter the society and the crowd through performances, so that their lives can change their lives.

(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,	

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	
and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconducts?			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) Has the company taken appropriate measures to protect the whistle-blower from suffering any consequences of reporting an incident?	V		(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.	
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?	V		The Ethical Corporate Management Best-Practice Principles are disclosed on MOPS.	No significant variance from the Ethical Corporate Management Best-Practice Principles for TSEC/TPEx Listed Companies.
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.				
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)				

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.

(IX) 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 9, 2023

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2022:

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, 2022, 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 9, 2023, 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.

(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year 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

(XI) 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
2022	Shareholders' meeting on June 10, 2022	1. Acknowledgement of the motion for the 2021 business report and financial statements.	Resolution passed and announced as required.
		2. Acknowledgement of the motion for 2021 loss appropriation.	Resolution passed and announced as required.
		3. Amendment to the "Regulations Governing the Acquisition and Disposal of Assets"	Resolution Passed the motion to amendment the "Regulations Governing the Acquisition and Disposal of Assets"
		4. The motion for overall reelection of all directors of the Company.	The re-election of the eight directors has been completed, and the change of registration was approved on 2022.07.04.
		5. The motion to release new director and his representative from the prohibition of competition	Pass the motion to release new director and his representative from the prohibition of competition

(2) Board meeting

Meeting year	Meeting time	Material resolutions:
2022	2022.03.21	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 the 2021 loss appropriation. 4. Passed the motion of ratification of the change of the Company's accounting supervisor and spokesperson. 5. Passed the motion for the amendment to the "Regulations

Meeting year	Meeting time	Material resolutions:
		Governing the Acquisition and 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 Company. 9. Passed the motion for the company's nomination of 2022 directors (including independent directors) candidate. 10 Passed the motion to release new director and his representative from the prohibition of competition 11. Passed the motion for the date, location and agenda of the Company’s 2022 annual general meeting. 12. Passed the motion for acceptance of shareholders’ nomination of the roster of director and independent director candidates 13. Passed the motion for shareholders’ right to make proposals at the 2021 annual general meeting.
	2022.05.12	1. Passed the motion for the Company’s consolidated quarterly financial report for the first quarter of 2022.
	2022.06.10	1. Passed the motion for chairmen election.
2022	2022.08.11	1. Passed the motion for the Company’s consolidated quarterly financial report for the Second quarter of 2022. 2. Passed the motion for the appointment of the 5th Remuneration Committee. 3. Passed the motion for the explanation of the appointment of CPAs and independence evaluation of CPAs.
	2022.11.10	1. Passed the motion for the Company to issue the third secured corporate bonds in 2022. 2. Passed the motion for the Company’s “annual audit plan for 2023 internal audit.” 3. Passed the motion for the Company’s “Declaration of Internal Control System” 4. Passed the motion for” Payment Standards of Remuneration to Directors and Functional Committee Members” 5.Passed the motion for the Company’ Operating Rules. 6.Passed the motion of the remuneration and traveling expenses of the independent directors of the company 7. Passed the motion for obtaining the right to use assets from related parties through the company. 8. Passed the motion for accumulative acquisition of more than 300 million of real estate under the same development plan through the company.
2023	2023.03.09	1. Passed the motion for the 2022 financial statements. 2. Passed the motion for the 2022 business report and the summary of the 2023 operational plans. 3. Passed the motion for 2022 appropriation to cover losses. 4. Passed the motion for the 2023 salary structure of the Company’s director and managerial officers.

Meeting year	Meeting time	Material resolutions:
		5. Passed the motion for the Company’s “2022 Declaration of Internal Control System.” 6. Passed the motion for the general principles of the company's pre-approved non-confirmation service policy and the non-confirmation service project that KPMG is expected to provide in 2023. 7. Passed the motion for accumulative acquisition of more than 300 million of real estate under the same development plan through the company. 8. Passed the motion for the date, location and motions of the Company’s 2023 annual general meeting. 9. Passed the motion for shareholders’ right to make proposals at the 2023 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	2022/01~2022/12	2,162	460	2,622	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: None.**

(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: 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	2022		As of April 30, 2023	
		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.	0	0	0	0
	Representative: Hsu, Yu-Shan	0	0	0	0
Director	Li, Chang-Lin	0	0	0	0
Director	Xiemei Industrial Co., Ltd.	0	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
Director and President	Lin, Hsin-Cheng	0	0	0	0
Independent Director	Wang, Chia-Kun	0	0	0	0
Independent Director	Kuo, Chia-Wen	0	0	0	0
Independent Director	Chen, Chia-Hsiu	0	0	0	0
President	Lin, Hsin-Cheng	0	0	0	0
Vice president	Yuan, Cho-Tao	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
Accounting Supervisor (Left the company on February 10, 2022)	Tseng, Yu-Wen	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.	21,806,014	9.63%	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	4,927,182	2.18%	0	0	Chien-Chen Hsu	Chien-Chen Hsu is the spouse of the person in charge of Yaoze Limited	None
Chen Chieh Investment Limited	15,534,201	6.86%	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
Chien-Chen Hsu	4,927,182	2.18%	0	0	0	0	Yaoze Limited	Chien-Chen Hsu is the spouse of the person in charge of Yaoze Limited	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:

2023/04/30 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%
Good One Company Limited (Good One) (Note 2)	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

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

Note 2: In consideration of the Group's operations, Good One Company Limited (Good One) was dissolved by resolution of the shareholders' meeting held on November 14, 2022. The application was approved by Order Letter Jin-Shang-Zi No. 11155093200 dated November 21 of the same year.

Note 3: 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.

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 2, 2023

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 2, 2023

Shareholder structure Quantity	Government agency	Financial institution	Other legal entities	Individual	Foreign institutions and foreigners	Total
No. of people	1	0	235	23,932	16	24,184
Number of shares held	2	0	127,363,288	86,544,995	12,470,805	226,379,090
Shareholding ratio	0%	0%	56.26%	38.23%	5.51%	100.00%

Note: Shareholding ratio of Mainland investors is 0.

(III) Dispersion of equity ownership

Dispersion of ordinary share ownership

April 2, 2023

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	20,317	1,031,747	0.46%
1,000 to 5,000	2,606	6,579,366	2.91%
5,001 to 10,000	465	3,735,457	1.65%
10,001 to 15,000	175	2,233,804	0.99%
15,001 to 20,000	140	2,620,447	1.16%
20,001 to 30,000	117	3,003,899	1.33%
30,001 to 40,000	64	2,272,328	1.00%
40,001 to 50,000	52	2,415,668	1.07%
50,001 to 100,000	104	7,066,040	3.12%
100,001 to 200,000	62	8,656,193	3.82%
200,001 to 400,000	35	9,315,294	4.11%
400,001 to 600,000	5	2,488,386	1.10%
600,001 to 800,000	9	6,366,764	2.81%
800,001 to 1,000,000	7	6,056,888	2.68%
Above 1,000,001	26	162,536,809	71.79%
Total	24,184	226,379,090	100.00%

(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.	21,806,014	9.63%
Chuang Sheng Investment Co., Ltd.	20,374,118	9.00%
Yao ze Limited	20,374,118	9.00%
Chen Chieh Investment Limited	15,534,201	6.86%
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%
Chien-Chen Hsu	4,927,182	2.18%

Note: The number of shares held above is based on the number of shares registered on the final date of transfer on April 2, 2023.

(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

Year Item			2021	2022	Current year as of April 30, 2023 (Note 8)
Market price per share (Note 1)	Highest		11.8	9.66	9.49
	Lowest		9.00	8.17	8.35
	Average		9.97	9.10	8.78
Net worth per share (Note 2)	Before distribution		7.41	6.47	None
	After distribution		7.41	6.47	None
Earnings per share	Weighted average number of shares		160,790,049	226,379,090	226,379,090
	Earnings per share (Note 3)		(0.64)	(0.92)	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)		(15.58)	(9.89)	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 2022 appropriate of loss 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 2021, 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 2021.

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

II. The Company’s handling of corporate bonds:

(I) Outstanding corporate bonds:

Types of corporate bonds		The first domestic secured corporate bonds in 2019
Date of issuance		July 29, 2019
Face value		NT$1,000,000
Issuance and trading location		Taiwan
Issue price		Issued at face value
Total value		NT$600,000,000
Interest rate		0.8%
Period		5 years Maturity date: July 29, 2024
Guarantee agency		First Commercial Bank
Trustee		E.SUN Commercial Bank
Underwriter		Masterlink Securities Corporation
Certified attorney		Chan, Kang-Jung of Yongheng Attorneys-at-law
CPA		CPAs of KPMG Taiwan: Chih, Shih-Chin and Chien, Ti-Nuan
Repayment method		Repayment of principal at maturity
Outstanding principal		NT$600,000,000
Terms of redemption or early settlement		None
Restricted terms		None
Name of credit rating institution, the date of the rating, and the credit rating results		Not applicable
Other rights attached	Number of common shares, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) as of the publication date of the annual report	None
	Rules for issuance and conversion (exchange or stock subscription)	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.
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		None
Name of the custodian for the exchange of the subject		None

<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>

Types of corporate bonds		The first domestic secured corporate bonds in 2021
Date of issuance		January 12, 2022
Face value		NT$1,000,000
Issuance and trading location		Taiwan
Issue price		Issued at face value
Total value		NT$1,200,000,000
Interest rate		0.60%
Period		5 years Maturity date: January 12, 2027
Guarantee agency		Hua Nan Commercial Bank Ltd.
Trustee		Taishin International Bank
Underwriter		Hua Nan Securities Co., Ltd.
Certified attorney		Chan, Kang-Jung of Chan Kang-Jung Attorneys-at-law
CPA		CPAs of KPMG Taiwan: Chen, Tsung-Che and Huang, Hsin-Ting
Repayment method		Repayment of principal at maturity
Outstanding principal		NT$1,200,000,000
Terms of redemption or early settlement		None
Restricted terms		None
Name of credit rating institution, the date of the rating, and the credit rating results		Not applicable
Other rights attached	Number of common shares, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) as of the publication date of the annual report	None
	Rules for issuance and conversion (exchange or stock subscription)	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.
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		None
Name of the custodian for the exchange of the subject		None

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			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		
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			State of implementation			Cumulative result of implementation		
	1st quarter of 2022			2nd quarter of 2022					
Paying for construction work	Amount paid	Planned	-	Amount paid	Planned		Amount paid	Planned	210,000
		Actual	78,000		Actual	16,762		Actual	210,000
	Progress of construction	Planned	-	Progress of construction	Planned		Progress of construction	Planned	100.00%
		Actual	37.14%		Actual	7.98%		Actual	100.00%

The company has completed the payment of construction projects in the sencond quarter of 2022.

(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

(1) Payment of administrative expenses

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					
Payment of administrative expenses	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%

The company has completed the payment of administrative expenses in the first quarter of 2022.

(2) Payment of construction projects

Plans	State of implementation			State of implementation			State of implementation			State of implementation		
	3rd quarter of 2021			4th quarter of 2021			1st quarter of 2022			2nd quarter of 2022		
Payment of construction projects	Amount paid	Planned	50,000	Amount paid	Planned	150,000	Amount paid	Planned	150,000	Amount paid	Planned	150,000
		Actual	50,000		Actual	140,000		Actual	142,000		Actual	21,760
	Progress of implementation	Planned	6.25%	Progress of implementation	Planned	18.75%	Progress of construction	Planned	18.75%	Progress of construction	Planned	18.75%
		Actual	6.25%		Actual	17.50%		Actual	17.75%		Actual	2.72%

Plans	State of implementation			State of implementation			Cumulative result of implementation		
	3rd quarter of 2021			4th quarter of 2021					
Payment of construction projects	Amount paid	Planned	150,000	Amount paid	Planned	150,000	Amount paid	Planned	800,000
		Actual	126,601		Actual	319,639		Actual	800,000
	Progress of construction	Planned	18.75%	Progress of construction	Planned	18.75%	Progress of construction	Planned	100.00%
		Actual	15.83%		Actual	39.95%		Actual	100.00%

<u>The company has completed the payment of construction projects in the fourth quarter of 2022.</u>

(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. (1) Date of approval and order number: Order Letter Zheng-Gui-Zhai-Zi No. 11000143741 dated January 3, 2022.
   2. (2) Total amount of capital required: NT$1,200,000 thousand.
   3. (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. (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. <u>Therefore, capital allocation plans were implemented in the first quarter of 2022.</u>

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	2021		2022	
	Net operating income	Ratio (%)	Net operating income	Ratio (%)
Construction income	319,138	43	22,496	5
Accommodation	193,752	26	193,888	43
Food and drink service	152,625	21	155,798	34
Membership service	57,922	8	66,436	15
Others	12,834	2	13,575	3
Total	736,271	100	452,193	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

Looking back on the performance of the housing market in 2022 from hot to cold, the impact of the Russo-Ukraine war on energy and commodity inflation, the United States continued to raise interest rates at a high rate, resulting in domestic interest rates also rising, which is not conducive to housing sales, resulting in On the demand side, hold back and wait and see. On the supply side, domestic policies have imposed financial control and pressure on construction manufacturers, the trend of rising short-term interest rates remains unchanged, manufacturers’ capital costs have risen, raw material prices have risen, the supply of foreign migrant workers has decreased, and construction workers are in short supply. The overall environment is quite unfriendly to manufacturers.

Looking forward to the new year, there are many unfavorable factors for construction manufacturers, which is not optimistic. Food, clothing, housing and transportation are the rigid needs of human beings' basic life. There are many factors that affect the construction industry. Changes in population structure and social changes (such as factors such as declining birth rate and aging population) will tend to return the focus of the housing market to fundamentals , so small houses in the city center with transportation facilities and rich life functions, as well as those in friendly old communities are more products and have more development prospects.

B. Tourism industry

According to statistics from the Tourism Bureau, affected by the epidemic in the past three years, the number of people entering and leaving has decreased significantly. However, with the gradual opening of the border in 2021, the number of tourists visiting Taiwan increased from 140,000 in 2021 to 896,000 in 2022, an increase of 5.4 times. Domestic tourism is gradually recovering.

(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	2021	2022
Shihlin Development's guest room revenue	193,752	193,888
General hotel industry's accommodation revenue	13,051,731	19,701,649
Market share	1.48%	0.98%

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

According to statistics from the Tourism Bureau, affected by the epidemic in the past three years, the number of people entering and leaving has decreased significantly. However, with the gradual opening of the border in 2021, the number of tourists visiting Taiwan increased from 140,000 in 2021 to 896,000 in 2022, an increase of 5.4 times. Domestic tourism is gradually recovering.

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	2021	2022
Shihlin Development's food and drink revenue (NT$ thousand)	152,625	155,798
Restaurant turnover in Taiwan (NT$ billion)	7,280	8,609
Market share	0.02%	0.018%

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.

The company's response to such factors:

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

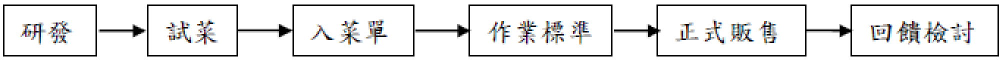
Our main products are guest room rentals, catering and providing meeting venues. Our objective is to maximize customer satisfaction.

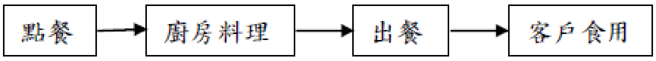
(3) Catering industry

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:





(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 project	Construction projects are contracted by the Company 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

	2021				2022				As of the previous quarter of 2023 (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	18,106	1	None	Company A	—	—	None	Company A	—	—	—
2	Company B	90,072	4	None	Company B	—	—	None	Company B	9,640	6	None
3	Company C	840,523	38	None	Company C	—	—	None	Company C	—	—	—
4	Company D	—	—	—	Company D	619,130	47	—	Company D	40,460	26	None
5	Company E	—	—	—	Company E	154,956	12	—	Company E	17,479	11	None
6	Company F	—	—	—	Company F	141,189	11	—	Company F	24,440	16	None
	Others	1,256,322	57		Others	400,802	30		Others	61,790	41	
	Net purchase	2,205,023	100		Net purchase	1,316,077	100		Net purchase	153,809	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: 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

	2021				2022				As of the previous quarter of 2023 (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	1,214	0.2	1,214	Customer A	2,651	0.59	None	Customer A	6,557	4.87	None
2	Customer B	319,138	43	319,138	Customer B	—	—	—	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)	415,919	56.8	415,919	Other (Note 3)	449,542	99.41		Other (Note 3)	127,962	95.13	
	Net sales	**736,271**	**100**	**736,271**	**Net sales**	**452,193**	**100**		**Net sales**	**134,519**	**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 decrease in sales amount in 2022 compared to 2021 is mainly due to no construction revenue recognized for the completion of new construction projects in 2022.

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	2021				2022			
	Domestic sales		Foreign sales		Domestic sales		Foreign sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Construction income	0	319,138	0	0	0	22,496	0	0
Accommodation	0	193,752	0	0	0	193,888	0	0
Food and drink service	0	152,625	0	0	0	155,798	0	0
Membership service	0	57,922	0	0	0	66,436	0	0
Others	0	12,834	0	0	0	13,575	0	0
Total	0	736,271	0	0	0	452,193	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, 2023

Year		2021	2022	Current year as of April 30, 2023
Number of employees	Direct personnel	169	162	159
	Indirect personnel	110	112	112
	Total	279	274	271
Average age		39.1	38.8	39.2
Average years of service		5.84	4.1	4.1
education levels (%)	Doctor	—	—	—
	Master	6%	5%	4%
	College	75%	75%	76%
	High school	16%	17%	17%
	Below high school	3%	3%	3%

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
2022.03.31	Introduction of hoisting and assembly method of SRC steel structure engineering (Presenter: Assistant Manager, Yi-Chun Ku)	1 hour
2022.04.28	Registration work and tax comparison related to urban renewal (transfer of rights) (Presenter: Scrivener, Pei-Hua Chang)	1 hour
2022.07.28	Common general economic indicators and analysis (Presenter: Assistant Manager,Ying-Yen Kuo)	1 hour
2022.09.29	Project contract performance management and dispute practice (Presenter: Lawyer/ Professional Civil Engineer, Sen-Min Lin)	1 hour
2022.11.17	Raise your immune system and start a new life (Presenter: Dietitian, I-Ting Chen)	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 currently the supervisor of Administrative Management Department is the 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

Year / Item		Financial information for the most recent five fiscal years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		1,071,239	1,092,443	2,736,448	6,059,122	6,233,459
Financial assets		135,883	105,802	82,021	53,874	46,244
Investments accounted for using the equity method		433,556	413,369	306,637	352,335	271,304
Property, plant and equipment (Note 2)		365	302	519	1,100	1,121
Intangible assets		300	100	162	372	500
Other assets (Note 2)		10,946	72,139	84,079	234,138	405,499
Total assets		1,652,289	1,684,155	3,209,866	6,700,941	6,958,127
Current liabilities	Before distribution	837,036	401,246	1,623,541	3,423,674	2,697,049
	After distribution	837,036	401,246	1,623,541	3,423,674	2,697,049
Non-current liabilities		52	600,120	607,904	1,600,248	2,796,746
Total liabilities	Before distribution	837,088	1,001,366	2,231,445	5,023,922	5,493,795
	After distribution	837,088	1,001,366	2,231,445	5,023,922	5,493,795
Equity attributable to owners of the parent company		815,201	682,789	978,421	1,677,019	1,464,332
Share capital		1,063,791	1,063,791	1,363,791	2,263,791	2,263,791
Capital surplus		79,284	79,284	64,187	17,484	17,484
Retained earnings	Before distribution	(172,133)	(274,430)	(259,965)	(386,801)	(591,804)
	After distribution	(172,133)	(274,430)	(259,965)	(386,801)	(591,804)
Other equity interest		(155,741)	(185,856)	(189,592)	(217,455)	(225,139)
Total equity	Before distribution	815,201	682,789	978,421	1,677,019	1,464,332
	After distribution	815,201	682,789	978,421	1,677,019	1,464,332

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)				
		2018	2019	2020	2021	2022
Current assets		1,370,906	1,365,469	3,015,511	6,353,704	6,570,371
Financial assets		161,657	131,496	107,818	80,193	72,438
Investments accounted for using the equity method		83,211	34,193	81,260	73,036	26,519
Property, plant and equipment (Note 2)		678,186	610,503	530,833	455,750	401,858
Intangible assets		53,387	52,991	208	372	500
Other assets (Note 2)		63,728	1,410,616	1,308,762	1,362,920	1,484,441
Total assets		2,411,075	3,605,268	5,044,392	8,325,975	8,556,127
Current liabilities	Before distribution	1,266,020	834,994	2,145,254	3,846,993	3,167,186
	After distribution	1,266,020	834,994	2,145,254	3,846,993	3,167,186
Non-current liabilities		145,357	1,888,365	1,797,204	2,704,065	3,842,825
Total liabilities	Before distribution	1,411,377	2,723,359	3,942,458	6,551,058	7,010,011
	After distribution	1,411,377	2,723,359	3,942,458	6,551,058	7,010,011
Equity attributable to owners of the parent company		815,201	682,789	978,421	1,677,019	1,464,332
Share capital		1,063,791	1,063,791	1,363,791	2,263,791	2,263,791
Capital surplus		79,284	79,284	64,187	17,484	17,484
Retained earnings	Before distribution	(172,133)	(274,430)	(259,965)	(386,801)	(591,804)
	After distribution	(172,133)	(274,430)	(259,965)	(386,801)	(591,804)
Other equity interest		(155,741)	(185,856)	(189,592)	(217,455)	(225,139)
Treasury stocks		0	0	0	0	0
Non-controlling interests		184,497	199,120	123,513	97,898	81,784
Total equity	Before distribution	999,698	881,909	1,101,934	1,774,917	1,546,116
	After distribution	999,698	881,909	1,101,934	1,774,917	1,546,116

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

Year / Item	Financial information for the most recent five fiscal years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	715,824	7,027	3,642	319,534	25,476
Gross profit	174,359	2,099	1,146	36,851	11,118
Operating income	75,842	(77,192)	(119,472)	(66,285)	(91,764)
Non-operating income and expenses	(72,377)	(26,347)	133,851	(33,891)	(116,327)
Net income before tax	3,465	(103,539)	14,379	(100,176)	(208,091)
Continuing operations Net profit for the period	3,465	(103,539)	14,379	(102,573)	(208,091)
Loss of discontinuing operations	0	0	0	0	0
Net income (loss) for the period	3,465	(103,539)	14,379	(102,573)	(208,091)
Other comprehensive income (net after tax) for the period	(41,643)	(28,873)	(3,650)	(27,861)	(4,596)
Total comprehensive income for the period	(38,178)	(132,412)	10,729	(130,434)	(212,687)
Net income attributable to owners of the parent company	3,465	(103,539)	14,379	(102,573)	(208,091)
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	(38,178)	(132,412)	10,729	(130,434)	(212,687)
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share	0.03	(0.97)	0.11	(0.64)	(0.92)

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)				
	2018	2019	2020	2021	2022
Operating revenue	1,476,133	762,602	369,550	736,271	452,193
Gross profit	517,637	375,077	50,305	140,465	140,946
Operating income	77,902	(35,279)	(292,798)	(181,105)	(183,669)
Non-operating income and expenses	(55,654)	(40,505)	229,468	33,351	(41,689)
Net income before tax	22,248	(75,784)	(63,330)	(147,754)	(225,358)
Continuing operations Net profit for the period	15,187	(89,098)	(61,400)	(151,320)	(228,179)
Loss of discontinuing operations	0	0	0	0	0
Net income (loss) for the period	15,187	(89,098)	(61,400)	(151,320)	(228,179)
Other comprehensive income (net after tax) for the period	(41,252)	(28,691)	(3,478)	(27,488)	(622)
Total comprehensive income for the period	(26,065)	(117,789)	(64,878)	(178,808)	(228,801)
Net income attributable to owners of the parent company	3,465	(103,539)	14,379	(102,573)	(208,091)
Net income attributable to non-controlling interests	11,722	14,441	(75,779)	(48,747)	(20,088)
Total comprehensive income attributable to owners of the parent company	(38,178)	(132,412)	10,729	(130,434)	(212,687)
Total comprehensive income attributable to non-controlling interests	12,113	14,623	(75,607)	(48,374)	(16,114)
Earnings per share	0.03	(0.97)	0.11	(0.64)	(0.92)

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
2018	KPMG Taiwan	Chih, Shih-Chin, Chen, Chia-Hsiu	Unqualified opinions and other items for reference.
2019	KPMG Taiwan	Chih, Shih-Chin, Chien, Ti-Nuan	Unqualified opinions and other items for reference.
2020	KPMG Taiwan	Chen, Tsung-Che, Chien, Ti-Nuan	Unqualified opinions and other items for reference.
2021	KPMG Taiwan	Tsung-Che Chen, Hsin-Ting Huang	Unqualified opinions and other items for reference.
2022	KPMG Taiwan	Tsung-Che Chen, Hsin-Ting Huang	Unqualified opinions and other items for reference.

II. Financial information for the most recent five fiscal years

(I) Financial analysis – IFRS adopted

Standalone financial analysis – IFRS adopted

year (Note 1) Analysis items (Note 3)		Financial analysis for the most recent five fiscal years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to assets ratio	50.66	59.46	69.52	74.97	78.96
	Ratio of long-term capital to property, plant and equipment	223,356.99	424,804.30	305,650.29	297,933.36	380,114.01
Solvency %	Current ratio	127.98	272.26	168.55	176.98	231.12
	Quick ratio	19.76	33.99	46.26	58.33	37.42
	Times interest earned	1.25	(8.20)	2.12	(2.52)	(2.50)
Operating capacity	Receivables turnover ratio (times)	100.00	2.18	0.49	35.82	5.17
	Days sales in receivables	3.65	167.43	744.89	10.18	70.59
	Inventory turnover (times)	0.64	0.01	0.00	0.11	0.00
	Payables turnover (times)	4.99	0.07	0.04	2.10	0.04
	Days sales in inventory	570.31	36,500.00	0.00	3,318.18	0.00
	Turnover of property, plant, and equipment (times)	1,366.08	21.07	8.87	394.73	22.94
	Total assets turnover (times)	0.36	0.00	0.00	0.06	0.00
Profitability	Return on assets (%)	0.61	(5.99)	0.78	(1.63)	(2.42)
	Return on equity (%)	0.42	(13.82)	1.73	(7.73)	(13.25)
	Ratio of profit before tax to paid-in capital (%) (Note 7)	0.33	(9.73)	1.05	(4.43)	(9.19)
	Profit margin (%)	0.48	(1,473.45)	394.81	(32.10)	(816.81)
	Earnings per share (NT$)	0.03	(0.97)	0.11	(0.64)	(0.92)
Cash flows	Cash flow ratio (%)	2.06	0.00	0.00	0.00	0.00
	Cash flow adequacy ratio (%)	20.46	47.44	22.32	12.10	0.45
	Cash re-investment ratio (%)	2.08	0.00	0.00	0.00	0.00
Leverage	Operating leverage	2.30	(0.03)	(0.01)	(0.56)	(0.12)
	Financial leverage	1.16	0.94	0.95	0.71	0.63

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 increase during the year.
2. The decrease in current ratio was mainly due to the increase in current assets and decrease in current liabilities for the year.
3. The decrease in the receivables turnover ratio (times), inventory turnover (times) and increase in average collection days and average inventory turnover days was mainly due to the decrease that no new project was completed this year, and the construction income and construction cost decreased.
4. The decrease in the ratio of the property, plant and equipment, Receivables turnover ratio (times) and total assets turnover was mainly due to the decrease that no new project was completed this year, and the construction income and construction cost decreased.
5. 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 losses this year.
6. The decrease in cash flow adequacy ratio was mainly due to the increase in the amount of inventory for the past 5 years.
7. The increase in operating leverage was mainly due to the losses this year.

Consolidated financial analysis –8 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	58.54	75.54	78.16	78.68	81.93
	Ratio of long-term capital to property, plant and equipment	168.84	453.77	546.15	982.77	1,341.01
Solvency %	Current ratio	108.28	163.53	140.57	165.16	207.45
	Quick ratio	35.28	47.14	47.49	59.33	41.39
	Times interest earned	2.23	(2.47)	(0.84)	(1.69)	(1.71)
Operating capacity	Receivables turnover ratio (times)	48.41	27.45	16.03	38.50	26.23
	Days sales in receivables	7.53	13.29	22.76	9.48	13.91
	Inventory turnover (times)	1.12	0.55	0.27	0.24	0.08
	Payables turnover (times)	6.89	3.94	3.45	3.83	0.91
	Days sales in inventory	325.89	663.63	1,351.85	1,520.83	4,562.50
	Turnover of property, plant, and equipment (times)	2.01	1.18	0.65	1.49	1.05
	Total assets turnover (times)	0.53	0.25	0.09	0.11	0.05
Profitability	Return on assets (%)	1.03	(2.01)	(0.82)	(1.63)	(1.97)
	Return on equity (%)	1.50	(9.47)	(6.19)	(10.52)	(13.74)
	Ratio of profit before tax to paid-in capital (%) (Note 7)	2.09	(7.12)	(4.64)	(6.53)	(9.95)
	Profit margin (%)	1.03	(11.68)	(16.61)	(20.55)	(50.46)
	Earnings per share (NT$)	0.03	(0.97)	0.11	(0.64)	(0.92)
Cash flows	Cash flow ratio (%)	11.74	23.20	0.00	0.00	0.00
	Cash flow adequacy ratio (%)	38.59	105.55	57.26	18.86	8.68
	Cash re-investment ratio (%)	9.73	10.42	0.00	0.00	0.00
Leverage	Operating leverage	6.64	(10.63)	(0.17)	(0.78)	(0.77)
	Financial leverage	1.28	0.50	0.90	0.77	0.70

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 decrease in current ratio was mainly due to the increase in current assets and decrease in current liabilities for the year.
3. The decrease in the receivables turnover ratio (times), inventory turnover (times) and increase in average collection days and average inventory turnover days was mainly due to the decrease that no new project was completed this year, and the construction income and construction cost decreased.
4. The decrease in the ratio of the property, plant and equipment, Receivables turnover ratio (times) and total assets turnover was mainly due to the decrease that no new project was completed this year, and the construction income and construction cost decreased.
5. 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.
6. The decrease in cash flow adequacy ratio was mainly due to the increase in the amount of inventory for the past 5 years.

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 2022 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 2023 Annual General Meeting

Shihlin Development Company Limited
Convener of the Audit Committee: Wang, Chia-Kun

March 9, 2023

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

V. **A parent company only financial statement for the most recent fiscal year, certified by a CPA:**
(Please refer to p.xx to p.xx in this Handbook)

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	2022	2021	Difference	
			Amount	(%)
Current assets	6,570,371	6,353,704	216,667	3.41
Financial assets	72,438	80,193	(7,755)	(9.67)
Investments accounted for using the equity method	26,519	73,036	(46,517)	(63.69)
Property, plant and equipment	401,858	455,750	(53,892)	(11.82)
Intangible assets	500	372	128	34.41
Other assets	1,484,441	1,362,920	121,521	8.92
Total assets	8,556,127	8,325,975	230,152	2.76
Current liabilities	3,167,186	3,846,993	(679,807)	(17.67)
Non-current liabilities	3,842,825	2,704,065	1,138,760	42.11
Total liabilities	7,010,011	6,551,058	458,953	7.01
Equity attributable to owners of the parent company	1,464,332	1,677,019	(212,687)	(12.68)
Share capital	2,263,791	2,263,791	0	0
Capital surplus	17,484	17,484	0	0
Retained earnings	(591,804)	(386,801)	(205,003)	53.00
Other equity interest	(225,139)	(217,455)	(7,684)	3.53
Non-controlling interests	81,784	97,898	(16,114)	(16.46)
Total equity	1,546,116	1,774,917	(228,801)	(12.89)

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) Due to the increase in investment losses in the current period, resulting in a decrease in Investments accounted for using the equity method.
(2) Due to the update of software equipment in this period, resulting in an increase in intangible assets.
(3) Due to the issuance of guaranteed payable corporate bonds in the current period, resulting in an increase in non-current liabilities.
(4)Due to the increase of losses in the current period, resulting in the decrease of retained earnings.

II. Operating Results

(I) Comparative analysis of operating results:

Unit: NT$ thousand

Item / Year	2022	2021	Increase or decrease amount	Change ratio
				(%)
Operating revenue	452,193	736,271	(284,078)	(38.58)
Operating costs	311,247	595,806	(284,559)	(47.76)
Gross profit	140,946	140,465	481	0.34
Operating expenses	324,615	321,570	3,045	0.95
Net operating profit	(183,669)	(181,105)	(2,564)	1.42
Non-operating income and expenses	(41,689)	33,351	(75,040)	(225)
Net income (loss) before tax	(225,358)	(147,754)	(77,604)	52.52
Less: Income tax expense	2,821	3,566	(745)	(20.89)
Net profit for the period	(228,179)	(151,320)	(76,859)	50.79

(II) Analysis of changes in the increase or decrease ratio in the most recent two fiscal years:

1. The decrease in Operating revenue and Operating costs was mainly due to no projects were completed this year.
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 (%)
2022	452,193	311,247	140,946	31.17
2021	736,271	595,806	140,465	19.08

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
2022	Construction income	22,496	14,082	8,414
	Accommodation	193,888	156,860	37,028
	Food and drink service	155,798	133,621	22,177
	Membership service	66,436	0	66,436
	Other	13,575	6,684	6,891
	Total	452,193	311,247	140,946
2021	Accommodation	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
Increase (decrease) change		(284,078)	(284,559)	481

The construction department recognized the compensation income from landlords for joint construction projects on 2022, resulting in an increase in gross profit margin.

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	
	2022	2021	Amount	(%)
Operating activities	(752,145)	(1,775,590)	1,023,445	(57.64)
Investment activities	(274,564)	(252,686)	(21,878)	8.66
Financing activities	57,789	3,077,086	(3,019,297)	(98.12)

(II) Analysis of changes in the increase or decrease ratio in the most recent two fiscal years:

1. Operating activities: Due to the increase in the inventory under construction invested in the development and new projects this year is less than that of last year, and the (pre-sale house price) other financial assets-current transfers to bank deposits have increased, resulting in a decrease in cash outflows from operating activities in the current period.
2. Financing activities: Due to the increase in cash funds in 2021 and the decrease in bank borrowings this year, resulting in a decrease in cash inflows from financial activities in this 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
853,603	(1,550,985)	896,966	199,584	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:

2022/12/31; 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	49,111	43.30%	(299)	Diversified business	Operating loss	None	None
SURV Planning And Development Co., Ltd.	17,858	26,519	35%	(8,481)	Diversified business	Project development cost	None	None
Huide Development Company Limited	115,000	122,800	100%	8,987	Diversified business	Sell the equity of the reinvestment company	None	None
Good One Company Limited (Note 2)	80,000	5,889	100%	(137)	Diversified business	Dissolution	None	None
Qun Xin Properties Co., Ltd.	350,000	66,985	79.31%	(75,496)	Diversified business	Operating loss	None	None
T-Design Co., Ltd.	19,800	(1,047)	33.00%	— (Note 1)	Diversified business	Operating loss	None	None
Shi Hong Interior Design Co., Ltd. (Note 3)	—	—	—	—	—	—	—	—

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, Good One Company Limited (Good One) was dissolved by resolution of the shareholders’ meeting held on November 14, 2022. The application was approved by Order Letter Jin-Shang-Zi No. 11155093200 dated November 21 of the same year.

Note 3: In consideration of the Group’s operations, the company sold its 49% equity in Shi Hong Interior Design Co., Ltd. on April 27, 2022, completing the equity transfer and losing its significant influence on it.

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

Year / Item	2022	As of March 31, 2023
Interest income	8,674	4,036
Interest expense	77,879	19,731
Net operating income	452,193	134,519
(Interest expense - interest income)/net operating income	15.30%	11.67%

<u>Policy and response measures:</u>

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

Year / Item	2022	As of March 31, 2023
Net exchange (losses) gains	(10,892)	(2,331)
Net operating income	452,193	134,519
Net exchange (losses) gains/net operating income	(2.41%)	(1.73%)

<u>Policy and response measures:</u>

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 2022.

(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, 2022 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, 2022, 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.

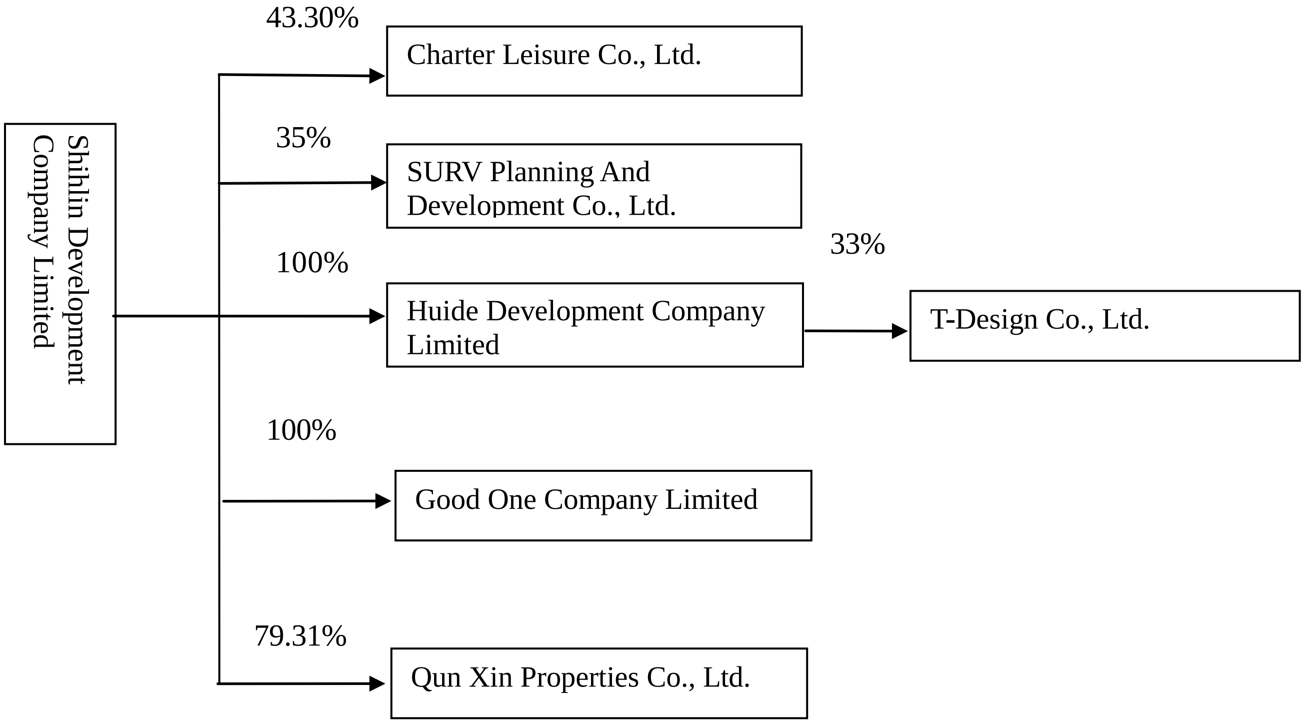
VII. Other important matters: None.

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:

2022/12/31; 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
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. (Note 2)	2014/09/25	10F., No. 67, Sec. 1, Minquan E. Rd., Zhongshan Dist., Taipei City	60,000	Interior design

Note 1: In consideration of the Group's operations, Good One Company Limited (Good One) was dissolved by resolution of the shareholders' meeting held on November 14, 2022. The application was approved by Order Letter Jin-Shang-Zi No. 11155093200 dated November 21 of the same year.

Note 2: In consideration of the Group's operations, the company sold its 49% equity in Shi Hong Interior Design Co., Ltd. on April 27, 2022, completing the equity transfer and losing its significant influence on it.

(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:

2022/12/31; 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	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.	3,250,000	65%
	Vice chairman	Huang Yi Development Asset Management Co., Ltd.	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	Liquidator	Chang, Ching-Min	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: Hui-Ju Chang)	2,400,000	8.28%
	Supervisor	Ying-Yen Kuo	0	0
T-Design Co., Ltd.	Chairman	Shi Hong Investment Co., Ltd. (Representative: Chen, Chin-Hsien)	20,400,000	34.00%
	Director	Huide Development Company Limited	19,800,000	33.00%

		(Representative: Hsu, Yu-Shan)		
	Director	Hsu, Chao-Shun	15,800,000	26.33%

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.

Note 4: In consideration of the Group’s operations, Good One Company Limited (Good One) was dissolved by resolution of the shareholders’ meeting held on November 14, 2022. The application was approved by Order Letter Jin-Shang-Zi No. 11155093200 dated November 21 of the same year.

(5) Overview of the operations of the affiliates

2022/12/31; 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	179,168	65,748	113,420	74,303	(7,674)	(692)	(0.14)
SURV Planning And Development Co., Ltd.	50,000	99,555	23,787	75,768	0	(24,518)	(24,232)	(4.85)
Huide Development Company Limited	115,000	146,237	23,436	122,801	0	(601)	8,987	0.78
Good One Company Limited	80,000	6,029	140	5,889	0	(146)	(137)	(0.02)
Qun Xin Properties Co., Ltd.	290,000	1,511,351	1,426,892	84,459	353,582	(89,923)	(95,191)	(3.28)
T-Design Co., Ltd.	60,000	8,556	25,236	(16,680)	0	(1,202)	(1,448)	(0.24)
Shi Hong Interior Design Co., Ltd.	—	—	—	—	—	—	—	—

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, Good One Company Limited (Good One) was dissolved by resolution of the shareholders’ meeting held on November 14, 2022. The application was approved by Order Letter Jin-Shang-Zi No. 11155093200 dated November 21 of the same year.

Note 4: In consideration of the Group’s operations, the company sold its 49% equity in Shi Hong Interior Design Co., Ltd. on April 27, 2022, completing the equity transfer and losing its significant influence on it.

(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, 2022 to December 31, 2022), 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 9, 2023

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**

Independent Auditors' Report

To Shihlin Development Company Limited,

Audit opinion

We have reviewed the accompanying balance sheets of Shihlin Development Company Limited (the "Company") for the years ended December 31, 2022 and 2021 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 "Parent Company Only Financial Statements").

In our opinion, the accompanying Parent Company Only 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, 2022 and 2021 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 of the Republic of China. Our responsibility under those standards are further described in the paragraph "Auditor's responsibilities for the audit of the Parent Company Only 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 Parent Company Only Financial Statements of the Company for the year ended December 31, 2022, based on our professional judgment. These matters were addressed in our audit of the Parent Company Only 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. Inventory valuation

Please refer to Note 4 (7) "Inventories" to Parent Company Only Financial Statements for the accounting policy on inventory valuation; please refer to Note 5(1) to the Parent Company Only Financial Statements for the uncertainty of accounting estimates and assumptions for the inventory valuation; please refer to Note 6(5) "Inventories" to Parent Company Only 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 66% 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 Parent Company Only 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 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 Company's disclosure of inventory-related information was appropriate.

II. Evaluation of impairment of investments accounted for using the equity method

Please refer to Note 4(14) “Impairment of non-financial assets” to the Parent Company Only Financial Statements for the accounting policy on impairment of investments accounted for using the equity method; please refer to Note 5(2) to the Parent Company Only 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 Parent Company Only 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 Parent Company Only 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, 2022 and 2021 accounted for 1.09% and 1.77% of the total assets, respectively. The share in the profit or loss of subsidiaries and associates using the equity method recognized for the years ended December 31, 2022 and 2021 accounted for 4.22% and (49.02)% of the net loss before tax, respectively.

Responsibilities of the management and the governing bodies for the Parent Company Only Financial Statements

The responsibilities of the management are to prepare the Parent Company Only 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 Parent Company Only 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 Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance on whether the Parent Company Only 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 of 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 Parent Company Only Financial Statements, they are considered material.

We have utilized our professional judgment and professional skepticism when performing the audit work in accordance with the auditing standards of 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 Parent Company Only 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 Parent Company Only 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 Parent Company Only Financial Statements (including relevant notes), and whether the Parent Company Only 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 Parent Company Only 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 Parent Company Only Financial Statements for the year ended December 31, 2022. 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 9, 2023

Shihlin Development Company Limited

Balance Sheets

For the Years Ended December 31, 2022 and 2021

Unit: NT$ thousand

		2022.12.31		2021.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 697,129	10	1,581,091	24
1150	Notes and accounts receivable, net (Notes 6(3) and (20))	504	-	9,352	-
1200	Other receivables (Note 6(4))	42,008	1	1,647	-
130X	Inventories (Notes 6(5) and 8)	4,602,140	66	3,412,855	51
1410	Prepayment	147,636	2	76,241	1
1476	Other financial assets - current (Note 6(10))	508,807	7	745,003	11
1479	Other current assets - others	6,429	-	1,836	-
1480	Incremental cost of obtaining contracts - current	228,806	3	231,097	3
		6,233,459	89	6,059,122	90
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6(2))	46,244	1	53,874	1
1550	Investments using the equity method (Notes 6(6) and 7)	271,304	4	352,335	6
1600	Property, plant and equipment (Note 6(7))	1,121	-	1,100	-
1755	Right-of-use assets (Note 6(8))	3,633	-	9,584	-
1760	Net investment property (Notes 6(9))	6,809	-	6,809	-
1780	Intangible assets	500	-	372	-
1980	Other financial assets - non-current (Notes 6(10) and 8)	394,872	6	217,560	3
1990	Other non-current assets - others	185	-	185	-
		724,668	11	641,819	10
	Total assets	**$ 6,958,127**	**100**	**6,700,941**	**100**

		2022.12.31		2021.12.31	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Notes 6(11) and 8)	$ 1,587,223	23	2,346,723	35
2110	Short-term notes and bills payable (Note 6(12))	-	-	299,616	4
2130	Contract liabilities - current (Note 6(20))	591,618	9	455,151	7
2150	Notes payable	-	-	10,824	-
2170	Accounts payable	445,882	6	186,478	3
2200	Other payables (Note 7)	65,198	1	105,878	2
2250	Provision for liabilities - current (Note 6(15))	101	-	414	-
2280	Lease liabilities - current (Notes 6(14) and 7)	3,169	-	6,860	-
2310	Advance receipts	622	-	610	-
2399	Other current liabilities - others	3,236	-	11,120	-
		2,697,049	39	3,423,674	51
	Non-current liabilities:				
2530	Corporate bonds payable (Note 6(13))	2,794,291	40	1,595,540	24
2580	Lease liabilities - non-current (Notes 6(14) and 7)	1,871	-	4,221	-
2670	Other non-current liabilities - others	584	-	487	-
		2,796,746	40	1,600,248	24
	Total liabilities	5,493,795	79	5,023,922	75
	Equity: (Notes 6(17) and (18))**:**				
3100	Share capital	2,263,791	33	2,263,791	34
3200	Capital surplus	17,484	-	17,484	-
3300	Retained earnings (deficit to be compensated)	(591,804)	(9)	(386,801)	(6)
3400	Other equity interest	(225,139)	(3)	(217,455)	(3)
	Total equity	1,464,332	21	1,677,019	25
	Total liabilities and equity	**$ 6,958,127**	**100**	**6,700,941**	**100**

(Please refer to the Notes to the Parent Company Only 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, 2022 and 2021

Unit: NT$ thousand

		2022		2021	
		Amount	%	Amount	%
4000	**Operating income** (Note 6(20))	$ 25,476	100	319,534	100
5000	**Operating costs**	14,358	56	282,683	88
	Gross profit	11,118	44	36,851	12
	Operating expenses (Notes 6(14), 6(15), 6(18) and 7)**:**				
6100	Marketing expenses	2,291	9	5,702	2
6200	Management expenses	100,591	395	97,434	30
		102,882	404	103,136	32
	Net operating loss	(91,764)	(360)	(66,285)	(20)
	Non-operating income and expenses:				
7100	Interest income (Note 6(22))	6,595	26	757	-
7010	Other income (Notes 6(22) and 7)	14,962	59	10,699	3
7020	Other gains and losses (Note 6 (22))	(8,787)	(34)	(8)	-
7050	Finance costs (Notes 6(22) and 7)	(53,671)	(211)	(27,007)	(8)
7060	Share of profits or losses on subsidiaries and associates recognized using the equity method (Note 6(6))	(75,426)	(296)	(18,332)	(6)
	Total non-operating income and expenses	(116,327)	(456)	(33,891)	(11)
7900	**Net loss before tax**	(208,091)	(816)	(100,176)	(31)
7950	**Income tax expenses** (Note 6(16))	-	-	2,397	1
8200	**Net loss for the period**	(208,091)	(816)	(102,573)	(32)
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	(7,630)	(30)	(28,147)	(9)
8330	Share of other comprehensive income of subsidiaries, associates, and joint ventures recognized using the equity method - items not reclassified to profit or loss	3,034	12	286	-
8349	Income tax related to items not reclassified	-	-	-	-
	Comprehensive income for the period	(4,596)	(18)	(27,861)	(9)
8500	**Total comprehensive income for the period**	**$ (212,687)**	**(834)**	**(130,434)**	**(41)**
	Earnings (loss) per share (Note 6(19))				
9750	**Basic earnings (loss) per share**	**$**	**(0.92)**		**(0.64)**
9850	**Diluted earnings (losses) per share**	**$**	**(0.92)**		**(0.64)**

(Please refer to the Notes to the Parent Company Only 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, 2022 and 2021

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, 2021	$ 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
Net loss for the period	-	-	-	(208,091)	(208,091)	-	(208,091)
Comprehensive income for the period	-	-	-	3,088	3,088	(7,684)	(4,596)
Total comprehensive income for the period	-	-	-	(205,003)	(205,003)	(7,684)	(212,687)
Balance as at December 31, 2022	**$ 2,263,791**	**17,484**	**50,262**	**(642,066)**	**(591,804)**	**(225,139)**	**1,464,332**

(Please refer to the Notes to the Parent Company Only 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, 2022 and 2021

Unit: NT$ thousand

	2022	2021
Cash flow from operating activities		
Net loss before tax for the period	$ (208,091)	(100,176)
Adjustments:		
Income and expenses		
Depreciation expense	8,007	7,738
Amortization expense	429	376
Interest expense	53,671	27,007
Interest income	(6,595)	(757)
Dividend income	(36)	(1,224)
Share of losses on subsidiaries and associates recognized using the equity method	75,426	18,332
Share-based remuneration payment cost	-	435
Others	(13,974)	(4,405)
Total income and expenses	116,928	47,502
Changes in assets/liabilities related to operating activities:		
Net change in assets related to operating activities:		
Decrease (increase) in notes receivable	358	(862)
Decrease in other receivables	1,417	578
Increase in inventory	(1,173,595)	(1,810,308)
Increase in prepayment	(71,395)	(23,529)
Increase in other current assets	(7,147)	(31)
Decrease in other non-current assets	-	791
Decrease (increase) in incremental cost of obtaining contracts	2,291	(75,412)
Decrease (increase) in other financial assets	231,934	(229,462)
Total of net change in assets related to operating activities	(1,016,137)	(2,138,235)
Net change in liabilities related to operating activities:		
Increase in contract liabilities	136,501	178,242
Decrease in notes payable	(10,824)	(16,144)
Increase in accounts payable	263,122	135,844
Decrease in other payables	(35,948)	(16,569)
Increase (decrease) in provision	(313)	15
Increase in advance receipts	12	400
Increase in other current liabilities	606	1,000
Total of net change in liabilities related to operating activities	353,156	282,788
Total net changes in assets and liabilities related to operating activities	(662,981)	(1,855,447)
Total adjustments	(546,053)	(1,807,945)
Cash outflow from operations	(754,144)	(1,908,121)
Interest received	6,087	757
Dividends received	8,675	55,161
Interest paid	(61,740)	(28,986)
Income tax paid	(446)	(2,449)
Net cash outflow from operating activities	(801,568)	(1,883,638)

Shihlin Development Company Limited

Statements of Cash Flows (Continued)

For the Years Ended December 31, 2022 and 2021

Unit: NT$ thousand

	2022	2021
Cash flow from investing activities:		
Investments using the equity method acquired	-	(150,000)
Investments using the equity method disposed of	-	8,054
Acquisition of property, plant and equipment	(451)	(858)
Acquisition of intangible assets	(557)	(586)
Increase in other financial assets	(280,710)	(253,090)
Decrease in other financial assets	66,160	8,955
Net cash outflow from investing activities	(215,558)	(387,525)
Cash flow from financing activities:		
Increase in short-term borrowings	453,000	2,346,723
Decrease in short-term borrowings	(1,212,500)	(500,000)
Increase in short-term notes and bills payable	-	298,463
Decrease in short-term notes and bills payable	(299,616)	(498,193)
Issuance of corporate bonds	1,200,000	1,000,000
Increase in guarantee deposits received	97	439
Decrease in other payables - related parties	-	(200,000)
Lease principal repayment	(7,817)	(7,760)
Cash capital increase	-	852,862
Net cash inflow from financing activities	133,164	3,292,534
Increase (decrease) in cash and cash equivalents for the period	(883,962)	1,021,371
Opening balance of cash and cash equivalents	1,581,091	559,720
Ending balance of cash and cash equivalents	**$ 697,129**	**1,581,091**

(Please refer to the Notes to the Parent Company Only Financial Statements)

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

Shihlin Development Company Limited
Notes to the Parent Company Only Financial Statements
For the Years Ended December 31, 2022 and 2021
(Unless otherwise stated, all amounts are in thousands of NTD)

I. 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.

II. Date and Procedure for Approval of Financial Statements

The Parent Company Only Financial Statements were approved by the Board of Directors for release on March 9, 2023.

III. Application of Newly Issued and Amended Standards and Interpretations

(I) 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, 2022, which has not caused a material impact on the Parent Company Only 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)

(II) 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, 2023, which will not cause a material impact on the Parent Company Only Financial Statements.

- 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)

(III) 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 Parent Company Only 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 (Non-current Liabilities with Covenants)
- Amendments to IFRS 17 (Initial Application of IFRS 17 and IFRS 9—Comparative Information)
- Amendments to IFRS 16 (Lease Liability in a Sale and Leaseback)

IV. Summary of Significant Accounting Policies

A summary of the significant accounting policies adopted in the Parent Company Only Financial Statements is as follows. Except for the details of changes in accounting policies in Note 3, the accounting policies below have been applied consistently throughout the reporting period presented in the Parent Company Only Financial Statements.

(I) Statement of compliance

The Parent Company Only Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

1. Basis for measurement

Except for important items on the balance sheets below, the Parent Company Only 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 Parent Company Only 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.

(III) 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.

(IV) 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 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.

(V) 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.

(VI) 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.

(VII) 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.

(VIII) 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 Parent Company Only 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.

(IX) Investment in subsidiaries

When preparing the Parent Company Only 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 Parent Company Only 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 Parent Company Only 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.

(X) 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.

(XI) 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.

(XII) 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.

(XIII) 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.

(XIV) 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.

(XV) 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.

(XVI) 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.

(XVII) 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.

(XVIII) 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.

(XIX) 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.

(XX) 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.

(XXI) 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.

(XXII) 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.

(XXIII) Information on Segments

The Company has disclosed segment information in the consolidated financial statements, so does not disclose such information in the Parent Company Only Financial

Statements.

V. Key Sources of Uncertainty over Critical Accounting Judgments, Assumptions, and Estimation

When the management prepares the Parent Company Only 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 Parent Company Only Financial Statements lies in the substantive control over investees. Please refer to the 2022 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:

(I) 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.

(II) 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. Please refer to Note 6(6) for the evaluation of impairment of investments accounted for using the equity method.

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.

VI. Description of Significant Account Titles

(I) Cash and cash equivalents

	2022.12.31	2021.12.31
Cash	$ 55	55
Demand deposit	201,825	1,561,758
Checking deposit	1,710	19,006
Foreign currency deposit	1,559	272
Time deposits	491,980	-
	$ 697,129	1,581,091

Please refer to Note 6(23) for the disclosure of interest rate risk and sensitivity analysis of the Company's financial assets and liabilities.

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

1. The details are as follows:

	2022.12.31	2021.12.31
Equity instruments at fair value through other comprehensive income:		
Domestic TWSE/TPEx listed stock - Acer Incorporated	$ 372	482
Domestic privately placed stock - Choice	23,280	26,430
Hong Kong listed stock - Beijing Health (Holdings) Limited	22,592	26,962
Total	$ 46,244	53,874

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.

1. Please refer to Note 6(23) for credit risk and market risk information.
2. None of the above financial assets was pledged as collateral as of December 31, 2022 and 2021.

(III) Notes and accounts receivable

	2022.12.31	2021.12.31
Notes receivable - from operations	$ 504	9,344
Accounts receivable - from operations	-	8
Less: Allowance for losses	-	-
	$ 504	9,352

The Company adopts a simplified approach to estimate expected credit losses for all notes and accounts receivable which are measured at lifetime expected credit losses. To this end, such notes and accounts receivable 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 and accounts receivable is as follows:

	2022.12.31		
	Carrying amount of notes and accounts receivable	**Weighted average expected credit loss rate**	**Allowance for lifetime expected credit losses**
Not past due	$ 504	0%	-

	2021.12.31		
	Carrying amount of notes receivable	**Weighted average expected credit loss rate**	**Allowance for lifetime expected credit losses**
Not past due	$ 9,352	0%	-

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

	2022	**2021**
Ending balance (opening balance)	$ -	-

None of the above notes receivable was pledged as collateral as of December 31, 2022 and 2021.

Please refer to Note 6(23) for information on other credit risks.

IV. Other receivables

	2022.12.31	**2021.12.31**
Other receivables- joint construction deposit	$ 47,500	6,000
Others	508	1,647
Less: Allowance for losses	(6,000)	(6,000)
	$ 42,008	1,647

1. As of December 31, 2022 and 2021, 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.

(V) Inventories

	2022.12.31	2021.12.31
Construction business		
Real estate for sale	$ 339,059	353,141
Construction land	1,399,821	1,399,821
Construction in progress	2,845,525	1,642,158
Prepayment for land	17,735	17,735
	$ 4,602,140	3,412,855
Estimated to be recovered after more than 12 months	$ 4,263,081	3,059,714

1. The Company recognized the cost of inventories in cost of sales and expenses in 2022 and 2021 in the amounts of NT$14,082 thousands and NT$282,585 thousands, respectively.
2. In both 2022 and 2021, 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 2022 and 2021 was calculated at the capitalized interest rate of 1.53% and 1.36%, 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, 2022 and 2021.

(VI) Investments using the equity method

The Company's investments using the equity method as at the balance sheet date are listed below:

	2022.12.31	2021.12.31
Subsidiary	$ 244,785	308,696
Associate	26,519	43,639
	$ 271,304	352,335

1. Subsidiary

   Please refer to the 2022 consolidated financial statements.

   Subsidiary, Qun Xin Properties Co., Ltd., assessed the impairment of the recoverable amount of operating assets (property, plant and equipment and right-of-use assets) for 2022 and 2021 and adopted the value in use as the basis for the calculation of the recoverable amount. The value-in-use calculation is based on subsidiaries’ forecasted future cash flows. The forecasted cash flows are based on combined factors of changes in the industry, market competition, estimated future annual revenue, gross profit, and other operating costs. The subsidiaries adopted the discount rates of 4.96% and 4.20% for 2022 and 2021 to reflect the specific risks from the relevant cash-generating units. As per the result of the above evaluation, there was no need to recognize impairment loss for 2022 and 2021.

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	
			2022.12.31	2021.12.31
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 Parent Company Only 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.:

	2022.12.31	2021.12.31
Current assets	$ 84,036	148,643
Non-current assets	15,519	15,535
Current liabilities	(4,699)	(20,408)
Non-current liabilities	(19,088)	(19,088)
Net assets	$ 75,768	124,682
Net assets attributable to non-controlling interests in investee	$ -	-
Net assets attributable to owners of investee	$ 75,768	124,682

	2022	2021
Operating revenue	$ -	490,876
Net income (loss) of continuing operations for the period	$ (24,232)	146,428
Other comprehensive income	-	-
Total comprehensive income	$ (24,232)	146,428
Total comprehensive income attributable to owners of investee	$ (24,232)	146,428
The Company's share of the net assets of associates at the beginning of the period	$ 43,639	46,326
Total comprehensive income attributable to the Company for the period	(8,481)	51,250
Dividends received from associates in the period	(8,639)	(53,937)
The Company's share of the net assets of associates at the end of the period	26,519	43,639
Carrying amount of the Company's equity in associates at the end of the period	$ 26,519	43,639

3. Collateral

None of the above investments using the equity method by the Company was pledged as collateral as of December 31, 2022 and 2021.

(VII) 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, 2022	$ 9,277	6,799	1,647	17,723
Addition	451	-	-	451
Disposal	(2,088)	(400)	(1,391)	(3,879)
Balance on December 31, 2022	$ 7,640	6,399	256	14,295
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

	Office equipment	Leasehold improvement	Other equipment	Total
Depreciation and impairment losses:				
Balance on January 1, 2022	$ 8,317	6,659	1,647	16,623
Depreciation during the period	331	99	-	430
Disposal	(2,088)	(400)	(1,391)	(3,879)
Balance on December 31, 2022	$ 6,560	6,358	256	13,174
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
Book value:				
December 31, 2022	$ 1,080	41	-	1,121
January 1, 2021	$ 519	-	-	519
December 31, 2021	$ 960	140	-	1,100

None of the above property, plant and equipment held by the Company was pledged as collateral as of December 31, 2022 and 2021.

(VIII) 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, 2022	$ 18,753	5,087	23,840
Addition	979	647	1,626
Decrease	(979)	(1,206)	(2,185)
Balance on December 31, 2022	$ 18,753	4,528	23,281
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
Depreciation and impairment losses			

	Buildings	Transportation equipment	Total
on right-of-use assets:			
Balance on January 1, 2022	$ 12,468	1,788	14,256
Depreciation	6,251	1,326	7,577
Decrease in others	(979)	(1,206)	(2,185)
Balance on December 31, 2022	**$ 17,740**	**1,908**	**19,648**
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**
Book value:			
December 31, 2022	**$ 1,013**	**2,620**	**3,633**
January 1, 2021	**$ 12,536**	**628**	**13,164**
December 31, 2021	**$ 6,285**	**3,299**	**9,584**

(IX) Investment property

	2022.12.31	2021.12.31
Land		
Cost	$ 19,809	19,809
Impairment	(13,000)	(13,000)
Total investment property	**$ 6,809**	**6,809**
Fair value	**$ 50,204**	**50,204**

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, 2022 and 2021.

(X) Other financial assets

	2022.12.31	2021.12.31
Current:		
Other financial assets - certificates of deposit	$ 91,980	-
Other financial assets - trust account for presale of properties	171,299	403,232
Joint construction deposit	245,528	341,771
	$ 508,807	**745,003**
Non-current:		
Other financial assets - restricted deposits	$ 394,592	216,570
Guarantee deposits paid	280	990
	$ 394,872	**217,560**

Please refer to Note 8 for the Company's other financial assets pledged as collateral as of December 31, 2022 and 2021.

(XI) Short-term borrowings

	2022.12.31	2021.12.31
Unsecured bank borrowings	$ 812,000	1,341,000
Secured bank borrowings	775,223	1,005,723
Total	**$ 1,587,223**	**2,346,723**
Unused credit lines	**$ 2,081,000**	**117,000**
Interest rate range	**1.83%~2.615%**	**1.25%~2.00%**

Please refer to Note 8 for the Company's assets provided as collateral for bank borrowings as of December 31, 2022 and 2021. Please refer to Note 6(23) for information on exposure to liquidity risk.

(XII) Short-term notes and bills payable

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

	2022.12.31		
	Guarantee or acceptance institution	**Interest rate range**	**Amount**
Commercial papers payable	Taiwan Cooperative Bills Finance Corporation ,China Bills Finance Corporation, and Dah Chung Bills Finance Corp.	-	$ -
Unused credit lines			**$ 150,000**

	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			$ -

The Company's short-term notes and bills payable were not pledged as of December 31, 2022 and 2021. Please refer to Note 6(23) for information on liquidity risk.

(XIII) Corporate bonds payable

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

	2022.12.31	**2021.12.31**
Amount of domestic ordinary corporate bonds issued	$ 2,800,000	1,600,000
Unamortized balance of discounted corporate bonds payable	(5,709)	(4,460)
Less: Current portion	-	-
Balance of corporate bonds payable at the end of the period	$ 2,794,291	1,595,540

2. The rights and obligations of the Company's domestic secured ordinary corporate bonds are as follows:

Item	The first issue of domestic secured corporate bonds in 2022
Total issue amount	NT$1,200,000 thousands
Issue date	2022.01.12
Coupon rate	0.60%
Issue period	2022.01.12~2027.01.12
Guarantee agency	Hua Nan Commercial Bank Ltd.
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 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.

(XIV) Lease liabilities

The carrying amounts of the Company's lease liabilities are as follows:

	2022.12.31	2021.12.31
Current	$ 3,169	6,860
Non-current	$ 1,871	4,221

Please refer to Note 6(23) "Financial instruments" for maturity analysis.

The amounts recognized in profit or loss are as follows:

	2022	2021
Interest expense on lease liabilities	$ 150	258
Gains from sublease of right-of-use assets	$ 434	434
Expenses on short-term leases	$ 43	147
Expenses on low-value leased assets (excluding short-term, low-value leases)	$ 103	103

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

	2022	2021
Total cash outflow from leases	$ 7,679	7,834

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 one to two 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.

(XV) Employee benefits

1. Defined benefit plan

The details of the Company's employee benefit liabilities are as follows:

	2022.12.31	2021.12.31
Paid leave liability	$ 101	414

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.

Pension expenses under the defined contribution plan in 2022 and 2021 were NT$2,431 thousands and NT$2,237 thousands, respectively, which have been contributed to the Bureau of Labor Insurance.

(XVI) Income tax

1. Income tax expense

(1) The details of the Company’s income tax expenses for 2022 and 2021 are as follows:

	2022	2021
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 losses before tax for 2022 and 2021 is as follows:

	2022	2021
Net loss before tax	$ (208,091)	(100,176)
Income tax calculated at the domestic tax rate where the Company is located	$ (41,618)	(20,035)
Domestic investment losses recognized using the equity method	15,085	3,666
Income from land exempt from land tax	-	9,687
Investment loss	-	(86,435)
Book and tax difference of capitalization	9,305	6,057
Current tax losses on unrecognized deferred tax assets	13,744	76,218
Land value increment tax	-	2,397
Others	3,484	10,842
Total	**$ -**	**2,397**

2. Deferred tax assets and liabilities

Items not recognized as deferred tax assets by the Company are as follows:

	2022.12.31	2021.12.31
Tax loss	$ 113,664	104,259
Others	6,856	7,412
	$ 120,520	111,671

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, 2022, 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 (reported amount)	359,395	2031
2022 (estimated amount)	68,721	2032
	$ 568,322	

3. The Company's profit-seeking enterprise income tax returns filed have been approved by the tax authority up to the year 2020.

(XVII) Capital and other interests

1. Share capital

The total amount of the Company's authorized capital as of December 31, 2022 and 2021 was NT$3,000,000 thousand, divided into 300,000 thousand shares, 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 all capital contributions for the shares have been received.

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:

	2022.12.31	2021.12.31
Share issued at a premium	$ 16,408	16,408
Share issued at a premium - employee stock options	1,076	1,076
	$ 17,484	17,484

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 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 June 10, 2022 and August 27, 2021, passed a resolution not to distribute 2021 and 2020 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, 2022	$ (217,455)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	(7,630)
Share of unrealized gain or loss on financial assets at fair value through other comprehensive income of subsidiaries using the equity method	(54)
Balance on December 31, 2022	**$ (225,139)**
Balance on January 1, 2021	$ (189,592)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	(28,147)
Cumulative gain or loss on disposal of debt instruments at fair value through other comprehensive income reclassified to profit or loss	57
Share of unrealized gain or loss on financial assets at fair value through other comprehensive income of subsidiaries using the equity method	227
Balance on December 31, 2021	**$ (217,455)**

(XVIII) Share-based payments

The Company's share-based payments for 2021 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**
Grant date	2021.08.31
Number of shares granted	990 thousands shares
Fair value on the grant date	9.94
Strike price	9.5
Recipient	Full-time employee
Vesting condition	Immediately vested

The details of the above employee stock warrants are as follows:

	2021	
(in thousands)	**Weighted average strike price (NTD)**	**Number of stock options**
Number outstanding on January 1	-	-
Number of shares granted in this period	$ 9.50	990
Number of options exercised	9.50	(990)
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 were NT$435 thousands.

(XIX) Loss per share

The basic loss per share for 2022 and 2021 are as follows:

	2022	**2021**
Basic loss per share		
Net loss attributable to holders of the Company's common shares	$ (208,091)	(102,573)
Weighted average number of common shares outstanding	226,379	160,790
Basic loss per share	$ (0.92)	(0.64)
Diluted loss per share		
Net loss attributable to holders of the Company's common shares	$ (208,091)	(102,573)
(after adjustment to the effect of potentially dilutive common shares)		
Weighted average number of common shares outstanding after adjustment	226,379	160,790
Employee stock options	-	2

Weighted average number of common shares outstanding (after adjustment to the effect of potentially dilutive common shares)	226,379	160,792
Diluted loss per share	**$ (0.92)**	**(0.64)**

(XX) Revenue from customer contracts

1. Details of revenue

	2022	2021
Main product/service lines:		
Sales of real estate	$ 22,496	319,138
Others	2,980	396
	$ 25,476	319,534

2. Contract balance

	2022.12.31	2021.12.31	110.1.1
Notes receivable - from operations	$ 504	9,344	8,490
Accounts receivable - from operations	-	8	-
Less: Allowance for losses	-	-	-
Total	$ 504	9,352	8,490
Contract liabilities	$ 591,618	455,151	276,909

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, 2022 and 2021 recognized in income for 2022 and 2021 were in the amounts of NT$0 thousands and NT$106,123 thousands, respectively.

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.

(XXI) Remuneration of employees, directors, and supervisors

As 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 2022 and 2021, 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 director remuneration for 2022 and 2021 were both in the amounts of NT$0 as no profit was made during both years as per the Articles of Association, which was no different from the actual distribution. Relevant information is available on the MOPS.

(XXII) Non-operating income and expenses

1. Interest income

The details of the Company's interest income for 2022 and 2021 are as follows:

	2022	2021
Interest on bank deposits	$ 6,593	752
Other interest income	2	5
	$ 6,595	757

2. Other income

The details of the Company's other income for 2022 and 2021 are as follows:

	2022	2021
Dividend income	$ 36	1,224
Contract termination income	-	4,286
Others	14,926	5,189
	$ 14,962	10,699

3. Other gains and losses

The details of the Company's other gains and losses in 2022 and 2021 are as follows:

	2022	2021
Foreign currency exchange losses	$ (7,871)	(8)
Miscellaneous losses	(916)	-
	$ (8,787)	(8)

4. Financial costs

The Company's financial costs for 2022 and 2021 are as follows:

	2022	2021
Interest expense		
Bank borrowings	$ 31,345	25,147
Corporate bonds	37,866	11,904
Lease liabilities	150	258
Less: Capitalized interest	(15,690)	(10,302)
	$ 53,671	27,007

(XXIII) 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, 2022 and 2021.

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, 2022					
Non-derivative liabilities:					
Secured bank borrowings	$ 775,223	848,779	17,641	17,641	813,497
Unsecured bank borrowings	812,000	863,298	190,877	14,465	657,956
Lease liabilities	5,040	5,117	3,221	1,360	536
Accounts and other payables	511,080	511,080	479,485	4,718	26,877
Secured ordinary corporate bonds	2,794,291	2,855,386	18,200	616,148	2,221,038
Guarantee deposits received	584	584	584	-	-
	$ 4,898,218	5,084,244	710,008	654,332	3,719,904
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

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:

	2022.12.31			**2021.12.31**		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 6,000	30.6600	183,960	-	-	-
Non-monetary items						
HKD	$ 5,730	3.9430	22,592	7,667	3.5490	26,962

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 loss for 2022 and 2021 would have decreased/increased by NT$68 thousands and NT$513 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:

	2022	2021
Securities prices on the balance sheet date	**Other comprehensive income after tax**	**Other comprehensive income after tax**
Increase by 3%	$ 1,387	1,616
Decrease by 3%	$ (1,387)	(1,616)

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:

Notes to the Parent Company Only Financial Statements of Shihlin Development Company Limited (Continued)

	2022.12.31				
		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	$ 22,964	22,964	-	-	22,964
Publicly listed companies' privately placed stocks	23,280	-	23,280	-	23,280
Subtotal	46,244	22,964	23,280	-	46,244
Financial assets at amortized cost					
Cash and cash equivalents	$ 697,129	-	-	-	-
Notes and accounts payable	504	-	-	-	-
Other receivables	42,008	-	-	-	-
Other financial assets (current and non-current)	903,679	-	-	-	-
Subtotal	1,643,320	-	-	-	-
Total	$ 1,689,564	22,964	23,280	-	46,244
Financial liabilities at amortized cost					
Short-term borrowings and short-term notes and bills payable	$ 1,587,223	-	-	-	-
Notes and accounts payable (including related parties)	445,882	-	-	-	-
Other payables (including related parties)	65,198	-	-	-	-
Lease liabilities (current and non-current)	5,040	-	-	-	-
Secured ordinary corporate bonds	2,794,291	-	2,717,981	-	2,717,981
Guarantee deposits received	584	-	-	-	-
Total	$ 4,898,218	-	2,717,981	-	2,717,981

	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 non-current)	11,081	-	-	-	-
Secured ordinary corporate bonds	1,595,540	-	1,605,583	-	1,605,583
Guarantee deposits received	487	-	-	-	-
Total	$ 4,556,627	-	1,605,583	-	1,605,583

(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. The fair values of ordinary corporate bonds payable are measured at Level 2 inputs, and the fair values are measured based on the weighted average price in hundreds of dollars announced by Taipei Exchange on the reporting date.

(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 2022 and 2021. In addition, there was no transfer between the levels of fair values in 2022 and 2021.

(XXIV) 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 Parent Company Only 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, 2022 and 2021, 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, 2022 and 2021, were in the amounts of NT$2,231,000 thousands and NT$117,000 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.

(XXV) 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 stakeholders, 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 2022 was the same as in 2021.

The debt-to-equity ratios as of December 31, 2022 and 2021 were as follows:

	2022.12.31	**2021.12.31**
Total liabilities	$ 5,493,795	5,023,922
Less: Cash and cash equivalents	(697,129)	(1,581,091)
Net liabilities	4,796,666	3,442,831
Total equity	1,464,332	1,677,019
Capital after adjustment	**$ 6,260,998**	**5,119,850**
Debt-to-equity ratio	**76.61%**	**67.24%**

The increase in the debt-to-capital ratio on December 31, 2022 was mainly due to the fact that the Company issued unsecured ordinary corporate bonds during this period, resulting in an increase in total liabilities.

VII. Related Party Transactions

(I) 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 Parent Company Only 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 (Note 2)	Subsidiary of the Company
Qun Xin Properties Co., Ltd.	Subsidiary of the Company
Kinship Restaurant Group Ltd. (Note 3)	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) (Note 4)	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

Name of related party	Relations with the Company
	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)	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)	A 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.	A director at the Company and the chairman of the company are the same person.
Deyu Co., Ltd. (Deyu)	A director at the Company and the chairman of the company are the same person.
Prospect Hospitality Co., Ltd. (Prospect Hospitality)	A 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
Ambassador Real Estate Development Co., Ltd. (Ambassador Real Estate)	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: 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. It was dissolved on November 14, 2022 by resolution of the shareholders' meeting due to the Group’s consideration for operations as approved per letter Jing-Shang No. 11155093200 dated November 21, 2022.

Note 3: 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.

Note 4: Due to the consideration for the Group’s operations, Huide Development Company Limited sold all the shares it held in Shi Hong Interior Design Co., Ltd. on April 27, 2022 and completed the sale of the shares, so the latter is no longer a related party of the Company.

(II) Significant transactions with related parties

1. Payables to related parties

The Company's payables to related parties are as follows:

Account	Category of related party	2022.12.31	2021.12.31
Other payables	Other related parties–Shihlin Electric	$ 77	77

2. Loans from related parties

   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 were NT$208 thousands and the relevant loans were fully repaid in January, 2021. There was no such situation in 2022.

3. 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 2022 and 2021 were NT$90 thousands and NT$203 thousands, respectively, and the balances of lease liabilities as of December 31, 2022 and 2021 were NT$1,527 thousands and NT$7,565 thousands.

   In addition, the Company subleased its leased office building and warehouse to other related parties as offices. The rental income recognized for 2022 and 2021 was NT$385 thousands and NT$411 thousands respectively, recognized in other income

4. For the cash dividends received by the Company from the associate - SURV Planning And Development Co., Ltd. in 2022 and 2021, please refer to Note 6(6) for relevant information.
5. The Company recovered a capital of NT$8,054 thousands in 2021 for liquidation of subsidiary, Newkind Co., Ltd.
6. 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.

(III) Transactions by key management personnel

	2022	2021
Short-term employee benefits	$ 14,868	13,375
Post-retirement benefits	216	216
	$ 15,084	13,591

VIII. Assets Pledged

The details of the book value of the assets pledged by the Company are as follows:

Asset name	Collateral	2022.12.31	2021.12.31
Inventory	Bank borrowings	$ 1,892,730	1,638,590
Restricted assets (recognized in other financial assets - non-current)	Collateral for corporate bonds	394,592	216,570
		$ 2,287,322	1,855,160

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

(I) 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:

	2022.12.31	2021.12.31
Price of the signed sales contract	$ 4,448,110	4,444,930
Amount received as per contract	$ 591,618	455,118

2. The construction contracts signed between the Company and suppliers and amounts paid as per the contracts are as follows:

	2022.12.31	2021.12.31
Price of the signed construction contract	$ 4,278,633	4,183,647
Unrecognized amount	$ 2,989,243	3,917,820

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:

	2022.12.31	2021.12.31
Price of signed contract (before tax)	$ 561,367	683,965
Amount not yet paid (before tax)	$ 273,036	393,676

4. The total price of the land purchase contract signed by the Company for the purchase of land is as follows:

	2022.12.31	2021.12.31
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	2022.12.31	2021.12.31
Guarantee notes received	Outsourcing of projects and urban renewal development collaboration	$ 721,322	480,881
Guarantee deposits paid (recognized in other financial assets - current)	Joint construction project	$ 245,528	341,771

(II) Others:

1. In October 2012, the Company 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, 2022, 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.

X. Major Disaster Loss: None

XI. Material Events After the Balance Sheet Date: None

XII. Others

Employee benefits and depreciation and amortization expense are summarized by function as follows:

By function / By nature	2022			2021		
	Operating costs	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Employee benefits						
Salary and wages	$ -	54,743	54,743	-	48,923	48,923
Labor and health insurance	-	4,121	4,121	-	3,776	3,776
Pension	-	2,431	2,431	-	2,237	2,237
Remuneration to directors	-	3,655	3,655	-	3,626	3,626
Other employee benefits	-	2,700	2,700	-	2,662	2,662
Depreciation expense	-	8,007	8,007	-	7,738	7,738
Amortization expense	-	429	429	-	376	376

Additional information on the Company's number of employees and employee benefit expenses for 2022 and 2021 is as follows:

	2022	2021
Number of employees	49	45
Number of directors who do not serve as employees con-currently	6	6
Average employee benefit expenses	$ 1,488	1,477
Average employee salary and wages	$ 1,273	1,254
Average adjustment to employee salary and wages	1.52%	
Supervisors' remuneration	$ -	-

The Company's remuneration policy (including directors, managerial officers, and employees) information is as follows:

(I) 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.

(II) 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.

XIII. Additional Disclosures

(I) 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 2022 as follows:

1. Loans to others: None.
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	372	- %	372	
The Company	Stock - Choice Development, Inc.	None	"	3,000	23,280	2.96 %	23,280	Note
The Company	Stock - Beijing Health (Holdings) Limited	None	"	84,258	22,592	- %	22,592	
The Company	Stock - Lico Technology Corp.	None	"	4,014	-	3.23 %	-	
Charter Leisure Co., Ltd.	Stock - Nan Ya Plastics Corporation	None	"	29	2,074	- %	2,074	
Charter Leisure Co., Ltd.	Stock - Acer Incorporated	None	"	16	372	- %	372	
Charter Leisure Co., Ltd.	Stock - Winbond Electronics Corp.	None	"	4	78	- %	78	
Charter Leisure Co., Ltd.	Stock - The Roar Company Limited	None	"	547	3,420	13.07 %	3,420	
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 acquiring real estate	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	Relation to the issuer	Transfer date	Amount			
The Company	Tonghua Section, Daan District, Taipei City	2021.04.27	$ 3,100	3,100	Da-Cin Construction Co., Ltd.	Non-related party	-	-	-	-	Price negotiation	Urban renewal	None
"	"	2021.08.18~2021.08.30	$ 253,988	253,988	Two people surnamed Shen and Mo	Non-related party	-	-	-	-	"	"	"
"	"	2022.11.10	$ 73,354	-	National Property Administration	Non-related party	-	-	-	-	Appraisal by the government	"	"

6. Disposal of individual property at costs of at least NT$300 million or 20% of the paid-in capital: None.
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.

(II) Information on investees:

The information on the Company's investees in 2022 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%	49,111	(692)	(299)	
The Company	SURV Planning And Development Co., Ltd.	Taiwan	Real estate development	17,858	17,858	1,750	35.00%	26,519	(24,232)	(8,481)	
The Company	Huide Development Company Limited	Taiwan	Real estate development	115,000	115,000	11,500	100.00%	122,800	8,987	8,987	
The Company	Good One Company Limited	Taiwan	Retail sales of integrated wholesales	80,000	80,000	8,000	100.00%	5,889	(137)	(137)	Note 1
The Company	Qun Xin Properties Co., Ltd.	Taiwan	General hotel industry	350,000	350,000	23,000	79.31%	66,985	(95,191)	(75,496)	
Huide Development Company Limited	T-Design Co., Ltd.	Taiwan	Interior design	19,800	19,800	1,980	33.00%	(1,047)	(1,448)	Exempted from disclosure	
Huide Development Company Limited	Shi Hong Interior Design Co., Ltd.	Taiwan	Interior design	-	29,400	-	- %	-	-	"	Note 2

Note 1: Good One Company Limited was dissolved on November 14, 2022 by resolution of the shareholders' meeting due to the Group's consideration for operations as approved per letter Jing-Shang No. 11155093200 dated November 21, 2022.

Note 2: Due to the consideration for the Group's operations, Huide Development Company Limited sold 49% equity in Shi Hong Interior Design Co., Ltd. it held on April 27, 2022, completed the transfer of the equity, and lost its significant influence on the latter.

(III) Information on investments in mainland China: None.

(IV) Information on major shareholders:

Shares **Name of principal shareholder**	**Number of shares held**	**Shareholding ratio**
Choice Development, Inc.	21,806,014	9.63%
Chuang Sheng Investment Co., Ltd.	20,374,118	8.99%
Yao ze Limited	20,374,118	8.99%
Chen Chieh Investment Limited	15,428,201	6.81%

XIV. Information on Segments

Please refer to the 2022 consolidated financial statements.

Shihlin Development Company Limited

Statement of Cash and Cash Equivalents

December 31, 2022

Unit: NT$ thousand

Item	Summary	Amount
Cash		$ 55
Bank deposits		
Foreign currency deposit	US$50,850.61 at the exchange rate of 30.66 NTD to 1 USD	1,559
Checking deposit		1,710
Demand deposit		201,825
Time deposits		400,000
Time deposits in foreign currencies	US$3,000,000.00 at the exchange rate of 30.66 NTD to 1 USD	91,980
		$ 697,129

Shihlin Development Company Limited

Statement of Inventories

December 31, 2022

Unit: NT$ thousand

Item	Summary	Amount		Remarks
		Cost	Net realizable value	
Real estate for sale	Residential project in Neihu	$ 23,659		Close to the market price
	Linyi Street project	315,400		"
	Subtotal	339,059	417,684	
Construction in progress	Chengde Jinxi project	1,581,871		Return on investment analysis
	Zhiyuan 1st Rd., Beitou project	373,554		"
	Xinyi Anhe project	168,316		"
	Bihu 410 Road project	269,943		"
	Shidong Road project	366,790		"
	Ruian Street project	74,301		"
	Section 6, Zhongshan North Road project	8,743		"
	Lane 157, Zhongshan North Road	2,007		"
	Subtotal	2,845,525	3,045,187	
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	1,954,627	
Prepayment for land	Section 2, Anhe Road	17,735	17,735	
Total		$ 4,602,140	5,435,233	

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, 2022

Unit: NT$ thousand

	Opening balance		Increase in this period		Decrease in this period (Note 1)			Ending balance				
Company	**Number of shares (in thousands)**	**Amount**	**Number of shares (in thousands)**	**Amount**	**Number of shares (in thousands)**	**Amount**	**Adjustments to values using the equity method (Note 2)**	**Number of shares (in thousands)**	**Shareholding ratio (%)**	**Amount**	**Market price or net equity worth**	**Guarantee or pledge**
Charter Leisure Co., Ltd.	2,166	$ 46,376	-	-	-	-	2,735	2,166	43.30	49,111	22.67	None
Huide Development Company Limited	11,500	113,813	-	-	-	-	8,987	11,500	100.00	122,800	10.68	〃
SURV Planning And Development Co., Ltd.	1,750	43,639	-	-	-	8,639	(8,481)	1,750	35.00	26,519	15.15	〃
Qun Xin Properties Co., Ltd.	23,000	142,481	-	-	-	-	(75,496)	23,000	79.31	66,985	2.91	〃
Goodone Company Limited	8,000	6,026	-	-	-	-	(137)	8,000	100.00	5,889	0.74	〃
Total		$ 352,335		-		8,639	(72,392)			271,304		

Note 1: The decrease for this period is due to the cash dividends of NT$8,639 thousands received.

Note 2: The decrease for this period is due to 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$(75,426) thousands and the change in other comprehensive income in the amount of NT$3,034 thousands.

Shihlin Development Company Limited
Statement of Short-Term Borrowings
December 31, 2022

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	$ 10,000	2022/12/27~ 2023/12/13	Note	50,000	None
First Commercial Bank	"	53,000	2021/01/29~ 114/01/29	〃	482,000	"
"	"	100,000	2022/11/23~ 2023/02/21	〃	100,000	"
Lanya Branch, Mega International Commercial Bank	"	36,000	2022/11/23~ 2023/02/21	〃	180,000	"
"	Secured borrowings	587,223	2021/03/23~ 2027/03/23	〃	650,000	Yes
"	"	98,000	2022/10/18~ 2027/05/18	〃	98,000	"
E. Sun Commercial Bank, Ltd.	Unsecured borrowings	10,000	2022/01/04~ 2023/01/04	〃	50,000	None
Cathay United Bank	"	10,000	2022/02/05~ 2023/02/05	〃	50,000	"
Dazhi Branch, Bank of Kaohsiung	"	10,000	2022/11/23~ 2023/01/18	〃	100,000	"
Sinan Branch, Bank of Taiwan	"	290,000	2021/08/31~ 2026/08/31	〃	480,000	"
"	"	114,000	2021/11/30~ 2026/08/31	〃	The amounts above share the same facility	"
"	"	76,000	2022/04/27~ 2026/08/31	〃	〃	"
"	"	27,000	2022/10/21~ 2027/10/21	〃	1,450,000	"
"	"	76,000	2022/12/30~ 2027/10/21	〃	The amounts above share the same facility	"
"	Secured borrowings	90,000	2021/08/10~ 2026/08/10	〃	90,000	Yes
		$ 1,587,223				

Note: Interest rate range is from 1.83%–2.615%.

Shihlin Development Company Limited

Statement of Contract Liabilities

December 31, 2022

Unit: NT$ thousand

Item	Summary	Amount	Remarks
Advance real estate receipts	Section 6, Zhongshan North Road project	$ 8,505	
	Zhiyuan 1st Rd., Beitou project	131,832	
	Shidong Road project	156,337	
	Chengde Jinxi project	294,944	
		$ 591,618	

Shihlin Development Company Limited

Statement of Accounts payable

December 31, 2022

Unit: NT$ thousand

Name of supplier	Amount
Company A	$ 147,397
Company B	49,873
Company C	47,959
Others (Note)	200,653
Total	**$ 445,882**

Note: The balance of each supplier did not exceed 5% of the balance of this account.

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, 2022

Unit: NT$ thousand

Item	Summary	Amount
Construction income	Income from sales of real estate	$ 22,496
Rental income	Parking space rental income	2,980
		$ 25,476

Statement of Operating Costs

Item	Summary	Amount
Construction cost	Cost of sales of real estate	$ 14,082
Cost of lease	Parking space management fees	276
		$ 14,358

Shihlin Development Company Limited

Statement of Operating Expenses

For the Year Ended December 31, 2022

Unit: NT$ thousand

Item	Marketing expenses	Management expenses	Total
Salary and wages	$ -	58,357	58,357
Depreciation expense	-	8,007	8,007
Professional service fees	-	5,126	5,126
Commissions expense	2,291	-	2,291
Others (Note)	-	29,101	29,101
	$ 2,291	100,591	102,882

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.

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, 2022 and 2021 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, 2022 and 2021 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 of 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, 2022, 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 the income from 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(21) to the consolidated financial statements for the description of income.

Description of key audit matters:

The Group's revenue is mainly from guest rooms and catering services. Due to the characteristics of this industry, the revenue consists of a large number of small-amount transactions, so the risk of error is high. Therefore, the testing of the income from 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:

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.

II. 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 54% 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 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 Group's disclosure of inventory-related information was appropriate.

III. Evaluation of impairment of property, plant and equipment, and right-of-use 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, 2022 accounted for 17% 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, 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, 2022 and 2021 accounted for 2.09% and 1.58% of the total consolidated assets, respectively. Its net operating income for the years ended December 31, 2022 and 2021 accounted for 16.43% and 9.30% 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, 2022 and 2021 accounted for 0.31% and 0.86% 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, 2022 and 2021 accounted for 3.76% and (33.30)% of the consolidated net loss before tax, respectively.

The Group has prepared the Parent Company Only Financial Statements for the years ended December 31, 2022 and 2021, 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 of 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 professional skepticism when performing the audit work in accordance with the auditing standards of 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, 2022. 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 9, 2023

Shihlin Development Company Limited and Its Subsidiaries

Consolidated Balance Sheets

For the Years Ended December 31, 2022 and 2021

Unit: NT$ thousand

		2022.12.31		2021.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 853,603	10	1,822,523	22
1170	Notes and accounts receivable, net (Notes 6(3) and (21))	16,750	-	17,168	-
1180	Accounts receivable - related parties, net (Notes 6(3), (21) and 7)	244	-	314	-
1200	Other receivables (Notes 6(4) and 7)	43,054	1	1,906	-
130X	Inventories (Notes 6(5) and 8)	4,631,819	54	3,418,283	41
1410	Prepayment	153,461	2	79,967	1
1476	Other financial assets - current (Notes 6(11) and 8)	634,987	7	779,203	9
1479	Other current assets - others	7,647	-	3,243	-
1480	Incremental cost of obtaining contracts - current	228,806	3	231,097	3
		6,570,371	77	6,353,704	76
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6(2))	72,438	1	80,193	1
1550	Investments using the equity method (Note 6(6))	26,519	-	73,036	1
1600	Property, plant and equipment (Notes 6(8) and (27))	401,858	5	455,750	6
1755	Right-of-use assets (Note 6(9))	1,036,231	12	1,096,019	13
1760	Net investment property (Notes 6(10))	6,809	-	6,809	-
1780	Intangible assets	500	-	372	-
1840	Deferred tax assets (Note 6(17))	8,590	-	9,422	-
1980	Other financial assets - non-current (Notes 6(11) and 8)	427,805	5	250,485	3
1990	Other non-current assets - others	185	-	185	-
1975	Net defined benefit assets - non-current (Note 6(16)	4,821	-	-	-
		1,985,756	23	1,972,271	24
	Total assets	$ 8,556,127	100	8,325,975	100

		2022.12.31		2021.12.31	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6(12))	$ 1,867,223	22	2,586,723	31
2110	Short-term notes and bills payable (Note 6(13))	-	-	299,616	4
2130	Contract liabilities - current (Note 6(21))	607,969	7	478,906	6
2150	Notes payable	370	-	10,824	-
2170	Accounts payable	459,310	6	205,091	3
2180	Accounts payable - related parties (Note 7)	4,760	-	-	-
2200	Other payables	103,132	1	140,436	2
2220	Other payables - related parties (Note 7)	312	-	155	-
2230	Income tax liabilities for the period (Note 6(17))	2,883	-	2,950	-
2250	Provision for liabilities - current (Note 6(16))	4,020	-	3,030	-
2280	Lease liabilities - current (Notes 6(15) and 7)	109,606	1	104,765	1
2310	Advance receipts	991	-	610	-
2399	Other current liabilities - others	6,610	-	13,887	-
		3,167,186	37	3,846,993	47
	Non-current liabilities:				
2530	Corporate bonds payable (Note 6(14))	2,794,291	33	1,595,540	19
2580	Lease liabilities - non-current (Notes 6(15) and 7)	1,046,718	12	1,104,263	13
2640	Net defined benefit liabilities - non-current (Note 6(16)	-	-	2,443	-
2650	Investment credit balance using the equity method (Note 6(6))	1,047	-	1,047	-
2670	Other non-current liabilities - others	769	-	772	-
		3,842,825	45	2,704,065	32
	Total liabilities	7,010,011	82	6,551,058	79
	Equity attributable to owners of the parent company (Notes and 6(18) and (19)):				
3100	Share capital	2,263,791	27	2,263,791	27
3200	Capital surplus	17,484	-	17,484	-
3300	Retained earnings	(591,804)	(7)	(386,801)	(4)
3400	Other equity interest	(225,139)	(3)	(217,455)	(3)
	Subtotal of equity attributable to owners of the parent company	1,464,332	17	1,677,019	20
36XX	**Non-controlling interests (Note 6(18))**	81,784	1	97,898	1
	Total equity	1,546,116	18	1,774,917	21
	Total liabilities and equity	$ 8,556,127	100	8,325,975	100

(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 Comprehensive Income

For the Years Ended December 31, 2022 and 2021

Unit: NT$ thousand

		2022		2021	
		Amount	**%**	**Amount**	**%**
4000	**Operating income (Notes 6(21) and 7)**	$ 452,193	100	736,271	100
5000	**Operating costs (Notes 6(5) and 7)**	311,247	69	595,806	81
	Gross profit	140,946	31	140,465	19
	Operating expenses: (Notes 6(16), (19) and 7):				
6100	Marketing expenses	82,150	18	78,963	11
6200	Management expenses	242,465	54	242,607	33
		324,615	72	321,570	44
	Net operating loss	(183,669)	(41)	(181,105)	(25)
	Non-operating income and expenses:				
7100	Interest income (Note 6(23))	8,674	2	1,299	-
7010	Other income (Note 6(23))	39,354	9	36,299	5
7020	Other gains and losses (Note 6 (23))	(225)	-	(658)	-
7050	Finance costs (Notes 6(23) and 7)	(77,879)	(17)	(52,787)	(7)
7060	Share of profits or losses on associates recognized using the equity method (Note 6(6))	(11,613)	(3)	49,198	7
	Total non-operating income and expenses	(41,689)	(9)	33,351	5
7900	**Net loss before tax**	(225,358)	(50)	(147,754)	(20)
7950	**Less: Income tax expenses (Note 6(17))**	2,821	1	3,566	-
	Net loss for the period	(228,179)	(51)	(151,320)	(20)
8300	**Other comprehensive income:**				
8310	**Items not reclassified to profit or loss**				
8311	Remeasurement of defined benefit plans	7,133	2	137	-
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	(7,755)	(2)	(27,625)	(4)
8349	Less: Income tax related to items not reclassified	-	-	-	-
	Other comprehensive income (net after tax) for the period	(622)	-	(27,488)	(4)
8500	**Total comprehensive income for the period**	**$ (228,801)**	**(51)**	**(178,808)**	**(24)**
	Net loss for the period attributable to:				
8610	Owners of the parent company	$ (208,091)	(47)	(102,573)	(13)
8620	Non-controlling interests	(20,088)	(4)	(48,747)	(7)
		$ (228,179)	**(51)**	**(151,320)**	**(20)**
	Total comprehensive income attributable to:				
8710	Owners of the parent company	$ (212,687)	(47)	(130,434)	(17)
8720	Non-controlling interests	(16,114)	(4)	(48,374)	(7)
		$ (228,801)	**(51)**	**(178,808)**	**(24)**
	Earnings (loss) per share (Note 6(20))				
9750	**Basic earnings (loss) per share (Unit: NTD)**	**$**	**(0.92)**		**(0.64)**
9850	**Diluted earnings (loss) per share (Unit: NTD)**	**$**	**(0.92)**		**(0.64)**

(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, 2022 and 2021

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, 2021	$ 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
Net loss for the period	-	-	-	(208,091)	(208,091)	-	(208,091)	(20,088)	(228,179)
Comprehensive income for the period	-	-	-	3,088	3,088	(7,684)	(4,596)	3,974	(622)
Total comprehensive income for the period	-	-	-	(205,003)	(205,003)	(7,684)	(212,687)	(16,114)	(228,801)
Balance as at December 31, 2022	**$ 2,263,791**	**17,484**	**50,262**	**(642,066)**	**(591,804)**	**(225,139)**	**1,464,332**	**81,784**	**1,546,116**

(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, 2022 and 2021

Unit: NT$ thousand

	2022	2021
Cash flow from operating activities		
Net loss before tax for the period	$ (225,358)	(147,754)
Adjustments:		
Income and expenses:		
Depreciation expense	181,346	199,721
Amortization expense	429	424
Interest expense	77,879	52,787
Interest income	(8,674)	(1,299)
Dividend income	(4,157)	(1,975)
Share-based remuneration payment cost	-	435
Share of profit or loss of associates recognized using the equity method	11,613	(49,198)
Loss on disposal and scrapping of property, plant and equipment	528	27
Loss on disposal of investment in subsidiary	-	630
Loss on reclassification of property, plant and equipment	819	635
Gain on disposal of investments using the equity method	(12,445)	-
Rent concessions	(9,322)	(12,788)
Others	(13,974)	(4,405)
Total income and expenses	224,042	184,994
Changes in assets and liabilities related to operating activities:		
Net change in assets related to operating activities:		
Net decrease in (increase) notes and accounts receivable	(8,072)	3,375
Decrease (increase) in accounts receivable - related parties	70	(195)
Decrease in other receivables	1,161	661
Decrease in other receivables - related parties	-	432
Increase in inventory	(1,197,846)	(1,809,736)
Increase in prepayment	(73,494)	(22,087)
Increase in other current assets	(6,922)	(862)
Increase in net defined benefit assets	(4,821)	-
Decrease (increase) in incremental cost of obtaining contracts	2,291	(75,412)
Decrease (increase) in other financial assets	231,934	(229,462)
Total net change in assets related to operating activities	(1,055,699)	(2,133,286)
Net change in liabilities related to operating activities:		
Increase in contract liabilities	129,063	190,306
Decrease in notes payable	(10,454)	(16,255)
Increase in accounts payable	257,937	137,193
Increase (decrease) in accounts payable - related parties	4,760	(4,866)
Decrease (increase) in other payables	(15,578)	9,937
Increase in provision	990	124
Increase in advance receipts	414	400
Increase in other current liabilities	1,213	754
Increase (decrease) in net defined benefit liability	4,689	(130)
Total net change in liabilities related to operating activities	373,034	317,463
Total net changes in assets and liabilities related to operating activities	(682,665)	(1,815,823)
Total adjustments	(458,623)	(1,630,829)
Cash outflow from operations	(683,981)	(1,778,583)
Interest received	7,635	1,320
Dividends received	12,796	62,342
Interest paid	(86,056)	(56,229)
Income tax paid	(2,539)	(4,440)
Net cash outflow from operating activities	(752,145)	(1,775,590)

Shihlin Development Company Limited and Its Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the Years Ended December 31, 2022 and 2021

Unit: NT$ thousand

	2022	2021
Cash flow from investing activities:		
Investments using the equity method disposed of	38,710	-
Net cash outflow from disposal of subsidiary	-	(3,321)
Acquisition of property, plant and equipment	(6,190)	(7,980)
Disposal of property, plant and equipment	11	40
Decrease in other receivables	-	2,500
Acquisition of intangible assets	(557)	(592)
Increase in other financial assets	(372,698)	(253,110)
Decrease in other financial assets	66,160	8,955
Decrease in other non-current assets	-	822
Net cash outflow from investing activities	(274,564)	(252,686)
Cash flow from financing activities:		
Increase in short-term borrowings	833,000	2,586,723
Decrease in short-term borrowings	(1,552,500)	(740,000)
Increase in short-term notes and bills payable	-	298,463
Decrease in short-term notes and bills payable	(299,616)	(598,098)
Issuance of corporate bonds	1,200,000	1,000,000
Increase in guarantee deposits received	-	440
Decrease in guarantee deposits received	(3)	-
Decrease in other payables - related parties	-	(200,000)
Lease principal repayment	(123,092)	(123,295)
Cash capital increase	-	852,862
Changes in non-controlling interests	-	(9)
Net cash inflow from financing activities	57,789	3,077,086
Increase (decrease) in cash and cash equivalents for the period	(968,920)	1,048,810
Opening balance of cash and cash equivalents	1,822,523	773,713
Ending balance of cash and cash equivalents	**$ 853,603**	**1,822,523**

(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, 2022 and 2021
(Unless otherwise stated, all amounts are in thousands of NTD)

I. 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, 2022 and 2021 includes the Company and its subsidiaries (hereinafter referred to as the "Group").

II. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved by the Board of Directors for release on March 9, 2023.

III. Application of Newly Issued and Amended Standards and Interpretations

(I) 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, 2022, which has not caused 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)

(II) 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, 2023, which will not cause a material impact on the consolidated financial statements.

- 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)

(III) 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 (Non-current Liabilities with Covenants)
- Amendments to IFRS 17 (Initial Application of IFRS 17 and IFRS 9—Comparative Information)
- Amendments to IFRS 16 (Lease Liability in a Sale and Leaseback)

IV. 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.

(I) 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.

(II) 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.

(III) 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 2022.12.31	% of equity held 2021.12.31	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	Good One Company Limited	Retail sales of integrated wholesales	100.00%	100.00%	Subsidiary (Note 1)
The Company	Qun Xin Properties Co., Ltd.	General hotel industry	79.31%	79.31%	Subsidiary (Note 2)
Goodone Company Limited	Kinship Restaurant Group Ltd.	Catering industry	- %	- %	Sub-subsidiary (Note 3)

Note 1: Good One Company Limited was dissolved on November 14, 2022 by resolution of the shareholders' meeting due to declining business as approved per letter Jing-Shang No. 11155093200 dated November 21, 2022.

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.

(IV) 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.

(V) 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.

(VI) 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.

(VII) 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.

(VIII) 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.

(IX) 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.

(X) 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.

(XI) 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	3–19 years
(3)	Leasehold improvement	1–19 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.

(XII) 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.

(XIII) 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.

(XIV) 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.

(XV) 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.

(XVI) 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.

(XVII) 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.

(XVIII) 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.

(XIX) 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.

(XX) 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.

(XXI) 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.

(XXII) 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.

(XXIII) 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.

(XXIV) 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.

V. Key Sources of Uncertainty over Critical Accounting Judgments, Assumptions, and Estimation

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:

(I) 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.

(II) Evaluation of impairment of property, plant and equipment, and right-of-use 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) and (9) 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(24) for relevant information on the assumptions used to measure fair value.

VI. Description of Significant Account Titles

(I) Cash and cash equivalents

		2022.12.31	2021.12.31
Cash	$	2,316	1,983
Demand deposit		338,477	1,743,703
Time deposits		491,980	40,000
Checking deposit		18,665	36,564
Foreign currency deposit		2,165	273
	$	853,603	1,822,523

Please refer to Note 6(24) for the disclosure of interest rate risk and sensitivity analysis of the Group’s financial assets and liabilities.

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

1. The details are as follows:

		2022.12.31	2021.12.31
Equity instruments at fair value through other comprehensive income - non-current:			
Domestic TWSE/TPEx listed stock - Nan Ya Plastics Corporation	$	2,074	2,495
Domestic TWSE/TPEx listed stock - Acer Incorporated		744	964
Domestic TWSE/TPEx listed stock - Winbond Electronics Corp.		78	135
Domestic privately placed stock - Choice		23,280	26,430
Hong Kong listed stock - Beijing Health (Holdings) Limited		22,592	26,962
Domestic non-TWSE/TPEx listed stock - Hsin Chun Build		20,250	20,250
Domestic non-TWSE/TPEx listed stock - The Roar Company Limited		3,420	2,957
Total	$	72,438	80,193

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(24) for credit risk and market risk information.
3. None of the above financial assets was pledged as collateral as of December 31, 2022 and 2021.

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

		2022.12.31	2021.12.31
Notes receivable - from operations	$	881	9,354
Accounts receivable at amortized cost		17,761	9,862
Less: Allowance for losses		(1,648)	(1,734)
	$	16,994	17,482

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:

	2022.12.31		
	Carrying amount of accounts receivable	**Weighted average expected credit loss rate**	**Allowance for lifetime expected credit losses**
Not past due	$ 16,100	0%~10%	135
Overdue for 0–90 days	1,744	0%~43%	715
Overdue for more than 91 days	798	100%	798
	$ 18,642		1,648

	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

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

	2022	**2021**
Ending balance (opening balance)	$ 1,734	2,447
Amount written off as unable to be recovered in the prior year	(86)	(713)
Ending balance	$ 1,648	1,734

None of the above notes and accounts receivable was pledged as collateral as of December 31, 2022 and 2021.

(IV) Other receivables (including related parties)

	2022.12.31	**2021.12.31**
Other receivables - joint construction deposit	$ 47,500	6,000
Others	1,554	1,906
Less: Allowance for losses	(6,000)	(6,000)
	$ 43,054	1,906

1. As of December 31, 2022 and 2021, 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.
2. Please refer to Note 6(24) for information on other credit risks.

(V) Inventories

	2022.12.31	2021.12.31
Merchandising business		
Inventory of goods	$ 5,124	5,428
Construction business		
Real estate for sale	339,059	353,141
Construction land	1,399,821	1,399,821
Construction in progress	2,845,525	1,642,158
Prepayment for land	42,290	17,735
Subtotal	4,626,695	3,412,855
Total	**$ 4,631,819**	**3,418,283**
Estimated to be recovered after more than 12 months	**$ 4,287,635**	**3,059,714**

1. The Group recognized the cost of inventories in cost of sales and expenses in 2022 and 2021 in the amounts of NT$81,491 thousands and NT$345,994 thousands, respectively.
2. The Group’s construction in progress in 2022 and 2021 was calculated at the capitalized interest rate of 1.53% and 1.36%. Please refer to Note 6(23) for the amount of capitalized interest.
3. Please refer to Note 8 for the Group's inventory pledged as collateral as of December 31, 2022 and 2021.

(VI) 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:

	2022.12.31	2021.12.31
Associate	$ 25,472	71,989

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

			Proportion of ownership interest and voting rights	
Name of associate	**Relations with the Group**	**Principal place of business**	**2022.12.31**	**2021.12.31**
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.:

	2022.12.31	2021.12.31
Current assets	$ 84,036	148,643
Non-current assets	15,519	15,535
Current liabilities	(4,699)	(20,408)
Non-current liabilities	(19,088)	(19,088)
Net assets	$ 75,768	124,682
Net assets attributable to non-controlling interests in investee	$ -	-
Net assets attributable to owners of investee	$ 75,768	124,682

	2022	2021
Operating revenue	$ -	490,876
Net income (loss) of continuing operations for the period	(24,232)	146,428
Other comprehensive income	-	-
Total comprehensive income	$ (24,232)	146,428
Total comprehensive income attributable to owners of investee	$ (24,232)	146,428
The Group’s share of the net assets of associates at the beginning of the period	$ 43,639	46,326
Total comprehensive income attributable to the Group for the period	(8,481)	51,250
Dividends received from associates in the period	(8,639)	(53,937)
The Group’s share of the net assets of associates at the end of the period	26,519	43,639
Carrying amount of the Group's equity in associates at the end of the period	$ 26,519	43,639

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:

	2022.12.31		2021.12.31	
	Amount	**Shareholding ratio**	**Amount**	**Shareholding ratio**
T-Design Co., Ltd. (Note 1)	$ (1,047)	33.00%	(1,047)	33.00%
Shi Hong Interior Design Co., Ltd. (Note 2)	-	- %	29,397	49.00%
	$ (1,047)		28,350	

	2022	2021
Shares attributable to the Group:		
Net loss of continuing business units for the period	$ (3,132)	(2,052)

Note 1: The Group, as of December 31, 2022 and 2021, 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”.

Note 2: The Group sold 49% equity in Shi Hong Interior Design Co., Ltd. it held on April 27, 2022, completed the transfer of the equity and lost its significant influence on the latter, and recognized a gain on the disposal of NT$12,445 thousands. Please refer to Note 6 (23) for the information on profit or loss.

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, 2022 and 2021.

(VII) 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)

(VIII) 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 2022 and 2021 are as follows:

	Office equipment	Machinery and equipment	Leasehold improvement	Other equipment	Unfinished construction	Total
Cost or deemed cost:						
Balance on January 1, 2022	$ 35,528	56,701	833,077	136,902	1,834	1,064,042
Addition	451	450	275	8,669	326	10,171
Disposal and scrapping	(2,571)	(891)	(1,157)	(6,432)	-	(11,051)
Reclassification	-	55	50	1,573	(2,138)	(460)
Balance on December 31, 2022	$ 33,408	56,315	832,245	140,712	22	1,062,702
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
Depreciation and impairment losses:						
Balance on January 1, 2022	$ 27,890	39,183	424,026	117,193	-	608,292
Depreciation during the period	1,572	3,815	48,644	8,674	-	62,705
Disposal and scrapping	(2,571)	(656)	(1,081)	(6,204)	-	(10,512)
Reclassification	-	55	50	254	-	359
Balance on December 31, 2022	$ 26,891	42,397	471,639	119,917	-	660,844
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
Carrying amount:						
December 31, 2022	$ 6,517	13,918	360,606	20,795	22	401,858
January 1, 2021	$ 8,734	22,325	465,463	33,438	873	530,833
December 31, 2021	$ 7,638	17,518	409,051	19,709	1,834	455,750

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 4.96% and 4.20%, respectively on December 31, 2022 and 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.

2. Collateral

None of the above property, plant and equipment held by the Group was pledged as collateral as of December 31, 2022 and 2021.

(IX) 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, 2022	$ 1,380,768	2,406	5,087	1,388,261
Addition	58,206	-	647	58,853
Decrease	(979)	-	(1,206)	(2,185)
Balance on December 31, 2022	$ 1,437,995	2,406	4,528	1,444,929
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
Depreciation and impairment losses on right-of-use assets:				
Balance on January 1, 2022	$ 288,934	1,520	1,788	292,242
Depreciation during the period	116,808	507	1,326	118,641
Decrease	(979)	-	(1,206)	(2,185)
Balance on December 31, 2022	$ 404,763	2,027	1,908	408,698
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

Book value:				
December 31, 2022	$ 1,033,232	379	2,620	1,036,231
December 31, 2021	$ 1,091,834	886	3,299	1,096,019

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.

(X) Investment property

	2022.12.31	2021.12.31
Land		
Cost	$ 19,809	19,809
Impairment	(13,000)	(13,000)
Total investment property	$ 6,809	6,809
Fair value	$ 50,204	50,204

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

None of the above investment property held by the Group was pledged as collateral as of December 31, 2022 and 2021.

(XI) Other financial assets

	2022.12.31	2021.12.31
Current:		
Other financial assets - certificates of deposit	$ 126,180	34,200
Other financial assets - restricted deposits	91,980	-
Other financial assets - trust account for presale of properties	171,299	403,232
Joint construction deposit	245,528	341,771
	$ 634,987	779,203
Non-current:		
Other financial assets - restricted deposits	$ 394,592	216,570
Guarantee deposits paid	33,213	33,915
	$ 427,805	250,485

(XII) Short-term borrowings

	2022.12.31	2021.12.31
Unsecured bank borrowings	$ 1,072,000	1,581,000
Secured bank borrowings	795,223	1,005,723
Total	$ 1,867,223	2,586,723
Unused credit lines	$ 2,189,000	267,000
Interest rate range	1.505%~2.615%	1.04%~2.00%

1. Please refer to Note 6(24) 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, 2022 and 2021.

(XIII) Short-term notes and bills payable

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

	2022.12.31		
	Guarantee or acceptance institution	**Interest rate range**	**Amount**
Commercial promissory note payable	China Bills Finance Corporation, Dah Chung Bills Finance Corp., International Bills Finance Corporation, Mega Bills Finance Co., Ltd., Taiwan Finance Corporation, and Taiwan Cooperative Bills Finance Corporation	-	$ -
Unused credit lines			$ 450,000

	2021.12.31		
	Guarantee or acceptance institution	**Interest rate range**	**Amount**
Commercial promissory note payable	Union Bills Finance Corporation, Dah Chung Bills Finance Corp., China Bills Finance Corporation, and Taiwan Cooperative Bills Finance Corporation	1.38%~1.9%	$ 300,000
Less: Discount of short-term notes and bills payable			(384)
Total			$ 299,616
Unused credit lines			$ 300,000

The Group did not provide assets as collateral for short-term notes and bills payable as of December 31, 2022 and 2021.

(XIV) Corporate bonds payable

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

	2022.12.31	**2021.12.31**
Domestic ordinary corporate bonds issued	$ 2,800,000	1,600,000
Unamortized balance of discounted corporate bonds payable	(5,709)	(4,460)
Less: Current portion	-	-
Balance of corporate bonds payable at the end of the period	$ 2,794,291	1,595,540

2. The rights and obligations of the Group's domestic secured ordinary corporate bonds are as follows:

Item	The first issue of domestic secured corporate bonds in 2022
Total issue amount	NT$1,200,000 thousands
Issue date	2022.01.12
Coupon rate	0.60%
Issue period	2022.01.12~2027.01.12
Guarantee agency	Hua Nan Commercial Bank Ltd.
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 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.

(XV) Lease liabilities

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

	2022.12.31	2021.12.31
Current	$ 109,606	104,765
Non-current	$ 1,046,718	1,104,263

Please refer to Note 6(24) "Financial instruments" for maturity analysis.

The amounts recognized in profit or loss are as follows:

	2022	2021
Interest expense on lease liabilities	$ 20,857	22,300
Variable lease payments not included in the measurement of lease liabilities	$ 5,398	5,136
Gains from sublease of right-of-use assets	$ 423	434
Expenses on short-term leases	$ 227	339
Expenses on low-value leased assets (excluding short-term, low-value leases)	$ 7,380	4,869
Rent concessions related to the COVID-19 pandemic (recognized as rent reductions)	$ 9,322	12,788

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

	2022	2021
Total cash outflow from leases	$ 156,531	155,505

1. 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.

2. Other leases

The lease term for the transportation equipment leased by the Group ranges from one to two 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.

(XVI) 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:

	2022.12.31	2021.12.31
Present value of the defined benefit obligation	$ 5,857	12,172
Fair value of the plan assets	(10,678)	(9,729)
Net defined benefit (asset) liability	$ (4,821)	2,443

The details of the Group's employee benefit liabilities are as follows:

	2022.12.31	2021.12.31
Paid leave liability	$ 4,020	3,030

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$10,678 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 2022 and 2021 are as follows:

	2022	2021
Defined benefit obligation on January 1	$ 12,172	12,140
Current service cost and interest	46	46
Remeasurement of net defined benefit (asset) liability		
- Actuarial gain or loss from experience adjustments	(5,887)	(118)
- Actuarial gain or loss from changes in demographic assumptions	-	104
- Actuarial gain or loss from changes in financial assumptions	(474)	-
Defined benefit obligation on December 31	$ 5,857	12,172

(3) Changes in fair value of the plan assets

The changes in the fair value of the Group's defined benefit plan assets in 2022 and 2021 are as follows:

	2022	2021
Fair value of the plan assets on January 1	$ 9,729	9,431
Interest income	46	45
Remeasurement of net defined benefit (asset) liability		
- Return on plan asset (excluding current interest)	772	122
Contribution to the plan	131	131
Fair value of the plan assets on December 31	**$ 10,678**	**9,729**

(4) Expenses recognized in profit or loss

Expenses recognized as profit or loss by the Group in 2022 and 2021 are as follows:

	2022	2021
Net interest on net defined benefit (asset) liability	**$ -**	**1**
Operating expenses	**$ -**	**1**

(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 2022 and 2021 is as follows:

	2022	2021
Cumulative balance on January 1	$ (4,411)	(4,275)
Recognized in this period	(7,133)	(136)
Balance on December 31	**$ (11,544)**	**(4,411)**

(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:

	2022.12.31	2021.12.31
Discount rate	1.50%	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 2022 balance sheet date

The weighted average duration of the defined benefit plan is 9.2 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, 2022 and 2021 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, 2022		
Discount rate (change by 0.25%)	(1.85)%	1.92%
Future salary increase (change by 0.25%)	1.87%	(1.82)%
December 31, 2021		
Discount rate (change by 0.25%)	1.37%	(1.32)%
Future salary increase (change by 0.25%)	1.33%	(1.29)%

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 2022 and 2021 were NT$8,272 thousands and NT$8,961 thousands, respectively, which have been contributed to the Bureau of Labor Insurance.

(XVII) Income tax

1. Income tax expense

The details of the Group’s income tax expenses for 2022 and 2021 are as follows:

	2022	2021
Income tax expense in this period		
Income tax expense	$ 2,031	-
Adjustment to the income tax for the prior period	(42)	116
5% surtax on undistributed earnings	-	221
Land value increment tax	-	2,397
	1,989	2,734
Deferred tax expense		
Temporary differences occurring and reversed	832	832
Income tax expense from continuing operations	$ 2,821	3,566

The reconciliation of the Group’s income tax expenses (benefits) and net losses before tax for 2022 and 2021 is as follows:

	2022	2021
Net loss before tax	$ (225,358)	(147,754)
Income tax calculated at the domestic tax rate where the Company is located	$ (45,072)	(29,550)
Domestic investment gains or losses recognized using the equity method	2,323	(9,840)
Book-tax differences from gain or loss on disposal of investment	(627)	(1,027)
Investment loss	-	(86,435)
Book and tax difference of capitalization	9,305	6,057
Income from land exempt from land tax	-	9,687
Changes in unrecognized temporary differences	(264)	(1,085)
Government grants (due to the impact of the COVID-19 pandemic)	(3,982)	(4,323)
Unrecognized current tax losses on deferred tax assets	37,496	105,471
Overestimation/Underestimation in the prior period	(42)	116
Land value increment tax	-	2,397
Surtax on undistributed earnings	-	221
Others	3,684	11,877
Total	$ 2,821	3,566

2. Deferred tax assets and liabilities

(1) Unrecognized deferred tax assets

Items not recognized as deferred tax assets by the Group are as follows:

	2022.12.31	2021.12.31
Tax loss	$ 205,854	186,710
Others	19,787	19,250
	$ 225,641	205,960

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, 2022, 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
2014	$ 45,189	2024
2015	81,762	2025
2017	419	2027
2019	12,836	2029
2020	203,779	2030
2021	496,798	2031
2022	188,491	2032
	$ 1,029,274	

(2) Deferred tax assets and liabilities recognized

The changes in the deferred tax assets and liabilities recognized by the Group in 2022 and 2021 are as follows:

Deferred tax assets

	Right-of-use assets
January 1, 2022	$ 9,422
Credit income statement	(832)
December 31, 2022	**$ 8,590**
January 1, 2021	$ 10,254
Credit income statement	(832)
December 31, 2021	**$ 9,422**

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	2020
Charter Leisure Co., Ltd.	2020
Huide Development Company Limited	2020
Good One Company Limited	2020
Qun Xin Properties Co., Ltd.	2020

(XVIII) Capital and other interests

1. Share capital

The total amount of the Company's authorized capital as of December 31, 2022 and 2021 was NT$3,000,000 thousand, divided into 300,000 thousand shares, 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 all capital contributions for the shares have been received.

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:

	2022.12.31	2021.12.31
Share issued at a premium	$ 16,408	16,408
Share issued at a premium - employee stock options	1,076	1,076
	$ 17,484	**17,484**

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 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 June 10, 2022 and August 27, 2021, passed a resolution not to distribute 2021 and 2020 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, 2022	$ (217,455)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	(7,684)
Balance on December 31, 2022	**$ (225,139)**
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)**

5. Non-controlling interests

	Share attributable to non-controlling interests	
	2022	**2021**
Opening balance	$ 97,898	123,513
Net loss on non-controlling interests	(20,088)	(48,747)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	(70)	295
Increase or decrease in the disposal of subsidiary's non-controlling interests	-	(1,497)
Actuarial gain or loss on defined benefits	4,044	78
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)
	$ 81,784	**97,898**

(XIX) Share-based payments

The Group's share-based payments for 2021 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
Grant date	2021.08.31
Number of shares granted	990 Thousands shares
Fair value on the grant date	9.94
Strike price	9.5
Recipient	Full-time employee
Vesting condition	Immediately vested

The details of the above employee stock warrants are as follows:

	2021	
(in thousands)	Weighted average strike price (NTD)	Number of stock options
Number outstanding on January 1	-	-
Number of shares granted in this period	$ 9.50	990
Number of options exercised	9.50	(990)
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 were NT$435 thousands.

(XX) Earnings loss per share

The calculation of the Group's basic loss per share and diluted loss per share is as follows:

	2022	2021
Basic loss per share		
Net loss attributable to holders of the Company's common shares	$ (208,091)	(102,573)
Weighted average number of common shares outstanding	226,379	160,790
	$ (0.92)	(0.64)
Diluted loss per share		
Net loss attributable to holders of the Company's common shares (after adjustment to the effect of potentially dilutive common shares)	$ (208,091)	(102,573)
Weighted average number of common shares outstanding after adjustment	226,379	160,790
Employee stock options	-	2
Weighted average number of common shares outstanding (after adjustment to the effect of potentially dilutive ordinary shares)	226,379	160,792
Diluted loss per share	$ (0.92)	(0.64)

(XXI) Revenue from customer contracts

1. Details of revenue

	2022			
	Construction and development	Leisure and recreation	Catering and hotel	Total
Main product/service lines:				
Sales of real estate	$ 22,496	-	-	22,496
Accommodation	-	-	193,888	193,888
Food and drink service	-	-	155,798	155,798
Membership service	-	66,436	-	66,436
Others	2,980	7,856	2,739	13,575
	$ 25,476	**74,292**	**352,425**	**452,193**

	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**

2. Contract balance

	2022.12.31	2021.12.31	110.1.1
Accounts and notes receivable (including related parties)	$ 18,642	19,216	23,208
Less: Allowance for losses	(1,648)	(1,734)	(2,447)
	$ 16,994	**17,482**	**20,761**
Contract liabilities	**$ 607,969**	**478,906**	**288,601**

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, 2022 and 2021 recognized in income for 2022 and 2021 were in the amounts of NT$22,632 thousands and NT$114,097 thousands, respectively.

Changes in 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.

(XXII) 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 2022 and 2021, 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 director remuneration for 2022 and 2021 were both in the amounts of NT$0 as no profit was made during both years as per the Articles of Association, which was no different from the actual distribution. Relevant information is available on the MOPS.

(XXIII) Non-operating income and expenses

1. Interest income

The details of the Group's interest income for 2022 and 2021 are as follows:

	2022	2021
Interest on bank deposits	$ 8,672	1,283
Other interest income	2	16
	$ 8,674	**1,299**

2. Other income

The details of the Group's other income for 2022 and 2021 are as follows:

	2022	2021
Dividend income	$ 4,157	1,975
Government grants	19,909	21,616
Contract termination income	-	4,286
Others	15,288	8,422
	$ 39,354	**36,299**

3. Other gains and losses

The details of the Group's other gains and losses in 2022 and 2021 are as follows:

	2022	2021
Foreign exchange gains (losses)	$ (10,892)	3
Loss on disposal of property, plant and equipment	(528)	(27)
Loss on disposal of investment in subsidiary	-	(630)
Gain on disposal of investments	12,445	-
Miscellaneous income and expenses	(1,250)	(4)
	$ (225)	(658)

4. Financial costs

The Group’s financial costs for 2022 and 2021 are as follows:

	2022	2021
Interest expense		
Bank borrowings	$ 34,846	28,885
Corporate bonds	37,866	11,904
Lease liabilities	20,857	22,300
Less: Capitalized interest	(15,690)	(10,302)
	$ 77,879	52,787

(XXIV) 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 (see Note 4(7) to the consolidated financial statements 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 2022 and 2021.

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, 2022					
Financial liabilities:					
Secured bank borrowings	$ 795,223	869,094	37,956	17,641	813,497
Unsecured bank borrowings	1,072,000	1,123,437	451,016	14,465	657,956
Lease liabilities	1,156,324	1,276,975	129,092	127,711	1,020,172
Accounts and other payables	567,884	567,884	536,289	4,718	26,877
Secured ordinary corporate bonds	2,794,291	2,855,386	18,200	616,148	2,221,038
Guarantee deposits received	769	769	769	-	-
	$ 6,386,491	6,693,545	1,173,322	780,683	4,739,540
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

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:

	2022.12.31			2021.12.31		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
USD	$ 9,000	30.6600	275,940	-	-	-
Non-monetary items						
HKD	5,730	3.943	22,592	7,667	3.549	26,962

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 loss for 2022 and 2021 would have decreased/increased by NT$246 thousands and NT$171 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:

	2022	2021
Securities prices on the balance sheet date	**Other comprehensive income after tax**	**Other comprehensive income after tax**
Increase by 3%	$ 2,173	2,406
Decrease by 3%	$ (2,173)	(2,406)

6. Information on fair value

(1) Types and fair valuesof 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:

	2022.12.31				
		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	$ 25,488	25,488	-	-	25,488
Publicly listed companies’ privately placed stocks	23,280	-	23,280	-	23,280
Domestic non-listed stocks	23,670	-	-	23,670	23,670
Subtotal	72,438	25,488	23,280	23,670	72,438
Financial assets at amortized cost					
Cash and cash equivalents	853,603	-	-	-	-
Notes and accounts receivable (including related parties)	16,994	-	-	-	-
Other receivables (including related parties)	43,054	-	-	-	-
Other financial assets (current and non-current)	1,062,792	-	-	-	-
Subtotal	1,976,443	-	-	-	-
Total	$ 2,048,881	25,488	23,280	23,670	72,438
Financial liabilities at amortized cost					
Short-term borrowings	$ 1,867,223	-	-	-	-
Notes and accounts payable (including related parties)	464,440	-	-	-	-
Other payables (including related parties)	103,444	-	-	-	-
Lease liabilities (current and non-current)	1,156,324	-	-	-	-
Secured ordinary corporate bonds	2,794,291	-	2,717,981	-	2,717,981
Guarantee deposits received	769	-	-	-	-
Total	$ 6,386,491	-	2,717,981	-	2,717,981

	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	-	1,605,583	-	1,605,583

Guarantee deposits received	772	-	-	-	-
Total	$ 6,048,185	-	1,605,583	-	1,605,583

(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. The fair values of ordinary corporate bonds payable are measured at Level 2 inputs, and the fair values are measured based on the weighted average price in hundreds of dollars announced by Taipei Exchange on the reporting date.

(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 2022 and 2021. In addition, there was no transfer between the levels of fair values in 2022 and 2021.

(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 · Discount for lack of marketability (10%–30% on both December 31, 2022 and 2021)	Not applicable

(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:

			Changes in fair value reflected in current profit or loss		Changes in fair value reflected in other comprehensive income	
	Input	Increase or decrease	Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2022						
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, 2021						
Financial assets at fair value through other comprehensive income						
Investment in equity instruments without active markets	Price-book ratio multiplier	1%	-	-	211	(211)

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.

(XXV) 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, 2022 and 2021, 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, 2022 and 2021, were in the amounts of NT$2,639,000 thousands and NT$567,000 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.

(XXVI) 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 2022 was the same as in 2021.

The debt-to-equity ratios as of December 31, 2022 and 2021 were as follows:

	2022.12.31	**2021.12.31**
Total liabilities	$ 7,010,011	6,551,058
Less: Cash and cash equivalents	(853,603)	(1,822,523)
Net liabilities	6,156,408	4,728,535
Total equity	1,546,116	1,774,917
Capital after adjustment	**$ 7,702,524**	**6,503,452**
Debt-to-equity ratio	**80%**	**73%**

The increase in the debt-to-capital ratio on December 31, 2022 was mainly due to the fact that the Group issued unsecured ordinary corporate bonds during this period, resulting in an increase in total liabilities.

(XXVII) Non-cash investments

The Group's material non-cash investments for 2022 and 2021 are as follows:

	2022	**2021**
Purchase of property, plant and equipment	$ 10,171	4,562
Add: Construction facilities payable at the beginning of the period	1,373	4,791
Less: Construction facilities payable at the end of the period	(5,354)	(1,373)
Cash payment in this period	**$ 6,190**	**7,980**

VII. Related Party Transactions

(I) 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	Investee valuated by the Group using the

Name of related party	Relations with the Group
Hong) (Note)	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)	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
Ambassador Real Estate Development Co., Ltd. (Ambassador Real Estate)	Substantive related party of the Group
Haolin Catering Consultants Co., Ltd. (Haolin Catering)	The director at sub-subsidiary Kinship Restaurant Group Ltd.

Note: Due to the consideration for the Group’s operations, the Group sold all the shares it held in Shi Hong Interior Design Co., Ltd. on April 27, 2022 and completed the sale of the shares, so the latter is no longer a related party of the Group.

(II) Significant transactions with related parties

1. Operating revenue

The Group’s significant sales to related parties are as follows:

	2022	2021
Other related parties	$ 2,796	2,729

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. 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	2022.12.31	2021.12.31
Accounts receivable	Other related parties	$ 244	314
Accounts payable	Other related parties	$ 4,760	-
Other payables	Other related parties	$ 312	155

3. Loans from related parties

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 were NT$208 thousands and the relevant loans were fully repaid in January, 2021. There was no such situation in 2022.

4. Lease

The Group leased office buildings from Shihlin Electric in September 2022 and 2021, respectively, and signed a lease contract over a lease term of one to three years with reference to the office rental market in nearby areas. The total contract prices were NT$57,225 thousands and NT$19,381 thousands, respectively, which were paid on a monthly basis. The interest expenses recognized for 2022 and 2021 were NT$448 thousands and NT$373 thousands, respectively, and the balances of lease liabilities as of December 31, 2022 and 2021 were NT$52,966 thousands and NT$21,819 thousands.

5. Others

The service fees paid by the Group to other related parties for 2022 and 2021 as per operational needs were NT$9,739 thousands and NT$13,952 thousands, respectively.

For the cash dividends received by the Group from the associate - SURV Planning And Development Co., Ltd. in 2022 and 2021, please refer to Note 6(6) for relevant information.

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 630 thousands. Please refer to Notes 6(7) and (23) for details.

(III) Transactions by key management personnel

	2022	2021
Short-term employee benefits	$ 21,523	19,663
Post-retirement benefits	432	432
	$ 21,955	20,095

VIII. Assets Pledged

The details of the book value of the assets pledged by the Group are as follows:

Asset name	Collateral	2022.12.31	2021.12.31
Inventory	Bank borrowings	$ 1,892,730	1,638,590
Restricted assets (recognized in other financial assets - current)	Bank borrowings	91,980	-
Restricted assets (recognized in other financial assets - non-current)	Collateral for corporate bonds	394,592	216,570
		$ 2,379,302	1,855,160

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

(I) 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:

	2022.12.31	2021.12.31
Price of the signed sales contract	$ 4,448,110	4,444,930
Amount received as per contract	$ 591,618	455,118

2. The construction contracts signed between the Group and suppliers and amounts paid as per the contracts are as follows:

	2022.12.31	2021.12.31
Price of the signed construction contract	$ 4,278,633	4,183,647
Unrecognized amount	$ 2,989,243	3,917,820

3. The Group intended to undertake an urban renewal project and signed a collaborative development and integration contract and a rights transfer agreement. The payments not yet made are as follows:

	2022.12.31	2021.12.31
Price of signed contract (before tax)	$ 561,367	683,965
Amount not yet paid (before tax)	$ 273,036	393,676

4. The total price of the land purchase contract signed by the Group for the purchase of land is as follows:

	2022.12.31	2021.12.31
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	2022.12.31	2021.12.31
Guarantee notes received	Outsourcing of projects and urban renewal development collaboration	$ 721,322	480,881
Guarantee deposits paid (recognized in other financial assets - current)	Joint construction project	$ 245,528	341,771

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.
Runtai Baiyi Co., Ltd.	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.

(II) 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, 2022, 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, 2022 and 2021, the undrawn balances of the gift certificates guaranteed by the bank were NT$7,496 thousands and NT$14,300 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.

X. Major Disaster Loss: None

XI. Material Events After the Balance Sheet Date: None

XII. Others

Employee benefits and depreciation and amortization expense are summarized by function as follows:

By function	2022			2021		
By nature	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary and wages	$ 71,896	133,286	205,182	71,724	120,351	192,075
Labor and health insurance	6,995	10,083	17,078	8,034	10,748	18,782
Pension	2,948	5,324	8,272	3,454	5,507	8,961
Other employee benefits	2,760	5,001	7,761	2,819	4,747	7,566
Depreciation expense	146,179	35,167	181,346	158,607	41,114	199,721
Amortization expense	-	429	429	-	424	424

XIII. Additional Disclosures

(I) 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 2022 as follows:

1. Loans to others: None.
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	372	- %	372	- %	

The Company	Stock - Choice Development, Inc.	None	"	3,000	23,280	2.96 %	23,280	2.96%	Note
The Company	Stock - Beijing Health (Holdings) Limited	None	"	84,258	22,592	- %	22,592	- %	
The Company	Stock - Lico Technology Corp.	None	"	4,014	-	3.23 %	-	3.23%	
Charter Leisure Co., Ltd.	Stock - Nan Ya Plastics Corporation	None	"	29	2,074	- %	2,074	- %	
Charter Leisure Co., Ltd.	Stock - Acer Incorporated	None	"	16	372	- %	372	- %	
Charter Leisure Co., Ltd.	Stock - Winbond Electronics Corp.	None	"	4	78	- %	78	- %	
Charter Leisure Co., Ltd.	Stock - The Roar Company Limited	None	"	547	3,420	13.07 %	3,420	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 acquiring real estate	Property Name	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	Relation to the issuer	Transfer date	Amount			
The Company	Tonghua Section, Daan District, Taipei City	2021.04.27	$ 3,100	3,100	Da-Cin Construction Co., Ltd.	Non-related party	-	-	-	-	Price negotiation	Urban renewal	None
"	"	2021.08.18~2021.08.30	253,988	253,988	Two people surnamed Shen and Mo	Non-related party	-	-	-	-	"	"	"
"	"	2022.11.10	73,354	-	National Property Administration	Non-related party	-	-	-	-	Appraisal by the government	"	"

6. Disposal of individual property at costs of at least NT$300 million or 20% of the paid-in capital: None.
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	$ 1,168	Same as non-related party	0.26%

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.

(II) Information on investees:

The information on the Group’s investees in 2022 is as follows:

Investor	Investee	Location	Main business	Initial investment amount		End of period			The highest shareholding or capital contribution during the 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%	49,111	43.30%	(692)	(299)	
The Company	SURV Planning And Development Co., Ltd.	Taiwan	Real estate development	17,858	17,858	1,750	35.00%	26,519	35.00%	(24,232)	(8,481)	
The Company	Huide Development Company Limited	Taiwan	Real estate development	115,000	115,000	11,500	100.00%	122,800	100.00%	8,987	8,987	
The Company	Good One Company Limited	Taiwan	Retail sales of integrated wholesales	80,000	80,000	8,000	100.00%	5,889	100.00%	(137)	(137)	Note 1
The Company	Qun Xin Properties Co., Ltd.	Taiwan	General hotel industry	350,000	350,000	23,000	79.31%	66,985	79.31%	(95,191)	(75,496)	
Huide Development Company Limited	T-Design Co., Ltd.	Taiwan	Interior design	19,800	19,800	1,980	33.00%	(1,047)	33.00%	(1,448)	Exempted from disclosure	
Huide Development Company Limited	Shi Hong Interior Design Co., Ltd.	Taiwan	Interior design	-	29,400	-	- %	-	49.00%	-	〃	Note 2

Note 1: Good One Company Limited was dissolved on November 14, 2022 by resolution of the shareholders' meeting due to the Group’s consideration for operations as approved per letter Jing-Shang No. 11155093200 dated November 21, 2022.

Note 2: Due to the consideration for the Group’s operations, the Group sold 49% equity in Shi Hong Interior Design Co., Ltd. it held on April 27, 2022, completed the transfer of the equity, and lost its significant influence on the latter.

(III) Information on investments in mainland China: None.

(IV) Information on major shareholders:

Shares Name of principal shareholder	Number of shares held	Shareholding ratio
Choice Development, Inc.	21,806,014	9.63%
Chuang Sheng Investment Co., Ltd.	20,374,118	8.99%
Yao ze Limited	20,374,118	8.99%
Chen Chieh Investment Limited	15,428,201	6.81%

XIV. Information on Segments

(I) 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.

(II) The information on the Group's operating segments and reconciliation are as follows:

	2022				
	Construction and development segment	**Leisure and recreation segment**	**Catering and hotel segment**	**Adjustment and elimination**	**Total**
Income					
Income from external customers	$ 25,476	74,292	352,425	-	452,193
Intersegment income	-	-	1,168	(1,168)	-
Total income	$ 25,476	74,292	353,593	(1,168)	452,193
Interest expense	$ 53,700	368	23,811	-	77,879
Depreciation and amortization	8,436	23,913	149,426	-	181,775
Share of profit or loss of associates recognized using the equity method	(11,613)	-	-	-	(11,613)
Profit or loss on reportable segments (before tax)	$ (130,163)	(836)	(94,359)	-	(225,358)
Assets					
Long-term equity investment using the equity method (including credit balance)	$ 25,472	-	-	-	25,472
Capital expenditure on non-current assets	451	-	5,739	-	6,190
Segment assets	$ 6,859,579	185,197	1,511,351	-	8,556,127
Segment liabilities	$ 5,517,231	65,888	1,426,892	-	7,010,011

	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

(III) Overall information on the Group

1. Region

   The Group’s main operating site is in Taiwan. As of December 31, 2022 and 2021, all income from external customers took place in Taiwan.

2. Important clients

   The Group did not have important client information in 2022. The Group’s information on important client in 2021 was the fact it received NT$319,138 thousand from Client A for the sale of real estate.

Shihlin Development Company Limited

Chairman: Hsu Yu-Shan