Stock Code: 2505
Taiwan Stock Exchange Market Observation Post System:
http://mops.twse.com.tw
Company Website:
http://www.kycc.com.tw

Kuo Yang Construction Co., Ltd.

2021 Annual Report

Print Date: April 25, 2022

I. Spokesperson of the Company

Spokesperson Name: Cheng-I Wang
Occupational Title: Assistant Vice President,Finance Division
Telephone:(02)2500-0808
E-mail: candy@kycc.com.tw

Acting Spokesperson Name: Yun-Ti Cheng
Occupational Title: Assistant Vice President, Planning Division
Telephone:(02)2500-0808
E-mail: hugo.cheng@kycc.com.tw

II. Corporate Addressand telephoe:

Corporate Address: 18F, No.555, Zhongxiao East Road 4, Taipei
Telephone:(02)2500-0808

III. Share Registrar and Investor Service Agent

Name: Grand Fortune Securities Co.,Ltd.
Address: 6F, No. 6, Section 1, Zhongxiao West Road, Taipei
Telephone:(02)2371-1658
Website: https://www.gfortune.com.tw

IV. Certified Public accounting Firm:

Name of CPA Office: Pricewaterhouse Coopers Taiwan
Names of CPAs: Chun-Yuan Hsiao; Fang-Yu Wang
Address: 27F, No. 333, Keelung Road Section 1, Taipei
Telephone:(02)2729-6666
Website: http://www.pwc.tw

V. **Name of Overseas Securities Exchanges Where the Company Listed the Stocks for Trading, and Method for Inquiry of Information on the Securities**: Nil.

VI. **Company Website**: http://www.kycc.com.tw

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A. Letter to Shareholders

Dear Shareholders, Greetings.

In 2022, the start of the Russo-Ukrainian War, repeated outbreaks of the COVID-19 pandemic, and the increase in interest rates of Central Banks across the world have created challenges for the global economy. Taiwan's real estate market boomed in the past 2 years due to gains in the stock market and hot money in the market, which increased the transaction volume and transaction prices. As a result, the government instituted a series of policies for tightening the housing market such as limits on bank loans for construction, real-price registration for pre-sale houses, restrictions on investments in housing, and limits on investments in home loans in an attempt to suppress rising prices in Taiwan's real estate market. However, the recent price increases in the real estate market should mostly be attributed to rising construction cost. According to the construction price index announced by the Directorate-General of Budget, Accounting and Statistics each month, the increase in the total index and individual indexes has continuously exceeded previous highs. Both the policies and construction cost now pose threats to the construction industry.

In terms of market demand, the return of Taiwanese businesses, rapid development of e-commerce businesses, and government support and guidance for the transformation of illegal factory buildings have created a strong demand for self-use industrial plants and generated substantial growth in transactions. Kuo Yang has actively developed industrial land since 2020 with investments in land on Jiuzong Section in Neihu, Zhongyi Section in Tucheng, and Zhongxing Section in Sanchong. Our past success in plants and offices such as Kuo Yang Cloud Technology Building and Kuo Yang Silicon Valley have won wide acclaim from customers. We will launch unique plants and office buildings that meet market demands and create higher profits for the Company.

In addition to industrial real estate, the Company also plans to launch the pre-sale for the urban renewal project "Kuo Yang Jilin" located on Jilin Road, and commence construction at the end of the year. The Company also has several urban renewal projects under development at the same time. We invested in land on Kaohsiung Special Trade Zone 3 (southern site - north side) with Taiwan Life Insurance Co., Ltd. in 2021 for the urban renewal of office buildings with a total investment of nearly NT$20 billion. We will create brand-new landmark office and residential buildings for Taiwan.

The Company's 2021 Business Report and 2022 Business Plan are summarized below:

I. 2021 Business Report

(I) Business Plan Implementation Results

1. 8 projects to be sold
   (1) 8 projects completed
   - Kuo Yan, The Green Place A, The Green Place B, The Green Place C, Smile Era, South Manor, Kuo Yang Silicon Valley, Good morning, Kuo Yang.

   (2)Total：312 units and 423 vehicles
   (3)Sales Amount：NT$5,409,390,000
2. 1 new project delivery
   - Good morning, Kuo Yang. was delivered to begin in Q4 2021.

(II) Budget Implementation

The Company did not prepare a financial forecast for 2021 and therefore does not prepare an analysis report.

(III) Analysis of Financial Gains and Losses and Profitability

1.Financial Expenditures Unit: NT$1,000

Item	2021	2020
Operating revenue	5,124,284	14,277,915
Operating costs	(3,762,094)	(8,752,481)
Operating profit	1,362,190	5,525,434
Operating expenses	(421,957)	(521,605)
Operating profit	940,233	5,003,829
Non-operating income and expenses	225,397	155,761
Pre-tax profit	1,165,630	5,159,590
Income tax expenses	(183,493)	(216,523)
Net profit of the term	982,137	4,943,067

2. **Profitability**

Item	2021	2020
Return on assets	5.41%	25.72%
Return on equity	10.59%	56.47%
Pre-tax income to paid-in capital ratio	30.67%	135.78%
Net profit margin	19.17%	34.62%
Earnings per share(NT$)	2.58	7.58

(IV) Research and Development

1. Key development projects:
   (1) Urban renewal projects: Kuo Yang Jilin (New Jilin Urban Renewal Project), Xindian Baoyuan Project,Ren'ai Road Urban Renewal Project. Kaohsiung Special Trade Zone 3 Office Building Urban Renewal Project
   (2) Plants and offices: Kuo Yang Intercontinental Corporate Head Office (Neihu Jiuzong Section Project), Kuo Yang Digital Technology Building (Zhongxing Section Project), Tucheng Zhongyi Section Project.
   (3) Undeveloped land: Tainan Guanqian Section Project, The Green Place D.
2. In terms of land development:
   (1) In response to the return of Taiwanese businesses and the global development of the supply chain, we actively developed factory and office land in industrial zones to promote domestic industrial development, satisfy market demand, create niche products, and strengthen the Company's profitability.
   (2) The Company focused on tendering/investment solicitation for core areas in key development zones, and the development of urban renewal or land projects in areas near public transportation hubs. We also appointed a team of professional consultants to conduct assessments and analyses in accordance with the latest laws and policies to respond to supply and demand in the market and empower business growth.
   (3)In addition to the joint construction in urban renewal projects and land development in industrial zones, we began to make use of idle assets such as land used for the Minquan East Road Project.

3. In terms of engineering quality
   (1) In addition to commissioning large-scale construction groups to participate in the construction projects, we also introduced the building information management system to improve engineering quality and enhance construction management.
   (2) We also actively developed new construction methods to improve the Company's competitiveness and customer satisfaction and create a positive brand image.

II. 2022 Business Plan overview

(I) Projects in the sales phase

1. Existing houses: Kuo Yan, The Green Place A, The Green Place B, The Green Place C, Smile Era, Good morning, Kuo Yang, South Manor.
2. presale projects: Kuo Yang Jilin (New Jilin Urban Renewal Project),
3. Under construction Kuo Yang Intercontinental Corporate Head Office (Neihu Jiuzong Section Project), Kuo Yang Digital Technology Building (Sanchong Zhongxing Section Project)

III. Future development strategy

(I) The Company shall carefully monitor the development of cross-strait relations, carefully analyze the development trends of the industry, respond to market demand, and formulate overall development strategies and sustainability roadmaps for the Company with the aim of becoming the most trusted brand of the people. We shall grasp business opportunities at appropriate times to expand the Company on the international stage with the aim of becoming the best brand in the real estate and related industries.

(II) The Company's affiliates focus on developing strategies for diversifying assets and operations. In addition to continuous development of real estate businesses, we also hope to build great houses for residents to start families and expand influence to create a healthy ecosystem and safe life experience for the public and bring more forms of happiness to the Taiwanese people. We also leveraged our successful experience in Hanshin Department Store, Grand Hi-Lai Hotel, and Hi-Lai Foods to evaluate investments in leisure hotels, tourism industry, shopping centers, and catering businesses. We aim to use heartwarming services to provide visitors from all over the world with warm, comfortable, and thoughtful accommodations. We seek to become a "comprehensive developer" and closely monitor the substantial business opportunities in the real estate market in Taiwan and China.

IV. Impact of the external competitive environment, regulatory environment, and overall business environment

(I) Favorable factors:

1. The reorganization of the global supply chain will increase the number of commercial real estate transactions of tech companies in Taiwan.

   The market benefits from the return of Taiwanese businesses, the financing provided by major electronics manufacturers, and the increase in companies' demand of high-tech services and products have increased the demand of the tech industry for acquiring commercial real estate. Real estate acquisition by tech companies in Asia Pacific increased from US$2 billion in 2016 to US$9.7 billion in 2020. The companies invested a total of US$34.5 billion in 5 years. Taiwan became the third most popular target of investment after Mainland China and South Korea, which also significantly increased the demand for commercial office and industrial real estate in Taiwan. Tech companies only invested NT$12.1 billion in commercial real estate in 2016, accounting for approximately 17% of investments of the year. By 2021, their investments increased to NT$47.4 billion, accounting for 33%. The demand from the sector has almost doubled over the past 5 years. However, the capacity for industrial real estate transaction prices in Northern Taiwan has been elevated and certain industry clusters have moved to Southern Taiwan. The industry clusters create a stable source of population flow, industry flow, and consumption, which will also continue to encourage investors to plan purchases of commercial real estate.

2. Household home purchases continue to increase in the six metropolitan areas

   Even though the loan conditions this year are no longer as ideal as the previous year, the rise in the prices of raw materials and labor shortages will increase future housing prices. The inflation has also demonstrated the use of real estate for value retention, and the demand in the first quarter of this year was higher than the demand in the same period in previous years.

   The household home purchase ratio in Taipei City was 0.75% in the first quarter of this year, which was an increase of 0.37% compared to the first quarter of 2016. The ratio in New Taipei City exceeded 1% in New Taipei City in the first quarter this year with a household home purchase ratio of 1.02%, an increase of 0.56% compared to 2016. The household home purchase ratio in Taoyuan City in the first quarter of this year was 1.31%, which ranked first among the six major metropolitan areas but was a slight decline of 0.02% compared to the same period in the previous year. The household home purchase ratio in Taichung City was 1.25% in the first quarter of this year, which was the same as the previous year but a 0.56% increase compared to 2016. Taichung City and New Taipei City had the highest increase in household home purchases. The household home purchase ratio was 0.86% in Tainan City and 0.91% in Kaohsiung City in the first quarter of this year with significant increase in the demand in Southern Taiwan compared to the past.

3. Return of overseas hot money to Taiwan

   As the government actively curbs the overheated housing market, it mainly focuses on the resale of pre-sale houses to prevent leveraging and speculation in the housing market. The luxury housing market has been confined by loans restrictions for a long time, and individuals with high net worth have become accustomed to it. As they have plenty of money on hand, buying homes with cash is not a problem. In the face of inflation and rising interest rates, investing in real estate helps mitigate the impact of inflation. Due to the rarity, collectability, and resistance to decline in prices, luxury properties remain a top choice for asset allocation for individuals with high net worth.

The central government is formulating plans to implement a system of permissions for the purchase of properties by private entities. The purchase of housing properties must meet one of the four major requirements including long-term lease and management, employee dormitory, urban renewal with reconstruction of dangerous and old buildings, or other necessary usage. Although the legislation is still being discussed, it may encourage legal entities to accelerate their decision-making process and make purchases before the limitations become effective.

4. Record-high rent for commercial and office buildings in Taipei

   Although the pandemic has, to a certain extent, postponed companies' decisions on relocation from leased properties since 2020, many office buildings in Taipei City have undergone reconstruction projects for dangerous and old buildings. The demolition of old buildings has also tightened the supply of available office area. Despite the completion of new commercial office buildings, most of them are used by the owners and the actual supply is limited. As a result, the rent for benchmark office buildings with optimal location and building conditions has continued to rise. According to the real-price registered rent disclosure, total rent of one unit in the Walsin Lihwa Building (Citibank Tower) in January this year reached approximately NT$420,000, equivalent to NT$3,837 per ping, which is a record high for the building. For Taipei 101, the rent has increased from less than NT$3,000 per ping in 2013 to more than NT$4,000 in 2020 based on 10 real-price registered rent transactions. The commercial district will see the completion of Fubon A25, Farglory Dome, superficies of Xinyi Administration Center, and superficies of Taipei World Trade Center Exhibition Hall 3, where record-high benchmark transactions may occur.

(II) Unfavorable factors:

1. Due to rising inflation, low interest rates no longer hold in international economic and financial conditions as central banks prepare to raise interest rates.

   The United States Federal Reserve announced an increase of 0.25% in interest rate in the meeting in March and hinted at 6 possible interest rate hikes this year. The Central Bank of Taiwan also implemented the first interest rate increase in more than 10 years with a 0.25% increase to 1.62%. When asked by legislators whether more interest rate increases are planned for May, Chin-Long Yang, Governor of the Central Bank, replied "it is not necessary" but did not rule out additional increases this year. The Central Bank's 0.25% increase in interest rate has more effect as a statement to the market than its actual results. However, the international political and economic upheavals have created a lot of uncertainties. If the geopolitical crises cannot be resolved quickly, it may exacerbate the high inflation across the globe. Central banks would be compelled to accelerate interest rate hikes, as would the Central Bank of Taiwan.

2. Domestic COVID-19 outbreak

   The domestic COVID-19 outbreak has worsened since April. Similar conditions take at least 3 months to resolve and the wave is expected to peak in June. The outbreak occurred in Singapore in late December last year and peaked in February. The number of cases began to drop in late March and early April and the process took approximately 5 months. By comparison, the COVID-19 outbreak started in April and conditions would last for at least 3 months and may persist for 4 to 5 months. The epidemic in Taiwan is expected to peak in June and may drop in July to August.

3. Slow growth in the number of units transferred in sales

   According to the statistics on the number of building units transferred in sales announced by the Ministry of the Interior for the first quarter of this year, the number of building units transferred in the first quarter reached 84,776 units. Although it was a record high for the same period since 2011 and a 5% increase compared to the same period last year (2021), in terms of the annual growth rate, the growth is no longer as strong as the 16% to 33% growth from the third quarter of 2020 to the second quarter of 2021.

   The growth in the number of units transferred has slowed in the two most recent quarters mainly because the benchmark levels for the same period in 2021 was already quite high. It also shows that the economic cycle has peaked as the growth in transaction volume declined. The economy will face many external disruptions in the second quarter this year and it will be challenging to maintain annual growth rate for the transaction volume in the second quarter as the market turns to conservatism and cools off.

4. Executive Yuan decides on the amendment of the "Equalization of Land Rights Act"

   The Executive Yuan passed the draft amendment to the "Equalization of Land Rights Act" today to deter speculation in real estate. The amendment restricts the contract replacement and transfer of pre-sale and resale of newly-built houses in principle and requires permissions for private legal entities to purchase houses. The administrative penalty for speculation has been increased significantly from the maximum amount of NT$5 million to NT$50 million. It also established a reward system for non-compliance reporting to increase the effectiveness of audits and deter real estate speculation in order to maintain order in market transaction and protect consumer rights and interests.

   1.1. The draft amendment provides a clear definition of speculative behavior. Any person who spreads false information to influence the transaction price, creates the illusion of rapid sales by conspiring to make false transactions, uses illegal sales to influence the order of market transactions or monopolizes resales for profit, or takes other manipulative actions to influence the price or order of real estate transactions to engage in speculation is subject to a fine of NT$1 million to NT$50 million based on the number of transactions (units or transactions). Those who fail to rectify the errors within the prescribed deadline may be subject to consecutive penalties.

   1.2. The buyer of a pre-sale house or a newly-built house cannot be transferred to third parties other than the spouse, immediate family members, or relatives within the second degree of kinship, except under special conditions announced by the Ministry of the Interior. The real estate developer also may not agree or assist in the transfer or resale of the contract. Violators may receive a fine of NT$500,000 to NT$3,000,000 per unit.

   1.3. The amendment creates a permission-based system for private entities to purchase house for residential use, and prohibits the transfer, assignment, or pre-registration of such properties within 5 years.

The Company has proposed several response measures for the recent fluctuations in the supply of raw materials across the world, increase in inflation, interest hike cycles, real estate transaction prices, and amendments of real estate policies to minimize the impact on development.

In response to changes in the industry caused by movements in the society, the Company has adopted a strategy of not competing on prices but to continue to consider how to increase the value of buildings to exceed consumer expectations and improve the overall value chain from "quantity satisfaction" to "quality satisfaction".

I wish to thank you for your support and guidance.
I wish you health and prosperity

Tzu-Kuan Lin, Chairman

B. Company Profile

I. Date of establishment: Established on June 2, 1972 with government authorization

II. Company history

Established on May 10, 1972 with a paid-in capital of NT$1.2 million

Established on June 2, 1972 with government authorization

March 1974	Cash capital increase of NT$14.8 million which increased the paid-in capital to NT$16 million
September 1976	Cash capital increase of NT$24 million which increased the paid-in capital to NT$40 million
July 1977	Relocated to the Chang'an Business Building at on Section 2, Chang'an East Road, Taipei City
April 1978	Cash capital increase of NT$40 million which increased the paid-in capital to NT$80 million
August 1978	Cash capital increase of NT$80 million which increased the paid-in capital to NT$160 million
January 1979	Cash capital increase of NT$140 million which increased the paid-in capital to NT$300 million
February 26, 1979	Public offering of shares
November 14, 1979	Listed on the Stock Exchange
May 1983	Capital increase of NT$9 million from capital surplus which increased the paid-in capital to NT$309 million
January 1989	Cash capital increase of NT$309 million which increased the paid-in capital to NT$618 million
January 1990	Cash capital increase of NT$507 million which increased the paid-in capital to NT$1.125 billion
December 1991	Capital increase of NT$956.25 million from cash and capital surplus which increased the paid-in capital to NT$2.08125 billion
April 1993	Cash capital increase of NT$1.5 billion which increased the paid-in capital to NT$3.58125 billion
November 1995	Relocated to 8F, No. 99, Section 1, Xinsheng South Road, Taipei City
July 1996	Cash capital increase of NT$1.01875 billion which increased the paid-in capital to NT$4.6 billion
March 1997	Issuance of the first unsecured corporate bonds valued at NT$1 billion.

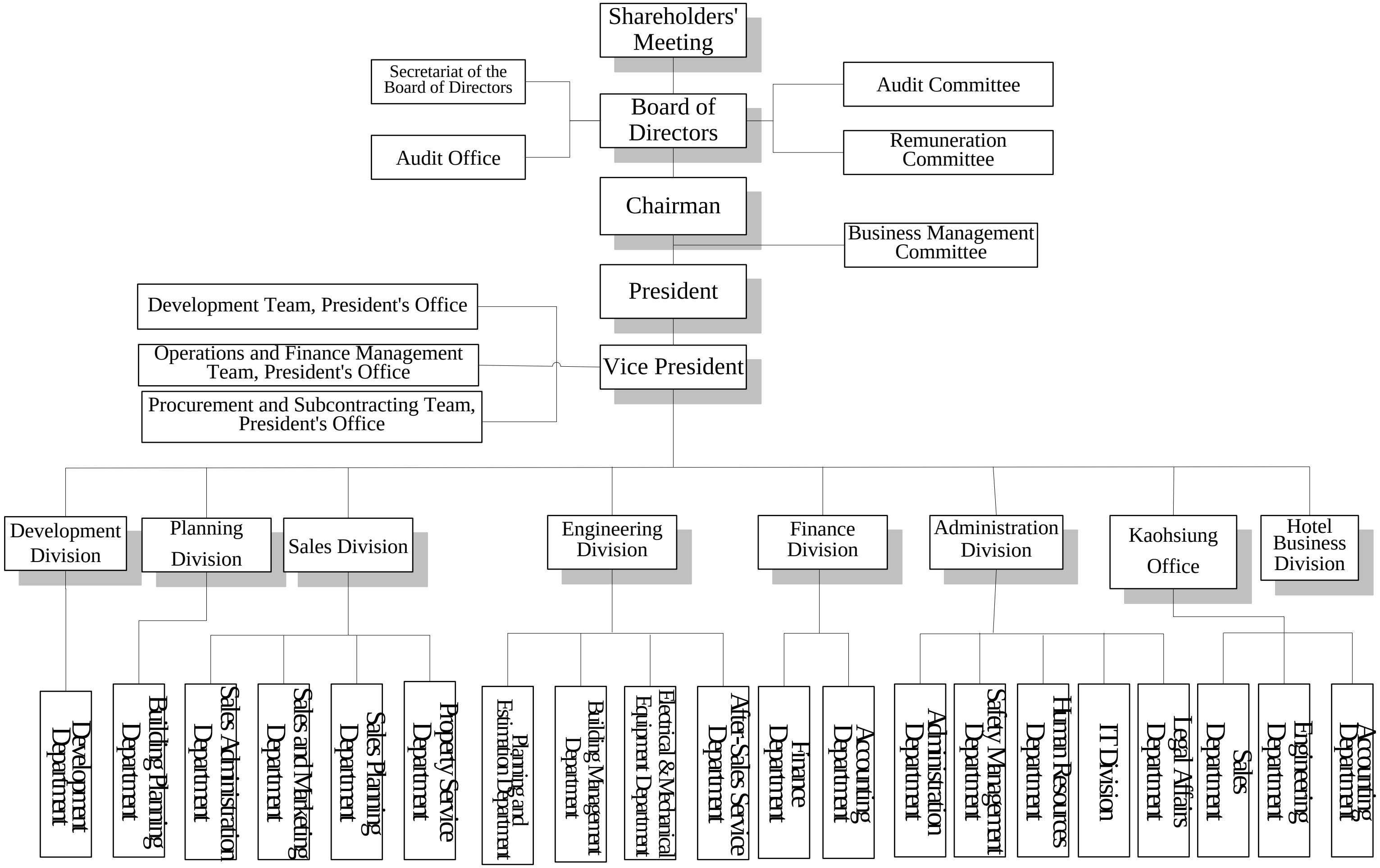
June 1997	Capital increase of NT$1.0204 billion from earnings, capital surplus, and employee bonus which increased the paid-in capital to NT$5.6204 billion
July 1997	Cash capital increase of NT$1.3796 billion which increased the paid-in capital to NT$7 billion
July 1997	Issuance of the first unsecured convertible corporate bonds valued at NT$1 billion
March 1998	Converted corporate bonds (Kuo Yang A) into ordinary shares totaling NT$33,071,610 which increased the paid-in capital to NT$7,033,071,610
May 1998	Capital increase of NT$3,758,599,980 from earnings, capital surplus, employee bonus, and conversion of corporate bonds (Kuo Yang B) into ordinary shares which increased the paid-in capital to NT$10,791,671,590
August 1998	Converted corporate bonds (Kuo Yang C) into ordinary shares totaling NT$11,082,820 which increased the paid-in capital to NT$10,802,754,410
October 1999	Capital reduction of NT$4,969,267,020 for the issuance of new shares which reduced the paid-in capital to NT$5,833,487,390 after capital reduction
June 2002	Capital reduction of NT$2,833,487,390 for the issuance of new shares which reduced the paid-in capital to NT$3 billion after capital reduction.
June 2003	Cash capital increase of NT$600 million through private placement which increased the paid-in capital to NT$3.6 billion after the capital increase
November 2003	Cash capital increase of NT$500 million through private placement which increased the paid-in capital to NT$4.1 billion after the capital increase
December 2003	Cash capital increase of NT$1 billion through private placement which increased the paid-in capital to NT$5.1 billion after the capital increase
February 2004	Cash capital increase of NT$450 million through private placement which increased the paid-in capital to NT$5.55 billion after the capital increase
April 2004	Cash capital increase of NT$160 million through private placement which increased the paid-in capital to NT$5.71 billion after the capital increase

November 2004	Capital reduction of NT$2.664 billion which reduced the paid-in capital to NT$3.046 billion after capital reduction
April 2006	Cash capital increase of NT$600 million through private placement which increased the paid-in capital to NT$3.646 billion after the capital increase
June 2006	Cash capital increase of NT$400 million through private placement which increased the paid-in capital to NT$4.046 billion after the capital increase
December 2006	Cash capital increase of NT$380 million through private placement which increased the paid-in capital to NT$4.426 billion after the capital increase
October 2010	Launched Kuo Yan in Kaohsiung and won the 18th Chinese Architectural Golden Stone Award and the Golden Stone First Prize in the Super High Residential Building Category in Kaohsiung and Pingtung in 2010
September 2011	Launched Good Morning, Kuo Yang and received the Golden Stone Award in the Excellent Planning and Design Category
May 2012	Issuance of the first domestic secured convertible corporate bonds valued at NT$900 million
September 2012	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT$25,849,500 which increased the paid-in capital to NT$4,451,849,500
December 2012	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT$11,001,690 which increased the paid-in capital to NT$4,462,851,190
2012	The Company received the Chinese Architectural Golden Stone Award in the Excellent Construction Quality Category for"Kuo Yang Tianmu", Golden Stone Award in the Excellent Planning and Design Category for"Sky Garden", and Golden Stone Award in the Excellent Brand Company Category
2013	Kuo Yang Tianmu received the highest honor in the 2013 Taiwan Real Estate Excellence Awards in the"Best Urban Renewal Category for Excellent Reconstruction and Renewal Project"
March 2013	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT$36,940,890 which increased the paid-in capital to NT$4,499,792,080
June 2013	Converted corporate bonds (Kuo Yang II) into ordinary shares

	totaling NT$56,350,410 which increased the paid-in capital to NT$4,556,142,490
September 2013	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT$22,987,360 and converted earnings to capital increase of NT$449,979,210 which increased the paid-in capital to NT$5,029,109,060 Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT$4,027,460 which increased the paid-in capital to NT$5,033,136,520 in December 2013
March 2014	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT$2,455,760 which increased the paid-in capital to NT$5,035,592,280
May 2015	Converted corporate bonds (Kuo Yang II) into ordinary shares totaling NT$730,232,510 which increased the paid-in capital to NT$5,765,824,790
September 2018	Cash capital increase of NT$1.2 billion which increased the paid-in capital to NT$6,965,824,790
February 2019	Relocated to the United Daily News Office Building at 18F, No. 555, Section 4, Zhongxiao East Road, Taipei City
November 2020	Cash capital reduction of NT$3,165,824,790 which decreased the paid-in capital to NT$3.8 billion

C. Corporate Governance Report

I. Organization System



Passed by the Board of Directors on October 23, 2017

Department	Business Overview
President's Office	(I) Business management, operation analysis, market research, and product planning. (II) Procurement and subcontracting.
Development Division	(I) Development of diverse projects. (II) Land survey and integration, investment assessment, property rights, and market research. (III) Negotiation, preparation, and determination of partnerships and transaction terms, and contract signing. (IV) Development management, budget implementation, and administrative tasks. (V) Tracking, analysis, and filing of development benefits.
Sales Division	(I) Market research analysis. (II) Sales and marketing tasks. (III) Sales planning. (IV) Sales and administrative operations. (V) Property management services. (VI) Customer sales services.
Planning Division	(I) Product positioning, design, and planning. (II) Application for building licenses. (III) Recommendations for the use of materials. (IV) Design of indoor areas, landscaping, and lighting.
Engineering Division	(I) Construction planning. (II) Estimates for construction projects. (III) Recommendations for mechanical and electrical equipment and construction supervision for construction projects. (IV) Construction management, estimation, and supervision of construction projects.
Finance Division	(I) Finance operations, cashier, and bill control. (II) Debt management for bank loans. (III) Preparation of funding and budget. (IV) Financial and accounting affairs. (V) Control of project budgets. (VI) Design and execution of tax plans. (VII) Planning and execution of annual accounts.
Administration Division	(I) Administrative tasks for shareholder services stock and general affairs. (II) Management of the receipt and issuance of documents and management of company licenses and property ownership certificates. (III) Supervision of the printing of company documents. (IV) Employee appointment, dismissal, and training. (V) Human resource planning. (VI) Planning and configuration of the Company's IT platform. (VII) Management and maintenance of IT equipment. (VIII) Information collection and training. (IX) Legal advice for contracts and documents of the Company. (X) Appointment, communication, and tracking of legal cases.

	(XI) Safety of the Company's work environment. (XII) Safety plans for the Company's employees.
Kaohsiung Office	(I) Land development in Kaohsiung. (II) Operations, administration, and construction supervision for construction projects in Kaohsiung. (III) Market research analysis for construction projects in Kaohsiung.

Business operations of key departments:

II. Information on Directors, President, Vice Presidents, Assistant Vice Presidents, and heads of departments and subsidiaries

(I) Information on Directors(A) March 31, 2021

Title	Nationality or place of registration	Name	Gender Age	Date elected(appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Chi Chan Industries Co., Ltd.		2020.06.10	Three years	2008.06.13	1,281,126	0.18%	698,880	0.18%	-	-	None	None	-	-	-	-	-	
Chairman Institutional shareholder representative	Republic of China	Tzu-Kuan Lin-Institutional shareholder representative of Chi Chan Industries	Male 61~70	2020.06.10	Three years	2008.06.13	0	0.00%	0	0.00%	0	0.00%	None	None	Legal representative of Grand Hi-Lai Hotel Management Consulting Co., Ltd. President, Top Plaza Hotel, Kaohsiung President, Spring City Resort, Taipei (Chinese Culture University)	President, Grand Hi-Lai Hotel Business Group Director, Hanshin Shopping Plaza Co., Ltd. Director, Hanshin Department Store Co., Ltd. Director, Kaohsiung Arena Development Corporation Chairman, Shang Yang International Asset Management Co., Ltd. Chairman, Shen Yang Construction Co., Ltd. Chairman, Che Yang Agricultural Technology Co., Ltd. Chairman, Chi Yang Construction Co., Ltd. Chairman, Pu Li Management Consulting Co., Ltd. Director, Sweet Me Hot Spring Resort Co., Ltd. Director, SE Security Corp.	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected(appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director Institutional shareholder representative	Republic of China	Chia-Chi Hou-Institutional shareholder representative of Chi Chan Industries	Female 31~40	2020.06.10	Three years	2020.06.10	1,807,833	0.26%	986,209	0.26%	0	0.00%	None	None	Medical Research Assistant, Johns Hopkins University Senior Scientist, Pfizer Inc. (BS in Applied Mathematics and Chemical Engineering, Johns Hopkins University) (Master/PhD in Department of Bioengineering, Stanford University) (Master in Applied Computation, Harvard University)	Director, Hanshin Asset Management Co., Ltd. Director, Kaohsiung Arena Development Corporation Chairman, Han Yang Global Co., Ltd. Director, Jollify4ever Ltd. Chairman, HCW Investment Co., Ltd. Chairman, Chuwa Wool Industry Co.,(Taiwan)Ltd. Chairman, Hanshin Shopping Plaza Co., Ltd. Chairman, Hanshin Department Store Co., Ltd. Chairman, Lien Chung International Asset Management Co., Ltd. Vice Chairman and Director, Grand Hi-Lai Hotel Co., Ltd. Director, Han Shen Investment Co., Ltd. Chairman, Cho Chia Co., Ltd. Chairman, Chung Shen Development Co., Ltd. Chairman, Hsueh Yung Co., Ltd. Chairman,Chi Chia Industries Co., Ltd. Director, Verisik Inc. Chairman, Aquas Sports and Culture Co., Ltd.	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected(appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Cheng Chi Co., Ltd.		2020.06.10	Three years	2000.04.24	42,389,920	6.09%	23,124,570	6.09%	-	-	None	None	-	-	-	-	-	
Director Institutional shareholder representative	Republic of China	Wei-Hsiung Tsai-Institutional shareholder representative of Cheng Chi	Male 71~80	2020.06.10	Three years	2014.10.29	0	0.00%	0	0.00%	0	0.00%	None	None	Chairman, The Bankers Association of the Republic of China Director, Central Bank Executive Director, General Chamber of Commerce of the Republic of China Director, Taiwan Stock Exchange Corporation Chairman, Taiwan Financial Holdings Chairman, Bank of Taiwan Chairman, Land Bank of Taiwan President, First Bank (Department of International Business, National Chengchi University)	Chairman, Hanshin Asset Management Co., Ltd. Chairman, Han Shen Investment Co., Ltd. Director, Huang Hsiang Construction Corporation Director, Hanshin Shopping Plaza Co., Ltd. Director, Hanshin Department Store Co., Ltd.	None	None	None	None
Director Institutional shareholder representative	Republic of China	Chien-Ping Juan-Institutional shareholder representative of Cheng Chi	Male 71~80	2020.06.10	Three years	2014.06.23	0	0.00%	0	0.00%	21,820	0.01%	None	None	Chairman, Lending Committee, The Bankers Association of the Republic of China Vice President and Chief Auditor, Land Bank of Taiwan Director, Mega Bills Finance Director, Agricultural Credit Guarantee Fund (Department of Land Economics, National Chengchi University)	Chairman, Kaohsiung Arena Development Corporation Director, Hanshin Asset Management Co., Ltd. Independent Director, Chialin Precision Industrial Co., Ltd. Director, Han Shen Investment Co., Ltd. Director, SE Security Corp.	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected(appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director Institutional shareholder representative	Republic of China	Tung-Ming Su- Institutional shareholder representative of Cheng Chi	Male 71~80	2020.06.10	Three years	2011.06.22	12,100	0.00%	0	0.00%	0	0.00%	None	None	Assistant Manager, Lai Lai Hotel, Taipei (National Open University)	Chairman, Grand Hi-Lai International Property Management Consulting Co., Ltd. Chairman, Grand Hi-Lai Hotel Management Consulting Co., Ltd. Vice President, Grand Hi-Lai Hotel Co., Ltd.	None	None	None	None
Director	Republic of China	Pai Ti Development Co., Ltd.		2020.06.10	Three years	2008.06.13	8,071,097	1.16%	4,402,948	1.16%	-	-	None	None	-	-	-	-	-	
Director Institutional shareholder representative	Republic of China	Pei-Kui Su - Institutional shareholder representative of Pai Ti Development	Male 51~60	2020.06.10	Three years	2017.06.08	0	0.00%	0	0.00%	0	0.00%	None	None	Uni-President Enterprises Corp. (Department of Finance, National Sun Yat-sen University)	Hanshin Department Store Co., Ltd. Assistant Vice President, Business Management Department	None	None	None	None
Independent Director	Republic of China	Li-Yen Yang	Male 61~70	2020.06.10	Three years	2020.06.10	0	0.00%	0	0.00%	0	0.00%	None	None	Manager, South Africa Branch, Bank of Taiwan Manager, Los Angeles Branch, Bank of Taiwan Manager, International Department, Bank of Taiwan Vice President, Bank of Taiwan Managing Director and President, Hua Nan Bank Director and President, Mega Financial Holdings Managing Director and President, Mega International Commercial Bank	Next Bank Supervisor	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected(appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Wu-Po Kuo	Male 71~80	2017.06.08	Three years	2017.06.08	0	0.00%	0	0.00%	0	0.00%	None	None	Staff, Ministry of the Interior Deputy Captain, Measurement Team, Department of Land Administration, Taipei City Government Director, Taipei Jiancheng Land Office Captain, Measurement Team, Department of Land Administration, Taipei City Government Deputy Director, Northern Region Branch, National Property Administration Director, Northern Region Branch, National Property Administration Deputy Director General, National Property Administration Director General, National Property Administration Counselor, Ministry of Finance Managing Director, Land Bank of Taiwan (Bachelor's degree, Department of Land Resources, Chinese Culture University)	-	None	None	None	None

Title	Nationality or place of registration	Name	Gender Age	Date elected(appointed)	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education)	Current position in the Company or other companies	Spouse or relatives of second degree or closer acting as Directors or other department heads			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Chiu-Mu Tseng	Male 71~80	2017.06.08	Three years	2017.06.08	0	0.00%	0	0.00%	0	0.00%	None	None	Instructor, Air Force Institute of Technology Lecturer, National Chiayi Institute of Agriculture Director, Taipei Guting Land Office Acting Director, Taipei Shilin Land Office Secretary General, Department of Land Administration, Taipei City Government Deputy Director General, Department of Land Administration, Taipei City Government Consultant, Land Administration Agent Guild of Taipei City Consultant, Association for the Promotion of Cadastral Rights of the Republic of China Team Member, Advisory Board, Taipei City Government (Graduated from the Institute of Land Economics, National Chengchi University)	Consultant, Land Administration Agent Guild of Taipei City Team Member, Advisory Board, Taipei City Government Consultant, Taipei City Land Administration Agent Volunteer Service Association Member, Arbitration Technology and Arbitration Business Promotion Committee, Chinese Real Estate Arbitration Association -	None	None	None	None

Note: Elections of all Directors were held on June 10, 2020. As of the time of the election, the Company's paid-in capital was NT$6,965,824,790. As of April 12, 2021, the Company's paid-in capital was NT$3,800,000,000.

Notes:

Table 1: Major shareholders of institutional shareholders

March 31, 2022

Name of institutional Shareholder(Note 1)	Major shareholders of institutional shareholders(Note 2)	Shareholding ratio(%)
Cheng Chi Co., Ltd.	Kao Pin Co., Ltd.	97.50
	Hsi-Feng Hou	2.50
Pai Ti Development Co., Ltd.	Chi Chan Industries Co., Ltd.	10.00
	Han Kuang Co., Ltd.	90.00
Chi Chan Industries Co., Ltd.	Chi Hsuan Development Co., Ltd.	42.79
	Ku Pang Co., Ltd.	49.71
	Kao Pin Co., Ltd.	7.28

Note 1: If Directors and Supervisors are the representatives of institutional shareholders, the names of the institutional shareholders shall be disclosed.

Note 2: Fill in the names of main shareholders of the institutional shareholder(the top ten shareholders in terms of shareholding ratio)and their shareholding ratio. If the major shareholder is a juristic person, his/her name should be filled in Table 2 below.

Note 3: Where an institutional shareholder is not organized as a company, the name of the shareholders and shareholding ratio that must be disclosed in accordance with the above shall be the name of the funder or donor and the funding or donation ratio.

Table 2: Major shareholders of major institutional shareholders listed in Table 1

March 31, 2022

Name of institution(Note 1)	Major shareholders of institutional shareholders(Note 2)	Shareholding ratio(%)
Kao Pin Co., Ltd.	Han Kuang Co., Ltd.	19.67
	Chuan Shang Co., Ltd.	19.67
	Chi Chia Industries Co., Ltd.	19.67
	Hsuan Ming Development Co., Ltd.	19.67
	Tsu Yan International Development Co., Ltd.	19.67
	Hsi-Feng Hou	1.64
Chi Chan Industries Co., Ltd.	Ku Pang Co., Ltd.	49.71
	Chi Hsuan Development Co., Ltd.	42.79
	Kao Pin Co., Ltd.	7.28
	Hsi-Feng Hou	0.22
Han Kuang Co., Ltd.	Kuo Pin Development Co., Ltd.	99.90
	Hsi-Feng Hou	0.10
Chi Hsuan Development Co., Ltd.	Kao Pin Co., Ltd.	64.94
	Chi Chan Industries Co., Ltd.	35.05
	Hsi-Feng Hou	0.01
Ku Pang Co., Ltd.	Kao Pin Co., Ltd.	99.15
	Hsi-Feng Hou	0.85

Note 1: If the major shareholders in Table1 are institutional shareholders, the names of the institutional shareholders shall be disclosed.

Note 2: Fill in the names of main shareholders of the institution(the top ten shareholders in terms of shareholding ratio)and their shareholding ratio.

Note 3: Where an institutional shareholder is not organized as a company, the name of the shareholders and shareholding ratio that must be disclosed in accordance with the above shall be the name of the funder or donor and the funding or donation ratio.

Information on Directors(2)

I. Disclosure of information on the professional qualifications of Directors and independence of Independent Directors:

Qualifications / Name	Professional Qualifications and Experience	Compliance of independence (Note)	Number of positions as an Independent Director in other public companies
Director			

Chi Chan Industries Co., Ltd. Representative: Tzu-Kuan Lin	Graduated from the Chinese Culture University and currently serves as the Chairman of the Board of Directors of the Company. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the hotel industry and related fields for nearly 20 years. He has the professional leadership, marketing, operation management, strategic planning, and crisis management skills for leading the Company in becoming the industry leader and advance sustainable development.	Note:Tthe Director meets any of the following criteria in the two years before being elected or during the term of office: (1) Not employed by the Company or any of its affiliates. (2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others'names, in an aggregate amount of 1%or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. (3) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager as stated in(1)or any of the persons mentioned in(2)and(3). (4) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company(except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations). (5) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company(except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations). (6) Not a director, supervisor, manager, or shareholder holding 5%or more of the shares of a specified company or institution that has a financial or business relationship with the company(this restriction does not apply to specific companies or institutions if they hold more than 20%but less than 50%of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country). (7) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations. (8) Not a spouse or a relative within two degrees of kinship with any other director. (9) Does not meet any of the conditions stated in Article 30 of the Company Act.	0

Chi Chan Industries Co., Ltd. Representative: Chia-Chi Hou	Graduated with from the Department of Applied Mathematics and Chemical Engineering, Johns Hopkins University, Master/PhD in Department of Bioengineering, Stanford University. She currently serves as the Director of the Company, representative and Chairman of Hanshin Shopping Plaza, and representative of corporate directors of multiple listed companies. She has more than five years of necessary work experience in business, finance, big data, and corporate affairs and has the strategic planning, business management, marketing, and professional leadership skills for leading the Company in sustainable development in the tech industry.	Note: The Director meets any of the following criteria in the two years before being elected or during the term of office, s: (1) Not employed by the Company or any of its affiliates. (2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others'names, in an aggregate amount of 1%or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. (3) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager as stated in(1)or any of the persons mentioned in(2)and(3). (4) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5%of the total issued shares of the company, or a top 5 shareholder, or a director or supervisor representative appointed by the company in accordance with Article 27, Paragraph 1 or 2 of the Company Act(excluding independent directors appointed by both the company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations). (5) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company(except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations). (6) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company(except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).	0

Cheng Chi Co., Ltd. Representative: Wei-Hsiung Tsai	Graduated from the Department of International Business of National Chengchi University. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the finance industry and related fields for nearly 20 years. He has the professional leadership, marketing, operation management, strategic planning, and crisis management skills for leading the Company in becoming the industry leader and advance sustainable development.	(7) Not a director, supervisor, manager, or shareholder holding 5%or more of the shares of a specified company or institution that has a financial or business relationship with the company(this restriction does not apply to specific companies or institutions if they hold more than 20%but less than 50%of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country). (8) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations. (9) Not a spouse or a relative within two degrees of kinship with any other director. (10) Does not meet any of the conditions stated in Article 30 of the Company Act.	0
Cheng Chi Co., Ltd. Representative: Chien-Ping Juan	Graduated from the Department of Land Economics, National Chengchi University. He has more than five years of necessary work experience in business, finance, accounting and corporate affairs and has worked in the finance industry and related fields. He has the professional leadership, marketing, operation management, strategic planning, and crisis management skills for leading the Company in becoming the industry leader and advance sustainable development.		1

Cheng Chi Co., Ltd. Representative: Tung-Ming Su	Graduated from the National Open University. He has more than five years of necessary work experience in business and corporate affairs. He has the professional leadership, marketing, operation management, strategic planning, and crisis management skills for leading the Company in becoming the industry leader and advance sustainable development.		0
Pai Ti Development Co., Ltd. Representative: Pei-Kui Su	Graduated from the Department of Finance, National Sun Yat-sen University. He has more than five years of necessary work experience in business, finance, accounting and corporate affairs. He has the professional leadership, marketing, operation management, strategic planning, and crisis management skills for leading the Company in becoming the industry leader and advance sustainable development.		0

Independent Director

<table>
<tr>
<td>Li-Yen Yang</td>
<td>Graduated from the Department of Business Management, College of Law, National Taiwan University. Qualified in the Senior Examination for Field Operations of Financial Personnel in 1978. He currently serves as the convener of the Company's Remuneration Committee and convener of the Audit Committee. He has more than five years of necessary work experience in legal affairs, business, finance, and corporate affairs and has worked in the finance industry and related fields for nearly 20 years, with experience in legal affairs, corporate finance, and accounting.</td>
<td rowspan="2">Note: The Director meets any of the following criteria in the two years before being elected or during the term of office,
(1) Not employed by the Company or any of its affiliates.
(2) Not a director or supervisor of the company or its affiliates(this restriction does not apply to independent directors in the company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).
(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others'names, in an aggregate amount of 1%or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager as stated in(1)or any of the persons mentioned in(2)and(3).
(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5%of the total issued shares of the company, or a top 5 shareholder, or a director or supervisor representative appointed by the company in accordance with Article 27, Paragraph 1 or 2 of the Company Act(excluding independent directors appointed by both the company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).
(6) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company(except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).
(7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company(except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).
(8) Not a director, supervisor, manager, or shareholder holding 5%or more of the shares of a specified company or institution that has a financial or business relationship with the company(this restriction does not apply to specific companies or institutions if they hold more than 20%but less than 50%of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).
(9) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a</td>
<td>0</td>
</tr>
<tr>
<td>Wu-Po Kuo</td>
<td>Graduated with a bachelor's degree, Department of Land Resources, Chinese Culture University and graduated from the Institute of Public Administration, National Chengchi University. Qualified in the Senior Examination for Land Administration in 1975. He currently serves as a member of the Company's Remuneration Committee and a member of the Audit Committee. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the Department of Land Administration of Taipei and National Property Administration of the Ministry of Finance for nearly 20 years, with experience in land administration and finance.</td>
<td>0</td>
</tr>
</table>

Chiu-Mu Tseng	Graduated from the Institute of Land Economics, National Chengchi University. He currently serves as a member of the Company's Remuneration Committee and a member of the Audit Committee. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the Department of Land Administration of Taipei for nearly 30 years, with experience in land administration.	member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations. (10) Not a spouse or a relative within two degrees of kinship with any other director. (11) Does not meet any of the conditions stated in Article 30 of the Company Act. (12) Not elected as a government or corporate representative, as described in Article 27 of the Company Act.	0

II. Diversity and independence of the Board of Directors

The Company specifies in the *Corporate Governance Code of Practice* that the members of the Board of Directors shall be selected with an emphasis on gender equality, general knowledge, skills, and the competencies required to perform incumbent duties. In order to accomplish the preferred governance goals of the Company, the Board of Directors shall generally be equipped with the following capabilities:

1. Ability to make sound business judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to manage a business.
4. Ability to handle crisis management.
5. Industrial knowledge.
6. An international market perspective.
7. Leadership.
8. Decision-making ability.

The Company's Board of Directors consists of 9 Directors (including 3 Independent Directors). Independent Directors account for 30% of all members. The Board of Directors also has 1 female Director who accounts for 11% of all members. In terms of the age distribution, 1 Director is aged 31 to 40, 1 Director is aged 51 to 60, 2 Directors are aged 61 to 70, and 5 Directors are aged 71 to 80. With regard to the terms of office of Independent Directors, two Independent Directors have served more than 3 years and one has served less than 3 years. No Independent Director has served more than 3 consecutive terms. Their qualifications meet the regulations for Independent Directors in regulations and they are familiar with the operations of the Company. The progress is detailed in the table below:

Name	Job title	Nationality	Gender	Status as employee	Age				Independent Director office term		Core diversity skills						
					31-40 years old	51-60 years old	61-70 years old	71-80 years old	Less than 3 years	3 years or above	Business management	Legal affairs and real estate	Finance	Accounting and business	Marketing management	Information technology	Risk management
Tzu-Kuan Lin	Chairman	Republic of China	Male	-			V				V		V	V	V		V
Chia-Chi Hou	Director	Republic of China	Female	-	V						V		V	V	V	V	V
Wei-Hsiung Tsai	Director	Republic of China	Male	-				V			V	V	V	V	V		V
Chien-Ping Juan	Director	Republic of China	Male	-				V			V	V	V	V	V		V
Tung-Ming Su	Director	Republic of China	Male	-				V			V	V		V	V	V	
Pei-Kui Su	Director	Republic of China	Male	-		V					V		V		V	V	V
Li-Yen Yang	Independent Director	Republic of China	Male	-			V		V		V	V	V				V

Wu-Po Kuo	Independent Director	Republic of China	Male	-					V		V		V	V			V
Chiu-Mu Tseng	Independent Director	Republic of China	Male	-					V		V		V				V

III. Specific management targets and implementation status of the policy on diversification of board members:

Management target	Implementation status
Directors who serve concurrently as managers should not exceed one third of the Board of Directors	Achieved
The Board of Directors has at least one female member	Achieved
No more than three consecutive terms for Independent Director	Achieved

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and heads of departments and subsidiaries

March 31, 2021

Title (Note 1)	Nationality	Name	Gender	Date elected(appointed)	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education) (Note 2)	Current position in other companies	Has a spouse or a relative within the second degree of kinship who is the Company's manager			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
President	Republic of China	Shao-Ling Peng	Female	2008.06.18	218,340	0.06%	0	0.00%	None	None	Vice President, Yu Chieh Construction Co., Ltd. (Tungnan University)	Director, Hanshin Department Store Co., Ltd.; Director, Hanshin Shopping Plaza Co., Ltd.; Director, Grand Hi-Lai Hotel Co., Ltd.; Director, Hi-Lai Foods Co., Ltd.; Director, Shang Yang International Asset Management Co., Ltd.; Director, Shen Yang Construction Co., Ltd.; Director, Che Yang Agricultural Technology Co., Ltd.; Director, Chi Yang Construction Co., Ltd.; Director, Chi Yang Construction Co., Ltd.;Director, SE Security Corp.	None	None	None	None
President's Office Vice President	Republic of China	Cheng-Hsiung Hsieh	Male	2015.07.20	128	0.00%	11,589	0.00%	None	None	(Manager, Han Yang Construction)	Supervisor, Sweet Me Hot Spring Resort Co., Ltd.; Director, Shang Yang International Asset Management Co., Ltd.; Supervisor, Li Yang Agricultural Technology Co., Ltd.; Director, Shen Yang Construction Co., Ltd.; Director, Che Yang Agricultural Technology Co., Ltd.; Director, Chi Yang Construction Co., Ltd. Director, Han Yang Global Co., Ltd.	None	None	None	None
Assistant Vice President, Planning Division	Republic of China	Yun-Ti Cheng	Male	2016.03.15	10,000	0.00%	0	0.00%	None	None	Assistant Vice President, Ting Ho Development Co., Ltd. (Master's degree, Department of Architecture, Tamkang University)	None	None	None	None	None
Assistant Vice President, Planning Division	Republic of China	Lin-Wei Hsiao	Male	2015.06.09	2,727	0.00%	0	0.00%	None	None	(Master's degree, Department of Architecture, Tamkang University)	None	None	None	None	None
Assistant Vice President, Engineering Division	Republic of China	Wen-Ho Hsu	Male	2015.06.09	4,364	0.00%	0	0.00%	None	None	Assistant Vice President, Lu Chiang Construction (Graduate Institute of Civil and Disaster Prevention Engineering, National Taipei University of Technology)	None	None	None	None	None
Assistant Vice President of the Finance Division and Accounting Manager	Republic of China	Cheng-I Wang	Female	2015.07.20 2008.08.15	27,276	0.01%	0	0.00%	None	None	Accounting Manager, Crowell Development (China University of Technology)	Supervisor, Shang Yang International Asset Management Co., Ltd.; Supervisor, Shen Yang Construction Co., Ltd.; Supervisor, Che Yang Agricultural Technology Co., Ltd.; Supervisor, Hi-Lai Hotel Co., Ltd.; Supervisor, Silvershine Technology Inc.; Supervisor, Chi Yang Construction Co., Ltd.	None	None	None	None

Title (Note 1)	Nationality	Name	Gender	Date elected(appointed)	Shareholding		Shares held by spouse and underage children		Shareholding by nominee arrangement		Main experience(education) (Note 2)	Current position in other companies	Has a spouse or a relative within the second degree of kinship who is the Company's manager			Remarks (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Assistant Vice President, Sales Division	Republic of China	Meng-Hui Lien	Female	2017.04.24	0	0.00%	0	0.00%	None	None	Secretary, Cinti Leghorn Co., Ltd. Sales and administration staff, Chang Hsuan Construction Co., Ltd. Sales and administration staff, Kuo Yang Construction Co., Ltd. Sales and administration staff, Ming Fu Development Co., Ltd. Assistant Vice President, Hiyes Corporation Ltd. (Yu Da University of Science and Technology, Comprehensive Business Studies Department)	None	None	None	None	None
Manager, Audit Office	Republic of China	Yue-Hua Li	Female	2008.08.15	0	0.00%	0	0.00%	None	None	Accounting Manager, Ching Yang Construction Co., Ltd. (Yu Da University of Science and Technology Department of Finance/Accounting)	None	None	None	None	None

PS: Note 1: Information regarding the President, Vice Presidents, Assistant Vice Presidents, heads of departments and branches should be included and information regarding positions equivalent to President, Vice Presidents, Assistant Vice Presidents shall be disclosed regardless of job title.

Note 2: Experience related to the current position. If the individual had served in the certifying CPA firm or an affiliated enterprise in the aforementioned period, the position and job functions shall be described.

Note 3: Where the Chairman, President, or individual with equivalent roles are the same individual, spouses, or relatives within the first degree of kinship, the Company shall disclose related information regarding the reason, reasonableness, necessity, and response measures(e.g., appointment of additional Independent Directors and requiring the appointment of more than half of the Directors from individuals who are not employees or managers).

III. Remunerations to Directors, President, and Vice Presidents in recent years

Remuneration paid to Directors and Independent Directors(disclosure of the name and remuneration of each individual) Unit: NTD

Title	Name	Remuneration for Directors								Total remuneration(A+B+C+D)as a percentage of net income after tax (Note 10)		Remuneration received as the Company's employee								Ratio of total compensation(A+B+C+D+E+F+G)to after-tax income (Note 10)		Remuneration received from investees other than subsidiaries (Note 11)
		Remuneration (A)(Note 2)		Severance pay and pension (B)		Remuneration for Directors (C)(Note 3) (Proposed amount)		Project implementation expenses (D)(Note 4)				Salary, bonuses, and allowances (E)(Note 5)		Severance pay and pension(F)		Employee remuneration (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)	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies included in the Financial Report(Note 7)	
Chairman	Chi Chan Industries Co., Ltd. Representative: Tzu-Kuan Lin	140,000	140,000	0	0	973,768	973,768	0	0	0.1134%	0.1134%	0	0	0	0	0	0	0	0	0.1134%	0.1134%	None
Director	Cheng Chi Co., Ltd. Representative: Wei-Hsiung Tsai	130,000	130,000	0	0	973,765	973,765	0	0	0.1124%	0.1124%	0	0	0	0	0	0	0	0	0.1124%	0.1124%	None
Director	Cheng Chi Co., Ltd. Representative: Chien-Ping Juan	120,000	120,000	0	0	973,765	973,765	0	0	0.1114%	0.1114%	0	0	0	0	0	0	0	0	0.1114%	0.1114%	None
Director	Chi Chan Industries Co., Ltd. Representative: Chia-Chi Hou	140,000	140,000	0	0	973,765	973,765	0	0	0.1134%	0.1134%	0	0	0	0	0	0	0	0	0.1134%	0.1134%	None
Director	Cheng Chi Co., Ltd. Representative: Tung-Ming Su	130,000	130,000	0	0	973,765	973,765	0	0	0.1124%	0.1124%	0	0	0	0	0	0	0	0	0.1124%	0.1124%	None
Director	Pai Ti Development Co., Ltd. Representative: Pei-Kui Su	140,000	140,000	0	0	973,765	973,765	0	0	0.1134%	0.1134%	0	0	0	0	0	0	0	0	0.1134%	0.1134%	None
Independent Director	Li-Yen Yang	870,000	870,000	0	0	0	0	0	0	0.0886%	0.0191%	0	0	0	0	0	0	0	0	0.0886%	0.0191%	None
Independent Director	Wu-Po Kuo	870,000	870,000	0	0	0	0	0	0	0.0886%	0.0191%	0	0	0	0	0	0	0	0	0.0886%	0.0191%	None

Independent Director	Chiu-Mu Tseng	870,000	870,000	0	0			0	0	0.0886%	0.0083%	0	0	0	0	0	0	0	0	0.0886%	0.0083%	None

1. Please describe the policy, system, standards and structure of the remuneration packages of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment:
   According to the Company's"Remuneration Committee Charter", the Committee shall regularly review the Company's policies, systems, standards, and structure for the performance evaluation, salary, and remuneration of the Directors, Independent Directors, and managers.
   (1)Transportation expenses: Payment for attendance in meetings of the Board of Directors. The attendance fee is NT$10,000 per person.(2)Fixed remuneration: Fixed remuneration of NT$50,000 per month.(3)Non-fixed remuneration: No such remuneration for Directors.
2. Except as disclosed above, remuneration received by directors in the latest year for on-balance sheet services(e.g., acting as a non-employee consultant)rendered to the Company: None

Range of remuneration chart

Range of remuneration paid to the Directors of the Company	Name of Director			
	Total amount of the 4 preceding remunerations (A+B+C+D)		Total amount of the 7 preceding remunerations (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
Less than NT$1,000,000	Tzu-Kuan Lin, Che-Hsiung Tsai, Chien-Ping Juan, Chia-Chi Hou, Tung-Ming Su, Pei-Kui Su, Li-Yan Yang, Wu-Po Kuo, Chiu-Mu Tseng	Tzu-Kuan Lin, Che-Hsiung Tsai, Chien-Ping Juan, Chia-Chi Hou, Tung-Ming Su, Pei-Kui Su, Li-Yan Yang, Wu-Po Kuo, Chiu-Mu Tseng	Tzu-Kuan Lin, Che-Hsiung Tsai, Chien-Ping Juan, Chia-Chi Hou, Tung-Ming Su, Pei-Kui Su, Li-Yan Yang, Wu-Po Kuo, Chiu-Mu Tseng	Tzu-Kuan Lin, Che-Hsiung Tsai, Chien-Ping Juan, Chia-Chi Hou, Tung-Ming Su, Pei-Kui Su, Li-Yan Yang, Wu-Po Kuo, Chiu-Mu Tseng
NT$1,000,000(inclusive)to NT$2,000,000(exclusive)				
NT$2,000,000(inclusive)to NT$3,500,000(exclusive)				
NT$3,500,000(inclusive)to NT$5,000,000(exclusive)				
NT$5,000,000(inclusive)to NT$10,000,000(exclusive)				
NT$10,000,000(inclusive)to NT$15,000,000(exclusive)				
NT$15,000,000(inclusive)to NT$30,000,000(exclusive)				
NT$30,000,000(inclusive)to NT$50,000,000(exclusive)				
NT$50,000,000(inclusive)to NT$100,000,000(exclusive)				
Higher than NT$100,000,000				
Total	9 persons	9 persons	9 persons	9 persons

Note 1: The names of the Directors must be separately listed(for institutional shareholders, the names of institutional shareholders and representatives should be listed respectively)and the payment amounts shall be disclosed using the summary disclosure method. If a Director concurrently serves as the President or Vice President, fill out this Table and Table(3-1)or(3-2)below.

Note 2: Remuneration to Directors in the most recent year(include the Directors' salary, additional duty payments, severance pay, various bonuses, or incentive payments).

Note 3: The amount is the proposed remuneration to directors approved by the Board of Directors for the most recent fiscal year.

Note 4: This refers to the project implementation expenses of Directors in the past year(including transportation expenses, special allowance, stipends, dormitory, and car). If housing, cars, and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount shall not be included in the remuneration.

Note 5: All payments to Directors who are also employees of the Company(including the President, Vice Presidents, other managers, and employees), including salary, additional duty payment, severance pay, various bonuses, incentive payments, transportation expenses, special allowance, stipends, dormitory, and car. If housing, cars, and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount shall not be included in the remuneration. Furthermore, any compensation recognized in the IFRS 2-"Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

Note 6: For Directors concurrently serving as employees(including the President, Vice Presidents, other managers and employees)who receive employee remuneration(including shares and cash), the amount of employee remuneration that have been approved by the Board of Directors and distributed to them in the most recent fiscal year shall be disclosed. If the amount of remuneration cannot be estimated, the amount of remuneration in the current fiscal year shall be calculated based on the ratio of the amount of remuneration distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.

Note 7: Total pay to Directors from all companies in the consolidated statements(including the Company)shall be disclosed.

Note 8: The name of each Director shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the Director by the Company.

Note 9: The total amount of all the remuneration paid to each Director of the Company by all the companies(including the Company)listed in its consolidated financial statements shall be disclosed. The name of each Director shall be disclosed in the range of remuneration.

Note 10: The after-tax net profit refers to the after-tax net profit in the most recent fiscal year. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 11: a. The amount of remuneration received from subsidiaries other than investee companies by the Company's Directors shall be stated clearly in this column.

b. If a Director of the Company receives remuneration from investee companies other than subsidiaries, the amount of remuneration received by the director from investee companies other than subsidiaries shall be combined into Column I of the range of remuneration chart, and the name of this column shall be changed to "All Investee Companies".

c. Remuneration refers to pay, compensation(including compensation of employees, directors and supervisors)and remuneration for conducting business received by a director of the Company serving as a director, supervisor or manager of an investee of the Company other than subsidiaries.

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Remunerations for Supervisors(range of remuneration with name disclosure): The Company has established an Audit Committee.

Remuneration for the President and Vice Presidents(disclosure of the name and remuneration of each individual) Unit: NT$1,000

Title	Name	Salary (A)(Note 2)		Severance pay and pension (B)		Bonuses and allowances, etc. (C)(Note 3)		Employee remuneration (D)(Note 4) (Proposed amount)				Total remuneration(A+B+C+D) as a percentage of net income after tax(Note 8)		Remuneration from investee companies 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 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Shao-Ling Peng	6,783	6,783	0	0	0	0	973	0	973	0	0.789695 %	0.789695%	None
President's Office Vice President	Cheng-Hsiung Hsieh	2,158	2,158	0	0	0	0	314	0	314	0	0.251692 %	0.251692%	None

Range of remuneration paid to Presidents and Vice Presidents	Name of President and Vice Presidents	
	The Company (Note 7)	All companies included in the Financial Report (Note 8) E
Less than NT$1,000,000		
NT$1,000,000(inclusive)to NT$2,000,000(exclusive)		
NT$2,000,000(inclusive)to NT$3,500,000(exclusive)	Cheng-Hsiung Hsieh	Cheng-Hsiung Hsieh
NT$3,500,000(inclusive)to NT$5,000,000(exclusive)		
NT$5,000,000(inclusive)to NT$10,000,000(exclusive)	Shao-Ling Peng	Shao-Ling Peng
NT$10,000,000(inclusive)to NT$15,000,000(exclusive)		
NT$15,000,000(inclusive)to NT$30,000,000(exclusive)		
NT$30,000,000(inclusive)to NT$50,000,000(exclusive)		
NT$50,000,000(inclusive)to NT$100,000,000(exclusive)		
Higher than NT$100,000,000		
Total	2 persons	2 persons

Note 1: The names of President and Vice Presidents shall be listed separately and the amounts paid shall be disclosed in a summary. If a Director concurrently serves as the President or Vice President, fill out this Table and Table(1-1)or(1-2)above.

Note 2: Salary, additional duty payments, and severance pay received by the President and Vice Presidents in the past year.

Note 3: Bonus, incentive payments, transportation expenses, special allowance, stipends, dormitory, car, and other payments received by the President or Vice President in the past year. If housing, cars, and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount shall not be included in the remuneration. Furthermore, any compensation recognized in the IFRS 2-"Share-Based Payment" section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

Note 4: The amount of employee remuneration(including shares and cash)that have been approved by the Board of Directors and distributed to the President and Vice Presidents in the most recent fiscal year. If the amount of remuneration cannot be estimated, the amount of remuneration in the current fiscal year shall be calculated based on the ratio of the amount of remuneration distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3. The after-tax net profit refers to the after-tax net profit in the most recent fiscal year. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 5: The total pay to the President or Vice President from all companies in the consolidated statements(including the Company)shall be disclosed.

Note 6: The names and remuneration of President and Vice Presidents paid by the Company shall be disclosed in their respective remuneration range.

Note 7: The names of the President and Vice Presidents paid by all companies in the consolidated statements(including the Company)shall be disclosed in their respective remuneration range.

Note 8: The after-tax net profit refers to the after-tax net profit in the most recent fiscal year. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 9: a. This field shows the amount of remuneration the President and Vice Presidents of the Company receive from investees other than subsidiaries of the Company.

b. If the President and Vice President of the Company receive remuneration from investees other than subsidiaries of the Company, the remuneration received by the President and Vice Presidents of the Company from investees other than subsidiaries of the Company shall be included in column E of the range of remuneration chart and the name of this column shall be changed to "All Investee Companies".

c. Remuneration refers to pay, compensation (including compensation of employees, directors and supervisors)and remuneration for conducting business received by the President and Vice Presidents of the Company serving as a director, supervisor or manager of an investee of the Company other than subsidiaries.

＊ The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

Remuneration paid to the top five highest paid managers (disclosure of the name and remuneration of each individual) (Note 1)

Unit: NT$1,000

Title	Name	Salary (A)(Note 2)		Severance pay and pension(B)		Bonuses and allowances, etc. (C)(Note 3)		Employee remuneration (D)(Note 4) (Proposed amount)				Total remuneration(A+B+C+D)as a percentage of net income after tax(Note 6)		Remuneration from investee companies 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	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Shao-Ling Peng	6,783	6,783	0	0	0	0	973	0	973	0	0.789695%	0.789695%	None
Assistant Vice President	Wen-Ho Hsu	2,951	2,951	0	0	0	0	202	0	202	0	0.321030%	0.321030%	None
Assistant Vice President	Meng-Hui Lien	2,831	2,831	0	0	0	0	143	0	143	0	0.302805%	0.302805%	None
Assistant Vice President	Yun-Ti Cheng	2,621	2,621	0	0	0	0	439	0	439	0	0.311561%	0.311561%	None
Assistant Vice President	Cheng-I Wang	2,441	2,441	0	0	0	0	336	0	336	0	0.291655%	0.291655%	None

Note 1: The "top five highest paid managers" refer the Company's manager. The definitions of managers shall be based on the applicable scope for "managers" specified in the Tai-Cai-Zheng-3 No. 0920001301 Order issued by the Securities and Futures Administration Commission on March 27, 2003. The principles for the calculation and determination of the "top five highest paid managers" shall be based on the sum of the salary, severance pay and pension, bonuses, allowances, etc. received by the manager from all companies in the consolidated financial statements, and the employee remuneration (i.e., sum of A+B+C+D), and the individuals with the top five highest remuneration shall be included. If a Director concurrently serves as one of the aforementioned managers, fill out this Table and Table (1-1)above.

Note 2: Salary, additional duty payments, and severance pay received by the top five highest paid managers in the past year.

Note 3: Bonus, incentive payments, transportation expenses, special allowance, stipends, dormitory, car, and other payments received by the top five highest paid managers in the past year. If housing, cars, and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rental fees and fuel cost calculated based on the actual amount or fair market value, and other payments shall be disclosed. Where a driver is also provided, the compensation paid by the Company to the driver shall be specified in the notes but the amount shall not be included in the remuneration. Furthermore, any compensation recognized in the IFRS 2-"Share-Based Payment"section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration.

Note 4: The amount of employee remuneration (including shares and cash) that have been approved by the Board of Directors and distributed to the top five highest paid managers in the most recent fiscal year. If the amount of remuneration cannot be estimated, the amount of remuneration in the current fiscal year shall be calculated based on the ratio of the amount of remuneration distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.

Note 5: Total remuneration to the top five highest paid managers from all companies in the consolidated statements (including the Company) shall be disclosed.

Note 6: The after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 7: a. The amount of remuneration received from subsidiaries other than investee companies or the parent company by the Company's top five highest paid managers shall be stated clearly in this column(please specify "none" if there is no remuneration).

b. Remuneration refers to pay, compensation (including compensation of employees, directors and supervisors) and remuneration for conducting business received by top five highest paid managers of the Company serving as a director, supervisor or manager of an investee of the Company other than subsidiaries or the parent company.

＊ The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

Manager's name and the distribution of employee remuneration:

March 31, 2022 Unit: NT$1,000

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount (Proposed amount)	Total	Total remuneration as a percentage of net profit after tax
Manager	President	Shao-Ling Peng	0	2,466	2,466	0.2511%
	Vice Presidents, President's Office	Cheng-Hsiung Hsieh				
	Assistant Vice President of the Finance Division and Accounting Manager	Cheng-I Wang				
	Assistant Vice President, Planning Division	Yun-Ti Cheng				
	Assistant Vice President, Planning Division	Lin-Wei Hsiao				
	Assistant Vice President, Engineering Division	Wen-Ho Hsu				
	Assistant Vice President, Sales Division	Meng-Hui Lien				

Note 1: The names and titles of the individuals must be disclosed, but the disclosure may be shown in aggregate profit distribution.

Note 2: Fill the amount of employee rewards(including shares and cash)that have been approved by the Board of Directors and are distributed to the managers in the most recent fiscal year. If this amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year. The after-tax net profit refers to the after-tax net profit in the most recent fiscal year. For companies that have adopted IFRSs, the after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 3: The scope of application for the term"managerial officer"shall be pursuant to the FSC's Tai-Cai-Zheng-3 No. 0920001301 Order dated March 27, 2003. Its scope of application shall be as follows:
(1) The President and those with equivalent powers
(2) Vice Presidents and those with equivalent powers
(3) Assistant Vice Presidents and those with equivalent powers
(4) Head of Finance Department
(5) Head of Accounting Department
(6) Other individuals with the authority for managing company affairs and signatory rights

Note 4: Directors, Presidents, and Vice Presidents who receive employee rewards(including shares and cash)must be listed in Table 1-2 and this table.

(4) Comparison and analysis of remunerations to Directors, Supervisors, President, and Vice Presidents of the Company by the Company and all companies in the consolidated financial statements as a percentage of net profit after tax in the parent company only or individual financial reports in the last two years, and description of the policy, standards, and packages of remunerations, procedure for making such decision and relation to business performance and future risks:

A. Analysis of total remuneration paid to the Company's Directors, Supervisors, President, and Vice

Presidents in the last two years as a percentage of the net profit after tax in the parent company only or individual financial report

Title	2020		2021	
	Total remuneration as a percentage of net loss after tax		Total remuneration as a percentage of net profit after tax	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Director	0.6030%	0.6030%	0.9422%	0.9422%
Supervisor	-	-		
President and Vice Presidents	0.2179%	0.2179%	1.0414%	1.0414%

B. Remuneration policies, standards and packages, procedures for determining remuneration, and correlation of remuneration with business performance and future risks:

(a) Attendance fees: Directors receive an attendance fee of NT$10,000 for each meeting.

(b) President and Vice Presidents: The salary(including base salary, meal allowance, and additional pa for supervisors)is determined based on their experience, number of years of service, and performance.

(c) Director remuneration from distribution of earnings: The Company allocates no more than 5%of the earnings before tax as remuneration for Directors and Supervisors in accordance with the Articles of Incorporation(the Company has allocated 0.5%each year).

(D) Employee remuneration from distribution of earnings: The Company allocates 0.5%to 5%of the earnings before tax of the current year as remuneration for employees in accordance with the Articles of Incorporation(the Company has allocated 0.5%each year).

IV. Implementation of corporate governance

(I) Operations of the Board of Directors

Information on operations of the Board of Directors

The Board of Directors convened 11 meetings(A)in 2021. The attendance of Directors and Supervisors was as follows:

Title	Name	Attendance in person B	Attendances by proxy	Attendance in person rate(%) [B/A] (Note 2)	Remarks
Chairman(Note 1)	Tzu-Kuan Lin	11	0	100%	
Director(Note 2)	Wei-Hsiung Tsai	11	0	100%	
Director(Note 2)	Chien-Ping Juan	10	1	91%	
Director(Note 1)	Chia-Chi Hou	11	0	100%	
Director(Note 2)	Tung-Ming Su	11	0	100%	
Director(Note 3)	Pei-Kui Su	11	0	100%	
Independent Director	Li-Yen Yang	11	0	80%	
Independent Director	Wu-Po Kuo	11	0	100%	
Independent Director	Chiu-Mu Tseng	11	0	100%	

Other disclosures:

I. The date of the Board meeting, the term, contents of the proposals, opinions of all Independent Directors, and the Company's handling of opinions of Independent Directors shall be recorded under the following circumstances in the operations of the Board of Directors meeting:

(I) Items specified in Article 14-3 of the Securities and Exchange Act:

1. The adoption or amendment, pursuant to Article 36-1, 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.
   None.
2. Matters in which a director or supervisor is an interested party: None
3. Loans of funds, endorsements, or provision of guarantees of a material nature: The following information is provided in Item 8 in the"Implementation of corporate governance":

(1)Important resolution 5,6,7, passed in the 1th meeting of the Board of Directors on January 18, 2021.

(2)Important resolutions 1, passed in the 2th meeting of the Board of Directors on March 8, 2021.

(3)Important resolutions 3,4,5 and 6 passed in the 6th meeting of the Board of Directors on July 12, 2021.

(4)Important resolution 1,3,and 4 passed in the 10th meeting of the Board of Directors on November 8, 2021.

(5)Important resolutions 3,4,5 and 6 passed in the 11th meeting of the Board of Directors on December 20, 2021.

The aforementioned motions were passed unanimously by all Independent Directors in attendance.

4. The hiring or dismissal of a certified public accountant, or their compensation: None

(II) With the exception of the aforementioned items, resolutions adopted by the Board of Directors, to which an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement: None

II. Directors abstaining in certain proposals for being a stakeholder(the name of the Director(s), the content of the proposal, reasons for abstentions and the results of voting counts shall be stated):

(I) January 18, 2021:

The Company plans to work with five companies including Wei Li International Development Co., Ltd. for joint investment in the land development project on Zhongyi Section, Tucheng District, New Taipei City. Except for the Directors Chia-Chi Hou, Che-Hsiung Tsai, and Chien-Ping Juan recused themselves in accordance with Article 206 of the Company Act, who were required to recuse themselves from discussions and voting, the proposal was passed unanimously by all other Directors in attendance.

(II) July 12, 2021:

1. The Company had plans for working with five companies including Wei Li International Development Co., Ltd. for joint investment in the land development project on Zhongyi Section, Tucheng District, New Taipei City. Except for the Directors Chia-Chi Hou, Che-Hsiung Tsai, and Chien-Ping Juan recused themselves in accordance with Article 206 of the Company Act, who intended to jointly invest in the purchase of the same plot of land and were thus required to recuse themselves from discussions and voting, the proposal was passed unanimously by all other Directors in attendance.
2. The Company plans to work with four companies including Wei Li International Development Co., Ltd. for joint investment in the land development project on Zhongxing Section, Sanchong District, New Taipei City. Except for the Directors Chia-Chi Hou, Che-Hsiung Tsai, and Chien-Ping Juan recused themselves in accordance with Article 206 of the Company Act, who were required to recuse themselves from discussions and voting, the proposal was passed unanimously by all other Directors in attendance.

III. The company listed on TWSE/TPEx shall disclose the evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the evaluation of the Board of Directors. Refer to the Board of Directors evaluation status in the table.

IV. Programs in the current and most recent year adopted to strengthen the functionality of the Board(for example, establishment of an Audit Committee, improvement of information transparency, etc.)and execution evaluation: The Company established the Audit Committee on June 8, 2017.

(I) Strengthening the functionality of the Board

1. No Director of the Company is a spouse or a relative within two degrees of kinship with any other Director.
2. All operations of the Company's Board of Directors are processed in accordance with applicable laws and regulations.`
3. Members of the Company's Board of Directors attend continuing education courses on corporate governance organized by institutions specified in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.

(II) Improvement of information transparency, etc.

The Company's financial statements are regularly audited and certified by PricewaterhouseCoopers, Taiwan. All information disclosures required by laws and regulations are correctly and promptly completed, and we assign designated

personnel to take charge of the collection and disclosure of the Company's information. We also established a spokesperson system to ensure the prompt and adequate disclosure of material information.

Note 1: Representative of Chi Chan Industries Co., Ltd.
Note 2: Representative of Cheng Chi Co., Ltd.
Note 3: Representative of Pai Ti Development Co., Ltd.

(1) If a Director or Supervisor has resigned before the end of the year, the resignation date must be specified in the remarks section. The attendance rate(%)shall be calculated by dividing the number of the Board of Directors meetings held during the period by the number of the meetings that the Director or Supervisor has actually attended.

(2) If a Director or Supervisor has been reelected before the end of the year, the names of the new and old Director and Supervisors must be filled in and the resignation, new appointment, second term appointment, or reelection dates shall be specified in the remarks section. The attendance rate(%)shall be calculated by dividing the number of the Board meetings held during the period by the number of the meetings that the Director or Supervisor has actually attended.

(II) Board of Directors evaluation status:

The Company established the Board of Directors Performance Evaluation Guidelines on November 9, 2020 and explained the remuneration policies, standards and packages, procedures for determining remuneration, and correlation of remuneration with business performance and future risks in the Annual Report.

Board of Directors evaluation status

<table>
<tr><th>Evaluation cycle</th><th>Evaluation period</th><th>Evaluation scope</th><th>Evaluation method</th><th>Evaluation contents</th></tr>
<tr><td rowspan="3">Once every year</td><td rowspan="3">1/1~12/31</td><td>Board of Directors</td><td rowspan="3">Self-evaluation of individual Directors</td><td>1. Participation in the operation of the company
2. Quality of the board of directors' decision making
3. Composition and structure of the board of directors
4. Election and continuing education of the directors
5. Internal control</td></tr>
<tr><td>Individual Directors</td><td>1. Familiarity with the goals and missions of the company
2. Awareness of the duties of a director
3. Participation in the operation of the company
4. Management of internal relationship and communication
5. The director's professionalism and continuing education
6. Internal control</td></tr>
<tr><td>Functional committees</td><td>1. Participation in the operation of the company
2. Knowledge of the duties of the functional committee
3. Quality of functional committee's decisions
4. Functional committee composition and election of members
5. Internal control</td></tr>
</table>

The 2021 performance evaluation found that the Directors have actively participated in operations and were responsible for supervision, assistance, and fulfillment of required functions. They also complied with laws and fulfilled their responsibilities as Directors to improve corporate governance and promote the healthy development of corporate governance. Therefore, it is advisable to strengthen Directors' participation in the operation of the Company, establish a plan for continuing education and development of Directors, and plan for the establishment of the Nominating Committee in accordance with the schedule set by the competent authority.

(II) Operations of the Audit Committee:

Information on the operations of the Audit Committee

The Audit Committee convened a total of 11 meetings(A)in the most recent year(2021). The attendance of Independent Directors was as follows:

Title	Name	Attendance in person(B)	Attendances by proxy	Attendance in person rate(%) (B/A)(Note)	Remarks Election of all Directors on June 10, 2020
Independent Director	Li-Yen Yang	11	0	100%	
Independent Director	Wu-Po Kuo	11	0	100%	
Independent Director	Chiu-Mu Tseng	11	0	100%	

Other disclosures:

一、The date of the Board meeting, the term, contents of the proposals, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting:

二、(I) Items specified in Article 14-5 of the Securities and Exchange Act: Submitted to the Board of Directors after the approval of the Audit Committee.

1. Passed with no dissenting opinions in the 5th meeting of the 2st Audit Committee on January 18, 2021:

(1) The Company plans to work with five companies including Wei Li International Development Co., Ltd. for joint investment in the land development project on Zhongyi Section, Tucheng District, New Taipei City.

(2) Ta Yuan Construction Co., Ltd., the contractor for the Company's joint investment for the construction of the [Good morning, Kuo Yang] project in Keelung City, planned to apply for the extension of the working capital financing limit from Taiwan Business Bank upon expiry, and requested the Company to continue to provide the joint guarantee.

(3) With regard to the Company's joint investment and development of land on Jiuzong Section, Neihu District, Taipei City with five companies including Wei Li International Development Co., Ltd., the Company intended to use the land as collateral to apply for a land financing limit from Chang Hwa Bank with Wei Li International Development Co., Ltd. as the borrower. The Company continued to provide joint guarantee for the credit extension.

(4) With regard to the Company's joint investment and development of land on Zhongyi Section, Tucheng District, New Taipei City with five companies including Wei Li International Development Co., Ltd., the Company intended to use the land as collateral to apply for a land financing limit from the Bank of Taiwan with Wei Li International Development Co., Ltd. as the borrower. The financing bank requested the Company to provide joint guarantee and credit extension.

2. Passed with no dissenting opinions in the 6th meeting of the 2st Audit Committee on March 8, 2021:

(1) The Company's wholly-owned subsidiary Shen Yang Construction Co., Ltd. acquired land on Plot 9, Shengli Section, Fengshan District, Kaohsiung City through a joint tender in collaboration with Tsang Hsin Construction Co., Ltd. They jointly applied for a land financing limit from the Agricultural Bank of Taiwan and requested Shen Yang Construction Co., Ltd. to provide joint guarantee. They issued a letter to request permission from the parent company.

3. Passed with no dissenting opinions in the 7th meeting of the 2st Audit Committee on March 22, 2021:

(1) 本公司2020年度個體及合併財務報表。.

4. Passed with no dissenting opinions in the 8th meeting of the 2st Audit Committee on April 19, 2021:

(1)The Company's 2020 Business Report. 。

(2)The Company's 2020 earnings distribution proposal.

(3)Amendment of the equity investment targets in accordance with the "Investment Review Implementation Guidelines".

5. Passed with no dissenting opinions in the 9th meeting of the 2st Audit Committee on May 10, 2021:

(1) Proposal for the extension of the Company's expiring loan facility with Jih Sun International Bank Xinyi Branch.

(2) The Company's subsidiary Shen Yang Construction Co., Ltd. sent a letter to request the Company's approval for the extension of the guarantee credit limit provided by EnTie Commercial Bank for the unsold existing houses and parking spaces of the[Smile Era]with superficies in Kaohsiung.

(3) The Company's 2021 Q1 business report 。.

(4) The Company's 2021 Q1 earnings distribution proposal 。

6. Passed with no dissenting opinions in the 10th meeting of the 2st Audit Committee on July 12, 2021:

(1) The Company had plans for working with five companies including Wei Li International Development Co., Ltd. for joint investment in the land development project on Zhongyi Section, Tucheng District, New Taipei City within joint investment for the additional purchase of one plot of land on Plot 380 of the same Section.

(2) The Company plans to work with four companies including Wei Li International Development Co., Ltd. for joint investment in the land development project on Zhongxing Section, Sanchong District, New Taipei City.

(3)Proposal for the extension of the Company's expiring loan facility with Mega Bills Finance.

(4) Wei Li International Development Co., Ltd. sent a letter to the Company to request the continuation of the joint guarantee provided by the Company for the extension of the expiring loan facility provided by Mega Bills Co., Ltd. for existing houses in phase 1 of[The Green Place]. 。

(5) With regard to the Company's joint investment and development of land on Jiuzong Section, Neihu District, Taipei City with five companies including Wei Li International Development Co., Ltd., the Company intended to purchase land to be used for the transfer of building bulk to apply for a working capital financing limit from Chang Hwa Bank with Wei Li International Development Co., Ltd. as the borrower. The Company continued to provide joint guarantee.

(6) With regard to the Company's joint investment and development of land on Zhongyi Section, Tucheng District, New Taipei City with five companies including Wei Li International Development Co., Ltd., the Company intended to use the additionally purchased land, Plot 380, as collateral to apply for a land financing limit from the Bank of Taiwan with Wei Li International Development Co., Ltd. as the borrower. The Company continued to provide joint guarantee.

7. Passed with no dissenting opinions in the 11th meeting of the 2sd Audit Committee on August 9, 2021:

(1)The Company's 2021 Q2 consolidated financial statements 。

(2)The Company's 2020 Q2 business report 。

(3)The Company's 2021 Q2 earnings distribution proposal 。

(4)Added equity investment targets in accordance with the "Investment Review Implementation Guidelines".

(5)Proposal for the extension of the Company's expiring loan contract with International

Bills Finance Corporation.

(6)Wei Li International Development Co., Ltd. sent a letter to the Company to request the renewal of the loan contract upon expiry by the Company for the loan facility provided by Taiwan Life Insurance Co., Ltd. for existing houses in Crepe Myrtle Area of [The Green Place].

(7)Wei Li International Development Co., Ltd. sent a letter to the Company to request the continuation of the joint guarantee provided by the Company for the extension of the expiring loan facility provided by International Bills Finance Corporation for existing houses in Ruhaku Area of[The Green Place].

(8)Wei Li International Development Co., Ltd. sent a letter to the Company to request the continuation of the joint guarantee provided by the Company for the extension of the expiring loan contract with O-Bank enacted for the guarantee credit limit for the performance bond and working capital for existing houses in Ruhaku Area of the[The Green Place]development project.

(9)With regard to the Company's joint investment and development of land on Zhongxing Section, Sanchong District, New Taipei City with four companies including Wei Li International Development Co., Ltd., the Company intended to use the land as collateral to apply for land financing and additional building bulk from the Bank of Taiwan with Wei Li International Development Co., Ltd. as the borrower. The financing bank requested the Company to provide joint guarantee and credit extension.

8. Passed with no dissenting opinions in the 12th meeting of the 2sd Audit Committee on Septhember 13, 2021:

(1) The Company plans to participate in the tender submission of two projects including [Kaohsiung Multifunctional Park Special Trade Zone 3 Urban Renewal Project (Southern Site - North Side)] and [Kaohsiung Multifunctional Park Special Trade Zone 3 Urban Renewal Project (Southern Site - South Side)].

9. Passed with no dissenting opinions in the 13th meeting of the 2nd Audit Committee on October 25, 2021:

The Company plans to participate in the tender submission of the [16 Plots of Land (Children Welfare Center A1 Site) Urban Renewal Project on Plot 6, Subsection 1, Yaxiang Section, Xinyi District, Taipei City]

10. Passed with no dissenting opinions in the 14th meeting of the 2nd Audit Committee on Noember 8, 2021:

(1)The Company participates in the tender of the two projects including [Kaohsiung Multifunctional Park Special Trade Zone 3 Urban Renewal Project (Southern Site - North Side) and (Southern Site - South Side)] and applies for the bid bond credit limit from Taiwan Cooperative Bank Ziqiang Branch.

(2)The Company's 2021 Q3 business report。。

(3)The Company's 2021 Q3 earnings distribution proposal。

(4)For the [Good morning, Kuo Yang] joint investment and development project in Keelung, the Company plans to apply for an extension of the loan facility and joint endorsements and guarantees with Taiwan Cooperative Bank East Keelung Branch.

(5)For the urban renewal rights conversion project for land on Jilin Section, Zhongshan District, Taipei City, the Company plans to apply for construction financing, working capital, and green building performance bond financing limit from the Land Bank of Taiwan Fuxing Branch.

11. Passed with no dissenting opinions in the 15th meeting of the 2nd Audit Committee on December 20, 2021:

(1)The Company's 2022 budget.

(2)Amendment of the Company's "Accounting System".

(3)Proposal for the extension of the Company's expiring loan facility with O-Bank for financing the remaining units of [Kuo Yan].

(4)The Company's subsidiary Shen Yang Construction Co., Ltd. sent a letter to request the Company's approval and continuation of the joint guarantee for the extension of the guarantee credit limit provided by O-Bank for the unsold existing houses of the[Smile Era]with superficies in Kaohsiung. ◦

(5) The Company's subsidiary Shen Yang Construction Co., Ltd. sent a letter to request the parent company's approval for the extension of the guarantee credit limit provided by King's Town Bank Zhongzheng Branch for the unsold existing houses of the[Smile Era]with superficies in Kaohsiung.

(6)With regard to the Company's joint investment with four companies including Wei Li International Development Co., Ltd. for the development of land on Zhongyi Section, Tucheng District, New Taipei City, the Company intends to purchase land to be used for the transfer of building bulk to apply for a working capital financing limit from the Bank of Taiwan with Wei Li International Development Co., Ltd. as the borrower. The Company shall provide joint guarantee.

(7)Preparation of the Company's 2022 audit plan. ◦

(II) With the exception of the aforementioned items, any issues that are not agreed by the Audit Committee but passed by more than two-thirds of all Directors: None.

II. Independent Directors abstaining in certain proposals for being a stakeholder(the name of the Independent Director(s), the content of the proposal, reasons for abstentions and the results of voting counts shall be stated): None

III. Independent Directors' communication with chief internal auditor and CPAs (including material items, methods, and results of communication over the Company's financial and business status etc.).

(I) Policy for communication between Independent Directors and the Chief Internal Auditor: An internal audit report on the communication between the Chief Internal Auditor and Independent Directors on business operations shall be formulated in the quarterly meetings of the Audit Committee. In the event of a material discrepancy, the report shall also be immediately submitted to the Independent Directors. No major discrepancies were found in 2021 and the communication between Independent Directors and the Company's Chief Internal Auditor in 2020 was good.

(II) Policy for communication between Independent Directors and CPAs:

1. Where necessary, the Independent Directors of the Audit Committee shall communicate and discuss with CPAs in writing. the scope of discussions shall include the independence and related liabilities in the CPAs'audit of the Group's consolidated financial statements, related matters for audit plans, material findings in the audit(including account adjustments and significant discrepancies in internal control), contents of the audit report, and the review of the mid-term consolidated financial statements.
2. The Audit Committee completed the review report on the Group's consolidated financial statements and audit opinions after reviewing the audit by the professional CPAs.

Note:

＊If an Independent Director has resigned before the end of the year, the resignation date must be specified in the remarks section. The attendance rate(%)shall be calculated by dividing the number of the Audit Committee meetings held during the period by the number of the meetings that the Independent Director has actually attended.

＊If Independent Directors are re-elected before the end of the fiscal year, incoming and outgoing Independent Directors should be listed accordingly, and the "remark" column should indicate whether the status of an Independent Director is "outgoing" , "incoming" or “re-elected”, and the date of the election. The actual attendance rate(%)is calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

Supervisors' Participation in Board Meetings

The Company held an election of all Directors on June 8, 2017 and established the Audit Committee to replace supervisors in accordance with laws.

(III) Corporate governance implementation status, deviation from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Has the Company established and disclosed its code of practice on corporate governance based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has established the “Corporate Governance Practice Principles” and disclosed them on MOPS.	No material deviation
II. Shareholding structure and shareholders’ equity				No material deviation
(I) Has the Company established internal procedures for addressing shareholder suggestions, doubts, disputes, and litigation matters and implemented the procedures accordingly?	V		(I) The Company has appointed designated personnel (spokesperson and shareholder service unit)to process shareholders’ suggestions and disputes in accordance with the “Rules of Procedure for Shareholders’ Meetings". The Company also set up the Legal Affairs Department to process the Company's legal affairs and hired professional lawyers as accountants.	
(II) Does the Company have a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those major shareholders?	V		(II) The Company's shareholder service unit is responsible for managing related information and maintains a list of major shareholders of companies over which the Company has actual control and the list of ultimate owners of those major shareholders.	
(III) Did the company establish and execute risk control mechanism for affiliates, and firewall methods?	V		(III) The affairs have been implemented in accordance with the Company’s “internal control system”, “internal audit system", and related laws and regulations. The Company also established the “Regulations on the Management of Subsidiaries".	

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(IV) Does the Company have internal regulations in place to prevent its internal staff from trading securities based on information yet to be public on the market?	V		(IV) The Company has established the "Management and Operating Procedures for Preventing Insider Trading" and "Code of Ethics".	
III. Composition and duties of the Board of Directors (I) Has the Board of Directors developed and implemented a diversity policy for the composition of its members and specific management targets? (II) Has the Company voluntarily established other functional committees in addition to Remuneration Committee and Audit Committee? (III) Has the Company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation at regular intervals each year? (IV) Does the Company periodically evaluate the level of independence of the CPA?	V V V V		(I) The Company has established the "Corporate Governance Best Practice Principles" and the current members of the Board of Directors have professional experience in real estate, land administration, business management, finance planning, big data, and IT fields and the composition is diverse. (II) The Company shall set up establish other types of functional committees in the future based on actual requirements. (III) The Company has established the Board of Directors Performance Evaluation Guidelines and evaluation methods and conducted performance evaluation at regular intervals each year. (IV) The Company selects independent CPAs with good reputation who have no personal interest in the Company and evaluates their independence each year.	No material deviation

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
IV. Does the Company have suitable persons in an appropriate number and designated supervisors for corporate governance to take charge of related matters (including but not limited to providing directors and supervisors with materials required for them to carry out their tasks, helping directors and supervisors comply with the law, taking care of board of directors' meetings and shareholders' meetings as required by law, and preparing minutes of board of directors' meetings and shareholders' meetings)?	V		The Company plans to appoint a Corporate Governance Officer and part-time staff(Administration Division, shareholder service unit, and secretary of the Chairman's Office)10 of May to jointly take charge of related matters.	No material deviation
V. Has the Company set up channels of communication for stakeholders, (including but not limited to shareholders, employees, customers and suppliers) dedicated a section of the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	V		The Company has set up a Stakeholders Section on the website to provide communication channels for land development, suppliers section, after-sales service, consumer service, shareholders' rights and interests, complaint box, and progress inquiry. We also assigned dedicated personnel to adequately respond to the concerns of stakeholders.	No material deviation
VI. Has the Company appointed a professional shareholder service agency to process affairs related to shareholders' meetings?	V		The Company has appointed Grand Fortune Securities Co., Ltd. to process affairs related to shareholders' meetings.	No material deviation
VII. Information disclosure				

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(I) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status? (II) Did the Company adopt other information disclosure methods(such as establishing English websites, assign dedicated personnel to collect and disclose company data, implement the spokesperson system, upload the investor conference processes to the Company's website, etc.)? (III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating status for each month ahead of schedule before the specified deadline?	V V V		(I) The Company's website (http://www.kycc.com.tw) includes the corporate governance and financial information sections in Investor Relations. Business information is also disclosed in the Latest News and Urban Renewal sections. (II) The Company's Annual Report discloses information on the spokesperson and acting spokesperson, as well as the English version of information for the shareholders' meeting on the Company's website/investor relations/shareholder service area/shareholders' meeting information. Corporate presentation materials are placed on the shareholders' service section/investors' conference, and the Investor Relations/Corporate Governance/Social Corporate Responsibility sections disclose basic information about the Company and the spokesperson. (III) The Company shall publish and report its annual financial report within three months after the end of a fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating status for each month within 45 days after the end of each quarter.	No material deviation
VIII. Does the Company have other	V		Refer to the information on labor relations, material	

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
information that is helpful for understanding its status of corporate governance(including but not limited to employee rights and interests, employee well-being, investor relations, supplier relations, rights of interested parties, further education sought by Directors and Supervisors, implementation of risk management policies and risk evaluation standards, implementation of customer policies, the taking out of liability insurance for Directors and Supervisors)?			contracts, and major suppliers in"Chapter 5 Business Overview"in the Annual Report for information on employee rights, employee care, investor relations, supplier relations, and stakeholder rights. Refer to the Company's website for the Corporate Social Responsibility Report. The Company discloses the status of Directors' and Supervisors' continuing education on the Company's website under Investor Relations/Corporate Governance/Board of Directors. All Directors have completed the required number of training hours specified by the competent authority. Refer to the Risk matters required for analysis in the most recent year and up to the publication date of the Annual Report in "Chapter 7 Item 6"of the Annual Report for information on risk matters required for analysis in the most recent year and up to the publication date of the Annual Report and the Company's website/Investor Relations/Corporate Governance/Risk Management. With regard to the implementation status of customer relations policies, the Company has established the After-Sales Service Department to provide customers with related services. The Company purchases liability insurance for Directors each year. The Annual Report also discloses the Remunerations to Directors, President, and Vice Presidents in recent years, operations of the Board of Directors and functional committees, implementation of the internal control system,	No material deviation Most of the Directors have completed the continuing education required by the competent authority.

Assessment item	Implementation status(Note 1)			Deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			and other important information on corporate governance.	
IX. Please describe the improvement status and provide the items and measures that shall be prioritized for improvement with regard to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year.	V		(1) The Company added corporate governance disclosure information on the Company's website, including the composition and continuing education of the Directors, operations and important resolutions of the Board of Directors, the composition, operations, and important resolutions of functional committees, and the communication between Independent Directors and audit supervisors. (2) We adjusted and improved the access to information disclosed on the Company so that investors can access information with greater ease. (3) We disclose material information in English simultaneously when material information is released on the Market Observation Post System. (4) We disclose the individual remuneration of Directors and key management personnel in the Company's Annual Report. (5) We will discuss with the responsible units the feasibility of improvements for the remaining matters for which we have not obtained a score.	No material deviation

Note: Regardless of whether "Yes" or "No" was selected, explanation shall be provided in the Summary column.

(IV) Composition and operations of the Remuneration Committee:

The Company's Remuneration Committee was established with the approval of the Board of Directors on December 26, 2011 in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" established by the FSC.

The Company's Remuneration Committee was created to assist the Board of Directors the evaluation and supervision of the Company's overall salary and remuneration policy, and the establishment and regular reviews of the level of remuneration for Directors and managers.

(1) Information on members of the Remuneration Committee

Title (Note 1) Name	Qualificatio	Professional Qualifications and Experience	Fulfillment of Independence Criteria (Note 2)	Number of other public companies in which the member also serves as a member of their remuneration committee
Li-Yen Yang		Graduated from the Department of Business Management, College of Law, National Taiwan University. Qualified in the Senior Examination for Field Operations of Financial Personnel in 1978. He currently serves as the convener of the Company's Remuneration Committee and convener of the Audit Committee. He has more than five years of necessary work experience in legal affairs, business, finance, and corporate affairs and has worked in the finance industry and related fields for nearly 20 years, with experience in legal affairs, corporate finance, and accounting.	Note: The Director meets any of the following criteria in the two years before being elected or during the term of office, (1) Not employed by the Company or any of its affiliates. (2) Not a director or supervisor of the company or its affiliates(this restriction does not apply to independent directors in the company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country). (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others'names, in an aggregate amount of 1%or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager as stated in(1)or any of the persons mentioned in(2)and(3). (5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5%of the total issued shares of the company, or a top 5 shareholder, or a director or supervisor representative appointed by the company in accordance with Article 27, Paragraph 1	0

<table>
<tr>
<td>Wu-Po Kuo</td>
<td>Graduated with a bachelor's degree, Department of Land Resources, Chinese Culture University and graduated from the Institute of Public Administration, National Chengchi University. Qualified in the Senior Examination for Land Administration in 1975. He currently serves as a member of the Company's Remuneration Committee and a member of the Audit Committee. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the Department of Land Administration of Taipei and National Property Administration of the Ministry of Finance for nearly 20 years, with experience in land administration and finance.</td>
<td rowspan="2">or 2 of the Company Act(excluding independent directors appointed by both the company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).
(6) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company(except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).
(7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company(except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).
(8) Not a director, supervisor, manager, or shareholder holding 5%or more of the shares of a specified company or institution that has a financial or business relationship with the company(this restriction does not apply to specific companies or institutions if they hold more than 20%but less than 50%of the outstanding shares of the Company or independent directors in the Company, its parent company, subsidiaries, or subsidiaries of the same parent company which have been appointed in accordance with local laws or laws of the registered country).
(9) Not a professional individual, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
(10) Does not meet any of the conditions stated in Article 30 of the Company Act.</td>
<td>0</td>
</tr>
<tr>
<td>Chiu-Mu Tseng</td>
<td>Graduated from the Institute of Land Economics, National Chengchi University. He currently serves as a member of the Company's Remuneration Committee and a member of the Audit Committee. He has more than five years of necessary work experience in business, finance, and corporate affairs and has worked in the Department of Land Administration of Taipei for nearly 30 years, with experience in land administration.</td>
<td>0</td>
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</table>

(2) Operation of Remuneration Committee

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

II. Current term for the members:(4th term)

The term of these members is from August 3, 2020 to June 9, 2023

The Remuneration Committee convened a total of 2 meetings(A)in 2021 and the qualifications and attendance information of the members were as follows:

Title	Name	Attendance in person (B)	Attendances by proxy	Attendance in person rate(%) (B/A) (Note 1)	Remarks 2020.8.3 (newly appointed for the 4th term)
Convener	Li-Yen Yang	2	0	100%	
Committee Member	Wu-Po Kuo	2	0	100%	
Committee Member	Chiu-Mu Tseng	2	0	100%	

一、If the Board of Directors did not adopt or revised the recommendations of the Remuneration Committee, it should describe the date of board meeting, term of the board, agenda item, resolutions adopted by the Board of Directors, and actions taken by the Company in response to the opinion of the Remuneration Committee: None.

二、If there are objections or reservations by the members that have been recorded in writing during the Remuneration Committee resolution, the Remuneration Committee meeting's date, period, motion content, the opinions of all members, and handling of the member's opinions must be disclosed in detail: None.

Date	Content of motion	All opinions of Committee Member and the Company's handling of such opinions
2th meeting of 4rd Remuneration Committee January 18, 2021	(1) Review of the salary and remuneration structure of the Company's Directors, Independent Directors, and managers, and decision to continue its adoption in the current year after the review. (2) Review of the monthly salary for the managers of the Company and proposed continuation of the standards in the "Rank and Salary Range Table". (3)The Company's 2019	Passed unanimously by all Committee Members

		remuneration distribution proposal for board members and employees		
	3th meeting of 4rd Remuneration Committee April 19, 2021	The Company's 2020 remuneration distribution proposal for board members and employees	Passed unanimously by all Committee Members	

Note:

(1) Where a member of the Remuneration Committee resigns before the end of the fiscal year, the "Remarks" column shall state the member's resignation date, whereas his/her rate of attendance in person(%)shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

(2) If members of the Remuneration Committee are re-elected before the end of the fiscal year, incoming and outgoing members shall be listed accordingly, and the "Remarks" column shall indicate whether the status of a member is "Outgoing", "Incoming" or "Re-elected", and the date of the election. The actual attendance rate(%)is calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

(V) Implementation status of sustainable development, deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-listed companies and reasons
	Yes	No	Summary(Note 2)	
I. Has the company established a governance structure for sustainable development, established an exclusively (or concurrently) dedicated unit to implement sustainable development, and have senior executives appointed by the Board of Directors to be in charge of corporate social responsibility and to report the implementation status to the Board of Directors?	V		The Company has appointed a Corporate Governance Officer and the Vice President of the Administration Division serves concurrently as the Corporate Governance Officer.	No material deviation.
II. Did the Company establish full-time(part-time)corporate social responsibility promotional units, and did the Board of Directors authorize the senior management to handle such units and report to the Board regarding the handling status?	V		The Company has designated a part-time corporate social responsibility promotional unit but the "Corporate Social Responsibility Code of Practice" already stipulates that the Administration Division shall regularly report to the Board of Directors. It establishes and discloses related policies on the Company's website/Investor Relations/Corporate Governance/Risk Management/Information Policy.	No material deviation.
III. Environmental issues (I) Has the Company established an appropriate environmental management system based on the characteristics of the industry? (II) Is the Company committed to improving the efficiency of the various resources and using recycled materials which have a low impact on the environment?	 V V		 (I) The construction contractor appoints field directors for each of the Company's construction projects and they establish appropriate environmental management systems in accordance with related regulations. (II) In terms of product planning, the Company adopts the concepts of green building, ecological environment, and environmentally friendly building materials in the products designed by the Company such as the rainwater recovery system in the Green Place Project	No material deviation

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-listed companies and reasons
	Yes	No	Summary(Note 2)	
(III) Does the Company evaluate potential risks and opportunities brought on by climate change with regard to the present and future of its business, and take appropriate measures to counter climate change issues? (IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon reduction, greenhouse gas reduction, water reduction, or waste management?	V V		in Tainan. The Company promotes environmental protection campaigns and complies with all relevant environmental protection laws and regulations to implement the campaigns and conserve resources. (III) The Company convenes annual risk management meetings and incorporates climate change factors into plans and decision making for business strategies to evaluate the potential opportunities and risks of climate change for the Company. (IV) The Company reports the total weight of waste in the annual CSR Report. Although the Company has not yet formulated energy saving and carbon reduction strategies, the Company actively promotes environmental protection, energy conservation, and carbon emissions reduction measures, and promotes green buildings to mitigate the impact of climate change. We also continue to enhance our strategies and management responses for climate change.	
IV. Social issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(I) The Company shall comply with relevant labor laws and regulations, protect the legal rights and interests of employees, respect internationally recognized principles of the labor force's human rights, and shall not commit violations against the fundamental labor rights. The human resources policies of the Company shall be founded on the principles of the labor force's human rights and shall contain appropriate management methods and procedures.	No material deviation

Implementation item	Implementation status(Note 1)			Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-listed companies and reasons
	Yes	No	Summary(Note 2)	
(II) Does the company establish and implement reasonable employee benefits(including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee compensation? (III) Does the Company provide a safe and healthy working environment and provide employees with regular safety and health training? (IV) Has the Company established an effective career development training program for employees? (V) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer protection policies and grievance procedures? (VI) Does the Company establish supplier management policies, which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and	V V V V V		(II) The Company has established the "HR Management Rules", "Management Regulations for Subsidies for Wedding and Funerals", "Management Regulations for Employees' Overtime Work", and the "Articles of Incorporation" which include regulations for allocating remuneration to adequately reflect business performance and results in employee compensation. (III) The Company has established the "Employee Education and Training Regulations" and "Regulations for the Prevention, Complaint, and Punishment of Workplace Sexual Harassment" to provide a safe and healthy work environment for employees. We also provide necessary health and first-aid facilities, set up ear temperature measurement stations and alcohol dispensers in response to the epidemic, and conduct regular disinfection. We are committed to reduce risks to employee safety and health. (IV) The Company organizes training to establish an effective career development training program for employees. (V) The Company complies with relevant laws and regulations, and cares about the rights and interests of house buyers. The Company has designated customer service personnel and uses the 0800 service hotline, email, and face-to-face meetings to fully understand customer requirements, formulate improvement measures, and quickly respond to customers. The Company always provides the most rapid services in	

<table>
<tr><th rowspan="2">Implementation item</th><th colspan="3">Implementation status(Note 1)</th><th rowspan="2">Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-listed companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary(Note 2)</th></tr>
<tr><td>human rights? If so, describe the implementation results.</td><td></td><td></td><td>response to the opinions of the house buyers.
(VI) The Company has established the "Construction Procurement Management Regulations" and strictly implements the supplier management and auditing system. All projects are evaluated after completion. We implement overall evaluations based on progress control, project quality, safety, health, environmental protection, project management, coordination, and cooperation.</td><td></td></tr>
<tr><td>V. Does the Company prepare corporate ~~social responsibility~~ reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the Company obtain third-party assurance or qualified opinion for the reports above?</td><td>V</td><td></td><td>The Company's ~~Corporate Social Responsibility~~ Report is prepared in accordance with the GRI Standards published by the Global Reporting Initiative(GRI). The financial data used in the Report are based on public information audited by the CPA.</td><td>No material deviation</td></tr>
<tr><td colspan="5">VI. If the Company has established ~~corporate social responsibility~~ guidelines by following the ~~Corporate Social Responsibility~~ Best Practice Principles for TWSE/TPEx Listed Companies, please describe the practice and any discrepancies with regard to the Best Practice Principles: None</td></tr>
<tr><td colspan="5">VII. Other important information that facilitates the understanding of the implementation of ~~corporate social responsibility~~:
The Company works hard on its main businesses and builds high-quality residential buildings, plants, and offices that meet green building standards and won numerous awards. We plant different species of trees for each construction project to purify the air. In terms of construction, we focus on occupational safety and we ensure that employees adopt healthy lifestyles during the pandemic. We implement gender equality and established the "Employee Education and Training Regulations", "Child Labor and Female Worker Protection Regulations", and "Regulations for the Prevention, Complaint, and Punishment of Workplace Sexual Harassment" to protect employees' rights.</td></tr>
</table>

Note 1: If"Yes"is selected in the operating status, please explain the important policies, strategies, and measures adopted, and the implementation status; if"No"is selected in the operating status, please specify the reason and explain related future policies and plans for strategies and measures.

Note 2: If the Company has produced the Corporate Social Responsibility Report, the Company may reference the Corporate Social Responsibility Report or indicate the page number in the operating status.

Note 3: The materiality principle refers to related environmental, social, and governance issues that may cause material impact on the Company's investors and other stakeholders.

(VI) Implementation of ethical corporate management, deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons

Implementation of ethical corporate management

Assessment item	Implementation status(Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies" and reasons
	Yes	No	Summary	
I. Establishment of ethical management policies and solutions (I) Has the Company implemented an Ethical Corporate Management Policy approved by the Board of Directors and stated its ethical corporate management policy and practices as well as the active commitment of the Board of Directors and management towards enforcement of such policy in its regulations and external correspondence? (II) Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? (III) Does the Company clearly provide its operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs above effectively and perform regular reviews and amendments?	V V V		(I) The Company has established the "Ethical Corporate Management Best Practice Principles" in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies to implement the corporate governance and risk management mechanisms.and disclosed on the company website (II) The Company established the "Ethical Corporate Management Best Practice Principles" to prevent unethical conduct. It covers the actions described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies. (III) To implement ethical management values and policies, the Company established the"Code of Ethics"which specify the operating procedures, code of conduct, and disciplinary actions for implementation.	No material deviation
II. Implementation of ethical management				No material deviation

Assessment item	Implementation status(Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies" and reasons
	Yes	No	Summary	
(I) Does the Company evaluate the integrity of all transaction counterparties and stipulate integrity clauses in the agreements it signs with transaction counterparties?	V		(I) The Company has stipulated integrity clauses in the agreements it signed with suppliers.	
(II) Does the Company have a unit responsible for ethical corporate management on a full-time(part-time)basis under the Board of Directors which reports to the Board of Directors the Ethical Corporate Management Policy and programs against unethical conduct regularly(at least once a year)?	V		(II) The Company has assigned units to implement ethical corporate management on a part-time basis. The Administration Division and Legal Affairs Department are responsible for the establishment of the Ethical Corporate Management Policy and preventive measures. The Audit Office is responsible for supervision and implementation, and regularly reports to the Board of Directors.	
(III) Has the Company established policies to prevent conflict of interests, provided appropriate channels for filing related complaints and implemented the policies accordingly?	V		(III) The policy for preventing conflicts of interest have been stipulated in the "Code of Ethical Conduct", "Rules of Procedure for the Board of Directors' Meetings", and the "Remuneration Committee Charter".	
(IV) Does the Company have effective accounting and internal control systems in place to uphold business integrity? Does the internal audit unit follow the results of risk assessments for unethical behavior and devise plans to audit the systems accordingly to prevent unethical conduct, or hire accountants to conduct the audits?	V		(IV) The Company complies with regulations and has established a comprehensive accounting system and internal control system to ensure the reliability of financial reporting. Internal audit personnel regularly review the compliance of the aforementioned system to ensure the implementation of ethical corporate management.	
(V) Does the Company periodically provide internal and external training programs on ethical management?		V	(V) The Company organizes at least one training program on ethical management each year.	
III. Operations of the Company's whistleblowing system				No material deviation

Assessment item	Implementation status(Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies" and reasons
	Yes	No	Summary	
(I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers? (II) Has the Company established standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures? (III) Has the Company set up protection for whistleblowers to protect them from inappropriate measures as a result of reporting such incidents?	V V V		(I) The policy established the "Code of Ethical Conduct" and assigns dedicated personnel to process complaints on the Company's complaint mailbox. After information is collected, it is delivered to the audit unit for swift response. (II) The Company has established standard operating procedures for investigations and confidentiality mechanisms in the"Code of Ethics"and"Employee Rewards and Penalties Regulations". (III) The Company has set up protection for whistleblowers to protect them from inappropriate measures as a result of reporting such incidents.	
IV. Enhancing information disclosure (I) Has the Company disclosed its integrity principles and progress onto its website and Market Observation Post System?	V		The Company has disclosed its Ethical Corporate Management Principles and progress on the Market Observation Post System and the Company's website.	No material deviation
V. If the Company has implemented its own Ethical Corporate Management Principles by following the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies, please describe the practice and any discrepancies with regard to the Best Practice Principles: No deviation				
VI. Other important information to facilitate a better understanding of the Company's implementation of ethical corporate management:(e.g., review and amendment of the Company's Ethical Corporate Management Principles) (I) The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, TWSE/TPEx listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management. (II) The regulations for the prevention of conflicts of interests for Directors and stakeholders have been specified in the Company's "Rules of Procedure				

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Implementation status(Note 1)</th><th rowspan="2">Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies" and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">for the Board of Directors' Meetings" ,"Ethical Corporate Management Best Practice Principles" , "Code of Ethics", and "Remuneration Committee Charter".
(III) The Company has established the "Management and Operating Procedures for Preventing Insider Trading" to create positive mechanisms for processing and disclosing material insider information to prevent inappropriate information disclosure.</td></tr>
</table>

Note 1: Regardless of whether "Yes" or "No" was selected, explanation shall be provided in the Summary column.

1. The Company requires employees to perform fiduciary duties when engaging in business activities and prohibits them from direct or indirect acceptance any forms of illegitimate benefits. The Company emphasizes the importance of ethical conduct in the training for new employees.
2. The Company strengthens controls over activities with higher risks business through the division of functions and the design and implementation of internal control systems to prevent the occurrence of unethical conduct.
3. Where there is a conflict of interest in any decision or transaction that may conflict with the interests of the Directors, Supervisors, and managers, such individuals shall recuse themselves from the decision or vote.

(VII) Disclosure of the Company's corporate governance principles and related guidelines if they have been established: Detailed on the Company's website(https://www.kycc.com.tw)。

(VIII) Other significant information which may improve the understanding of the implementation of corporate governance: Please refer to the Corporate Governance Report in the Annual Report.

(IX) Status of implementation of internal control system

1. Statement on Internal Control

Kuo Yang Construction Co., Ltd.

Statement on Internal Control

Date: March 21, 2022

This Statement on Internal Control is issued based on the self-assessment results of the Company for 2021:

I. The Company recognizes that the establishment, execution, and maintenance of its internal control policies are the responsibilities of the Company's Board of Directors and managerial officers; such policies have been implemented throughout the Company. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations(including profitability, performance and security of assets), reliability, timeliness, and information transparency of reports and compliance with relevant regulatory requirements.

II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the effectiveness of the internal control system may vary due to changes in the environment and circumstances. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.

III. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations”). The criteria introduced by the "Regulations" cover the process of management control and consist of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Monitoring operations. Each component also comprised several items. For more information on the aforementioned items, please refer to the "Regulations".

IV. The Company has adopted the aforementioned internal control system judgment items to assess the effectiveness of the internal control system design and implementation.

V. Based on the aforementioned evaluation results, the Company holds that it has reasonably assured the achievement of the aforementioned with the internal control system as of December 31, 2021(including the monitoring over the subsidiaries), including understanding the effectiveness and efficiency in operation, reliability and transparency in timely reporting, and compliance with relevant regulatory requirements, and that the design and enforcement of internal control are effective.

VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement has been passed by the meeting of the Company's Board of Directors held on March 21, 2022, where 0 of the 9 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Kuo Yang Construction Co., Ltd.

Chairman: Tzu-Kuan Lin

President: Shao-Ling Peng

2. If the Company engages an accountant to examine its internal control system, disclose the CPA audit report: None.

(X) Penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations if such violation may have significant impact on the shareholders' equity or securities prices, major defects and corrective action thereof in the most recent fiscal year and as of the date of the Annual Report: None

(XI) Important resolutions adopted in shareholders' meeting and Board of Directors' meeting in the past year and up to the date of Annual Report

Shareholders' Meetings	Important resolutions	Implementation status
2021/06/10 Postponed to August 19, 2021 (due to the COVID-19 outbreak)	1. Ratification of the 2020 Business Report and Financial Statements. 2. Ratification of 2020 earnings distribution proposal.	1. Resolutions were announced in accordance with Article 230 of the Company Act. 2. 2020 Q4 Cash dividends were distributed on October 13, 2021. (2020 Q2 Cash dividends were distributed on September 21,2021) (2020 Q3 Cash dividends not distributing)

Item No.	Date of board meeting	Important resolutions
1st meeting in 2021	2021/01/18	1. Review of the salary and remuneration structure of the Company's Directors, Independent Directors, and managers. 2. Review of the monthly salary for the managers of the Company. 3. The Company's 2019 remuneration distribution proposal for board members and employees. 4. The Company's plan for working with five companies including Wei Li International Development Co., Ltd. for joint investment in the land development project on Zhongyi Section, Tucheng District, New Taipei City. 5. Ta Yuan Construction Co., Ltd., the contractor for the Company's joint investment for the construction of the[Good morning, Kuo Yang]project in Keelung City, planned to apply for the extension of the working capital financing limit from Taiwan Business Bank upon expiry, and requested the Company to continue to provide the joint guarantee. 6. With regard to the Company's joint investment and development of land on Jiuzong Section, Neihu District, Taipei City with five companies including Wei Li International Development Co., Ltd., the Company intended to use the land as collateral to apply for a land financing limit from Chang Hwa Bank with Wei Li International Development Co., Ltd. as the borrower. The Company continued to provide joint guarantee for the credit extension. 7. With regard to the Company's joint investment and development of land on Zhongyi Section, Tucheng

Item No.	Date of board meeting	Important resolutions
		District, New Taipei City with five companies including Wei Li International Development Co., Ltd., the Company intended to use the land as collateral to apply for a land financing limit from the Bank of Taiwan with Wei Li International Development Co., Ltd. as the borrower. The financing bank requested the Company to provide joint guarantee and credit extension. Note 1: Except for the resolution in Item 4, the Directors Che-Hsiung Tsai, Chien-Ping Juan, and Chia-Chi Hou recused themselves in accordance with Article 206 of the Company Act, and the proposal was passed unanimously by all other Directors in attendance. Note 2: Other important resolutions: The proposal was passed unanimously by all Directors in attendance following an inquiry by the chair.
2nd meeting in 2021	2021/03/08	The Company's wholly-owned subsidiary Shen Yang Construction Co., Ltd. acquired land on Plot 9, Shengli Section, Fengshan District, Kaohsiung City through a joint tender in collaboration with Tsang Hsin Construction Co., Ltd. They jointly applied for a land financing limit from the Agricultural Bank of Taiwan and requested Shen Yang Construction Co., Ltd. to provide joint guarantee. They issued a letter to request permission from the parent company. Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.
3rd meeting in 2021	2021/03/22	1. The Company's 2020 individual and consolidated financial statements. 2. The independence evaluation of the certifying CPAs for 2021. 3. The Company's 2020"Statement on Internal Control"was based on evaluation results of the effectiveness of the overall internal control system which stated that"the internal control system was effective in terms of design and execution, and complies with all laws and regulations". 4. Proposal for the establishment of the date for the 2021 general shareholders'meeting. Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.
4th meeting in 2021	2021/04/19	1. The Company's 2020 Business Report. 2. The Company's 2020 remuneration distribution proposal for board members and employees. 3. 2020 earnings distribution proposal. 4. Amendment of the equity investment targets in accordance with the"Investment Review Implementation Guidelines". Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.

Item No.	Date of board meeting	Important resolutions
5th meeting in 2021	2021/05/10	1. Proposal for the extension of the Company's expiring loan facility with Jih Sun International Bank Xinyi Branch. 2. The Company's subsidiary Shen Yang Construction Co., Ltd. sent a letter to request the parent company's approval for the extension of the guarantee credit limit provided by EnTie Commercial Bank for the unsold existing houses of the [Smile Era] with superficies in Kaohsiung. 3. Proposal for the appointment of the Vice President Cheng-Hsiung Hsieh as the Company's Corporate Governance Officer. 4. The Company’s 2021 Q1 business report. 5. The Company's 2021 Q1 earnings distribution. Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.
6th meeting in 2021	2021/07/12	1. The Company had plans for working with five companies including Wei Li International Development Co., Ltd. for joint investment in the land development project on Zhongyi Section, Tucheng District, New Taipei City within joint investment for the additional purchase of one plot of land on Plot 380 of the same Section. 2. The Company plans to work with four companies including Wei Li International Development Co., Ltd. for joint investment in the land development project on Zhongxing Section, Sanchong District, New Taipei City. 3. Proposal for the extension of the credit limit for the Company's expiring loan from Mega Bills Finance Co., Ltd. 4. Wei Li International Development Co., Ltd. sent a letter to the Company to request the continuation of the joint guarantee provided by the Company for the extension of the loan facility provided by Mega Bills Finance Co., Ltd. for existing houses in phase 1 of [The Green Place]. 5. With regard to the Company's joint investment and development of land on Jiuzong Section, Neihu District, Taipei City with five companies including Wei Li International Development Co., Ltd., the Company intended to purchase land to be used for the transfer of building bulk to apply for a working capital financing limit from Chang Hwa Bank with Wei Li International Development Co., Ltd. as the borrower. The Company continued to provide joint guarantee. 6. With regard to the Company's joint investment and development of land on Zhongyi Section, Tucheng District, New Taipei City with five companies including Wei Li International Development Co., Ltd., the Company intended to use the additionally purchased land, Plot 380, as collateral to apply for a land financing limit from the Bank of Taiwan with Wei Li International Development Co., Ltd. as the

Item No.	Date of board meeting	Important resolutions
		borrower. The Company continued to provide joint guarantee. 7. Proposal for the change of the Company's annual shareholders' meeting for this year in accordance with the "Measures for the Postponement of Shareholders' Meeting of Public Companies in Response to the Epidemic". Note 1: Except for the resolution in Item 1.2: The Directors Che-Hsiung Tsai, Chien-Ping Juan, and Chia-Chi Hou recused themselves in accordance with Article 206 of the Company Act, and the proposal was passed unanimously by all other Directors in attendance. Note 2: Other important resolutions: Passed unanimously by all Directors in attendance following an inquiry by the chair.
7th meeting in 2021	2021/08/09	1. The Company's 2021 Q2 consolidated financial statements. 2. The Company's 2021 Q2 business report. 3. The Company's 2021 Q2 earnings distribution. 4. Added equity investment targets in accordance with the "Investment Review Implementation Guidelines" and requested approval. 5. Proposal for the extension of the Company's expiring loan contract with International Bills Finance Corporation. 6. Wei Li International Development Co., Ltd. sent a letter to the Company to request the renewal of the loan contract upon expiry by the Company for the loan facility provided by Taiwan Life Insurance Co., Ltd. for existing houses in Crepe Myrtle Area of [The Green Place]. 7. Wei Li International Development Co., Ltd. requested the Company to continue the joint guarantee provided by the Company for the extension of the loan facility provided by International Bills Finance Corporation for existing houses in Ruhaku Area of [The Green Place]. 8. Wei Li International Development Co., Ltd. sent a letter to the Company to request the continuation of the joint guarantee provided by the Company for the renewal and extension of the expiring loan contract with O-Bank enacted for the guarantee credit limit for the performance bond and working capital for unsold houses in Ruhaku Area of the [The Green Place] development project. 9. With regard to the Company's joint investment and development of land on Zhongxing Section, Sanchong District, New Taipei City with four companies including Wei Li International Development Co., Ltd., the Company intended to use the land as collateral to apply for land financing and additional building bulk from the Bank of Taiwan with Wei Li International Development Co., Ltd. as the borrower. The financing bank requested the Company to provide joint guarantee and credit

Item No.	Date of board meeting	Important resolutions
		extension. Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.
8th meeting in 2021	2021/09/13	The Company plans to participate in the tender submission of two projects including [Kaohsiung Multifunctional Park Special Trade Zone 3 Urban Renewal Project (Southern Site - North Side)] and [Kaohsiung Multifunctional Park Special Trade Zone 3 Urban Renewal Project (Southern Site - South Side)]. Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.
9th meeting in 2021	2021/10/25	The Company plans to participate in the tender submission of the [16 Plots of Land (Children Welfare Center A1 Site) Urban Renewal Project on Plot 6, Subsection 1, Yaxiang Section, Xinyi District, Taipei City] Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.
10th meeting in 2021	2021/11/08	The Company participates in the tender of the two projects including [Kaohsiung Multifunctional Park Special Trade Zone 3 Urban Renewal Project (Southern Site - North Side) and (Southern Site - South Side)] and applies for the bid bond credit limit from Taiwan Cooperative Bank Ziqiang Branch. Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.
11th meeting in 2021	2021/12/20	1. The Company’s 2022 budget. 2. Proposed amendment of the Company's "Accounting System". 3. Proposal for the extension of the Company's expiring loan facility with O-Bank for financing the remaining units of [Kuo Yan], and related matters. 4. The Company's subsidiary Shen Yang Construction Co., Ltd. sent a letter to request the parent company's approval and continuation of the joint guarantee for the extension of the guarantee credit limit provided by O-Bank for the unsold existing houses of the [Smile Era] with superficies in Kaohsiung. 5. The Company's subsidiary Shen Yang Construction Co., Ltd. sent a letter to request the parent company's approval for the extension of the guarantee credit limit provided by King's Town Bank Zhongzheng Branch for the unsold existing houses of the [Smile Era] with superficies in Kaohsiung. 6. With regard to the Company's joint investment with four companies including Wei Li International

Item No.	Date of board meeting	Important resolutions
		Development Co., Ltd. for the development of land on Zhongyi Section, Tucheng District, New Taipei City, the Company intends to purchase land to be used for the transfer of building bulk to apply for a working capital financing limit from the Bank of Taiwan with Wei Li International Development Co., Ltd. as the borrower. The Company shall provide joint guarantee. 7. Preparation of the Company's 2022 audit plan. Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.
1st meeting in 2022	2022/01/17	1. The Company's 2020 remuneration distribution proposal for board members and employees. 2. The Company's wholly-owned subsidiary Shang Yang International Asset Management Co., Ltd. intends to set up Pao Yue Landscape Co., Ltd. with the natural person Cheng-Ju Li. The equity investment is 51% and the estimated total investment will be within NT$5,100,000. 3. The Company's wholly-owned subsidiary Shen Yang Construction Co., Ltd. acquired land on Plot 9, Shengli Section, Fengshan District, Kaohsiung City through a joint investment and development in collaboration with Tsang Hsin Construction Co., Ltd. They jointly applied for a building financing limit and trust matters with the Agricultural Bank of Taiwan and requested Shen Yang Construction Co., Ltd. to provide joint guarantee. They issued a letter to request permission from the parent company. Note: The aforementioned important resolutions were passed unanimously by all Directors in attendance following an inquiry by the chair.
2nd meeting in 2022	2022/03/21	1. The Company's 2021 individual and consolidated financial statements 2. The independence evaluation of the certifying CPAs for 2022 3. Proposed remuneration for directors and employees in 2021 4. Review of the Company's "Rank and Salary Range Table" 5. Review of the salary and remuneration structure of the Company's Directors and managers 6. Proposal for the amendment of the "Articles of Incorporation" 7. Proposal for the amendment of the "Procedures for Acquisition or Disposal of Assets" 8. Added equity investment targets in accordance with the "Investment Review Implementation Guidelines"

Item No.	Date of board meeting	Important resolutions
		9. The Company plans to work with six companies including Wei Li International Development Co., Ltd. for joint investment in the land development project on Longzhong Section, Gushan District, Kaohsiung City 10. The Company's "Statement on Internal Control" was based on evaluation results of the effectiveness of the overall internal control system which stated that "the internal control system was effective in terms of design and execution, and complies with all laws and regulations" 11. Proposal for the Company's 2022 general shareholders' meeting and related matters. Note 1: Except for the resolution in Item 9: The Directors Tzu-Kuan Lin, Che-Hsiung Tsai, Chien-Ping Juan,and Chia-Chi Hou recused themselves in accordance with Article 206 of the Company Act, and the proposal was passed unanimously by all other Directors in attendance. Note 2: Other important resolutions: The proposal was passed unanimously by all Directors in attendance following an inquiry by the chair.
3rd meeting in 2022	2022/03/30	1. The Company's 2021 Business Report. 2. The Company decided not to distribute dividends for 2021 Q4. 3. The Company intends to sign a joint venture agreement with Taiwan Life Insurance Co., Ltd. to set up a project company and sign an implementation contract with Kaohsiung City Government. 4. The Company intends to set up a new company in a joint venture with Taiwan Life Insurance Co., Ltd. The equity investment is 80% and the estimated total investment will be within NT$4,000,000 thousand. 5. The Company entered a joint venture with Taiwan Life Insurance Co., Ltd. for the establishment of Star Epoch International Co., Ltd. and nominated Directors and Supervisors. Note 1: Except for the resolution in Item 5: The Directors Tzu-Kuan Lin and Chia-Chi Hou recused themselves in accordance with Article 206 of the Company Act, and the proposal was passed unanimously by all other Directors in attendance. Note 2: Other important resolutions: The proposal was passed unanimously by all Directors in attendance following an inquiry by the chair.

(XII) Dissenting or qualified opinion of Directors or Supervisors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of the Annual Report: None

(XIII) Resignation and dismissal of professional managerial officers related to the financial report including Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief R&D Officer, Chief Internal Auditor, and Corporate Governance Officer, in the past year and up to the date of the Annual Report: None

V. Information on CPA Professional Fees

Information on CPA Professional Fees

Table on the range of CPA professional fees

Unit: NT$1,000

Name of the CPA Firm	CPA Name	CPA audit period	Audit fee	Non-audit fees	Remarks
Pricewaterhouse Coopers Taiwan	Chun-Yuan Hsiao Fang-Yu Wang	2020.01~2020.12	NT$2,840	NT$530	The non-audit fee was NT$500 thousand for the tax certification and NT$30 thousand for the review of salaries for full-time non-executive employees.

(I) If the Company changes the CPA firm and the amount of audit fee paid in the year of change is less than that in the previous year, information shall be disclosed: None.

(II) If the audit fee is more than 10%less than that paid in the previous year, information shall be disclosed: None.

VI. Information on Replacement of CPA: If the Company has replaced the CPA in the most recent two years, the following information shall be disclosed:None

VII. Company's Chairman, President, Financial or Accounting Affairs Manager who has served in the certifying CPA firm or its affiliates in the most recent year: None

VIII. Transfer of equity interests and/or pledge of or change in equity interests by Directors, Supervisors, managers, and major shareholders holding more than 10%of the shares in the previous year and up to the publication date of the Annual Report

Change in the shares held by the Directors, Supervisors, managerial officers, and major shareholders

Title	Name	2021		2022 as of March 31	
		Increase(decrease)in shares held	Increase(decrease)in pledged shares	Increase(decrease)in shares held	Increase(decrease)in pledged shares
Director	Chi Chan Industries Co., Ltd. Representative-Tzu-Kuan Lin Representative-Chia-Chi Hou	0 0 0	0 0 0	0 0 0	0 0 0
	Cheng Chi Co., Ltd. Representative-Chien-Ping Juan Representative-Che-Hsiung Tsai Representative-Tung-Ming Su	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0
	Pai Ti Development Co., Ltd. Representative-Pei-Kui Su	0 0	0 0	0 0	0 0
Independent Director	Li-Yen Yang	0	0	0	0
	Wu-Po Kuo	0	0	0	0
	Chiu-Mu Tseng	0	0	0	0
President	Shao-Ling Peng	0	0	0	0
Vice President	Cheng-Hsiung Hsieh	0	0	0	0
Accounting Manager	Cheng-I Wang	0	0	0	0
Assistant Vice President, Planning Division	Yun-Ti Cheng Lin-Wei Hsiao	3,454 3,000	0 0	0 0	0 0
Assistant Vice President, Engineering Division	Wen-Ho Hsu	0	0	0	0
Assistant Vice President, Sales Division	Meng-Hui Lien	0	0	0	0
Major shareholder	None	0	0	0	0

Notes: Note 1: Shareholders with over 10%of the Company's total share shall be classified as major shareholders and listed separately.

Note 2: Information regarding the transfer of shares or shares pledged to the counterparty

being the related party shall be filled in the following Table.
Note 3: The decrease in changes in 2020 was mainly due to the decrease in capital and the issuance of new shares in the capital reduction.

Information on transfer of shares: None

Name (Note 1)	Reason for transfer of shares (Note 2)	Transaction date	Transaction counterparty	Relationship between the counterparty and the Company, its Directors, Supervisors and shareholders with shareholding percentage of over 10%	Number of shares	Transaction price

Information on pledged shares: None

Name (Note 1)	Reason for changes in pledged shares (Note 2)	Date of change	Transaction counterparty	Relationship between the counterparty and the Company, its Directors, Supervisors and shareholders with shareholding percentage of over 10%	Number of shares	Shareholding ratio	Pledge ratio	Pledge(redemption)amount

IX. Information on the relationship between any of the top ten shareholders(related party, spouse, or kinship within the second degree)

Information on the relationship between any of the top ten shareholders

Name (Note 1)	Personal shareholding: Number of shares	Personal shareholding: Shareholding ratio	Shares held by spouse and underage children: Number of shares	Shares held by spouse and underage children: Shareholding ratio	Total shareholding by nominee arrangement: Number of shares	Total shareholding by nominee arrangement: Shareholding ratio	Shareholders with the top 10 shareholding ratios who are related, or their spouses and second-degree relatives' names and their respective relationships. (Note 3): Name	Shareholders with the top 10 shareholding ratios who are related, or their spouses and second-degree relatives' names and their respective relationships. (Note 3): Relationship	Remarks
Han Shen Investment Co., Ltd.	35,985,223	9.47%	-	-	-	-	-	None	
Representative: Wei-Hsiung Tsai	0	0	-	-	-	-	-	None	
Chung Shen Development Co., Ltd.	27,709,048	7.29%	-	-	-	-	-	None	
Representative: Chia-Chi Hou	986,209	0.26%	-	-	-	-	-	Representative of Lien Chung International Asset Management Co., Ltd.	
Morta Enterprise Co., Ltd.	24,795,785	6.53%	-	-	-	-	-	None	
Representative: Wen-Hsien Li	0	0	-	-	-	-	-	Ku Pang Co., Ltd. Representative	
Cheng Chi Co., Ltd.	23,124,570	6.09%	-	-	-	-	-	None	
Representative: Chun-Yu Hou	986,846	0.26%	-	-	-	-	-	Representative of Kao Pin Co., Ltd.and Hanshin Department Store Co., Ltd.	
Wei Li International Development Co., Ltd.	19,320,488	5.08%	-	-	-	-	-	None	
Representative: Pei-Hsun Tu	28,094	0.01%	-	-	-	-	-	Representative of Chi Hsuan Development Co., Ltd. and Youshin Development Co., Ltd.	
Ku Pang Co., Ltd.	18,351,934	4.83%						None	
Representative: Wen-Hsien Li	0	0						Representative of Morta Enterprise Co., Ltd.	
Lien Chung International Asset Management Co., Ltd.	15,773,402	4.15%	-	-	-	-	-	None	
Representative: Chia-Chi Hou	986,209	0.26%	-	-	-	-	-	Representative of Chung Shen Development Co., Ltd. and Hanshin Department Store Co., Ltd	
Chi Hsuan Development Co., Ltd.	15,365,406	4.04%	-	-	-	-	-	None	
Representative: Pei-Hsun Tu	28,094	0.01%	-	-	-	-	-	Representative of Youshin Development Co., Ltd. and Wei Li International Development Co., Ltd.	
Youshin Development Co., Ltd.	11,685,390	3.08%	-	-	-	-	-	None	
Representative: Pei-Hsun Tu	28,094	0.01%	-	-	-	-	-	Representative of Chi Hsuan Development Co., Ltd. and Wei Li International Development Co., Ltd.	
Hanshin Department Store Co., Ltd	10,106,628	2.66%						None	
Representative: Chia-Chi Hou	986,209	0.26%						Representative of Chung Shen Development Co.,	

								Ltd. Representative of Lien Chung International Asset Management Co., Ltd	

Note 1: All top ten shareholders must be listed. For institutional shareholders, their names and the name of their representatives must be listed separately.

Note 2: The shareholding percentage is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and others.

Note 3: Relationships between the aforementioned shareholders, including institutional and natural-person shareholders must be disclosed based on the financial reporting standards used by the issuer.

Note 4: The aforementioned number of shares held are based on the number of shares registered as of the ex-dividend date on April 19, 2021.

X. The shareholding of the Company, Director, Supervisor, manager, and an enterprise that is directly or indirectly controlled by the Company in the investee company and the calculation of the consolidated shareholding percentage.

December 31, 2021 Unit: shares

Investee company (Note)	Investment by the Company		Investments by Directors, Supervisors, managers and directly or indirectly controlled enterprises		Combined investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Shadwell Limited	200,000	100%			200,000	100%
Shang Yang International Asset Management Co., Ltd.	61,800,000	100%			61,800,000	100%
Shen Yang Construction Co., Ltd.	160,000,000	100%			160,000,000	100%
Sweet Me Hot Spring Resort Co., Ltd.	2,200,000	20%			2,200,000	20%
Chairman, Hanshin Shopping Plaza Co., Ltd.	10,005,000	20%			10,005,000	20%
Che Yang Agricultural Technology Co., Ltd.			250,000	100%	250,000	100%
Chi Yang Construction Co., Ltd.			13,600,000	80%	13,600,000	80%
Chi Yang Construction Co., Ltd.			3,150,000	45%	3,150,000	45%
Century Rainbow Limited			2,718,138	100%	2,718,138	100%
Celestial Talent Limited			1,988,828	100%	1,988,828	100%
Charm Merit Limited			1,000,000	100%	1,000,000	100%
Good Fame Limited			1,000,000	40%	1,000,000	40%

Note: Long-term investment calculated by equity method.

D.Funding Status

I. Capital and shares:

(I) Sources of capital

As of April 19, 2022 Unit: 1,000 shares/NT$1,000

Year and month	Issuing price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT$1,000)	Number of shares (1,000 shares)	Amount (NT$1,000)	Sources of capital	Subscriptions paid with property other than cash	Other
1972.6	10	120	1,200	120	1,200	Founded with cash	-	
1974.3	10	1,600	16,000	1,600	16,000	Cash capital increase	-	
1976.9	10	4,000	40,000	4,000	40,000	Cash capital increase	-	
1978.4	10	8,000	80,000	8,000	80,000	Cash capital increase	-	
1978.8	10	16,000	160,000	16,000	160,000	Cash capital increase	-	
1979.1	10	30,000	300,000	30,000	300,000	Cash capital increase	-	
1983.5	10	30,900	309,000	30,900	309,000	Capital surplus	-	
1989.1	10	61,800	618,000	61,800	618,000	Cash capital increase	-	
1990.1	20	112,500	1,125,000	112,500	1,125,000	Cash capital increase	-	
1991.12	10	208,125	2,081,250	208,125	2,081,250	Cash capital increase Capital surplus	-	
1993.4	10	358,125	3,581,250	358,125	3,581,250	Cash capital increase	-	
1996.7	19.5	600,000	6,000,000	460,000	4,600,000	Cash capital increase	-	
1997.6	10	1,000,000	10,000,000	562,040	5,620,400	Retained earnings Capital surplus Employee bonus	-	Note 1
1997.7	55.5	1,000,000	10,000,000	700,000	7,000,000	Cash capital increase	-	Note 2
1998.3	10	1,400,000	14,000,000	703,307	7,033,072	Convertible corporate bonds	-	
1998.5	10	1,400,000	14,000,000	1,079,167	10,791,672	Retained earnings Capital surplus Employee bonus Convertible corporate bonds	-	Note 3
1998.8	10	1,400,000	14,000,000	1,080,275	10,802,754	Convertible corporate bonds	-	
1999.10	10	1,400,000	14,000,000	583,348.739	5,833,487.39	Capital reduction	-	Note 4
2002.6	10	1,000,000	10,000,000	300,000	3,000,000	Capital reduction	-	Note 5
2003.6	***2.8***	700,000	7,000,000	360,000	3,600,000	***Cash capital increase through private***	Debt converted to shares	Self-reported

Year and month	Issuing price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT$1,000)	Number of shares (1,000 shares)	Amount (NT$1,000)	Sources of capital	Subscriptions paid with property other than cash	Other
						placement		
2003.11	***4***	700,000	7,000,000	410,000	4,100,000	***Cash capital increase through private placement***	-	Self-reported
2003.12	***4***	700,000	7,000,000	510,000	5,100,000	***Cash capital increase through private placement***	-	Self-reported
2004.2	***4.5***	700,000	7,000,000	555,000	5,550,000	***Cash capital increase through private placement***	-	Self-reported
2004.4	***6.7***	700,000	7,000,000	571,000	5,710,000	***Cash capital increase through private placement***	-	Self-reported
2004.10	10	700,000	7,000,000	304,600	3,046,000	Capital reduction	-	Note 6
2006.4	***8***	700,000	7,000,000	364,600	3,646,000	***Cash capital increase through private placement***	-	Self-reported
2006.6	***10.5***	700,000	7,000,000	404,600	4,046,000	***Cash capital increase through private placement***	-	Self-reported
2006.12	***20***	700,000	7,000,000	442,600	4,426,000	***Cash capital increase through private placement***	-	Self-reported
2012.9	10	700,000	7,000,000	445,185	4,451,850	Convertible corporate bonds	-	Note 7
2013.1	10	700,000	7,000,000	446,285	4,462,851	Convertible corporate bonds	-	Note 7
2013.3	10	700,000	7,000,000	449,979	4,499,792	Convertible corporate bonds	-	Note 7
2013.6	10	700,000	7,000,000	455,614	4,556,142	Convertible corporate bonds	-	Note 7
2013.9	10	700,000	7,000,000	502,910	5,029,109	Convertible corporate bonds Conversion of earnings to capital increase	-	Note 7 Note 8
2014.1	10	700,000	7,000,000	503,313	5,033,136	Convertible corporate bonds	-	Note 7
2014.4	10	700,000	7,000,000	503,559	5,035,592	Convertible corporate bonds	-	Note 7
2015.5	10	700,000	7,000,000	576,582	5,765,824	Convertible corporate bonds	-	Note 7
2018.7	***11***	***700,000***	***7,000,000***	***696,582***	***6,965,824***	***Cash capital increase***	-	***Note 9***
2020.10	***10***	***700,000***	***7,000,000***	***380,000,***	***3,800,000***	***Cash capital***		***Note 10***

Year and month	Issuing price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (1,000 shares)	Amount (NT$1,000)	Number of shares (1,000 shares)	Amount (NT$1,000)	Sources of capital	Subscriptions paid with property other than cash	Other
						reduction		

Note 1: Capital reduction approval document number:(86)Tai-Cai-Zheng(1)No. 33381 dated May 2, 1997.
Note 2: Capital reduction approval document number:(86)Tai-Cai-Zheng(1)No. 48083 dated June 30, 1997.
Note 3: Capital reduction approval document number:(87)Tai-Cai-Zheng(1)No. 27283 dated April 14, 1998.
Note 4: Capital reduction approval document number:(88)Tai-Cai-Zheng(1)No. 80122 dated September 23, 1999.
Note 5: Capital reduction approval document number:(91)Tai-Cai-Zheng(1)No. 101440 dated January 14, 2002.
Note 6: Capital reduction approval document number: Tai-Cai-Zheng(1)No. 0930122306 dated June 30, 2004.
Note 7: Capital increase approval document number: Jin-Guan-Zheng-Fa-Zi No. 10100123831 dated April 16, 2012.
Note 8: Capital increase approval document number: Jin-Guan-Zheng-Fa-Zi No. 1020038627 dated September 18, 2013.

Note 9: Capital increase approval document number: Jin-Guan-Zheng-Fa-Zi No. 1070325525 dated July 23, 2018.

Note 10: Capital reduction approval document number: Jin-Guan-Zheng-Fa-Zi No. 1090371099 dated October 27, 2020.

As of April 19, 2022Unit: shares

Type of shares	Authorized capital			Remarks
	Shares issued and outstanding	Unissued shares	Total	
Ordinary shares	380,000,000	320,000,000	700,000,000	Listed stocks

Information on shelf registration None

Types of securities	Amount of scheduled issuance		Amount issued		The purpose and expected benefits of the issued shares	Unissued shares and scheduled time of issuance	Remarks
	Total number of shares	Approved amount	Number of shares	Price			

(II) Shareholders

As of the ex-dividend date(April 19, 2022)

Shareholders / Quantity	Government institution	Financial institution	Other institutions	Individuals	Foreign institutions and foreigners	Total
Number of persons	3	3	189	34,651	80	34,926
Number of shares held	490	8,454	235,428,897	124,530,463	20,031.696	380,000,000
Shareholding ratio	0.00	0.00	61.96	32.77	5.27	100.00

Note: Companies primarily listed on the TWSE or the TPEx shall disclose the proportion of their shares held by Chinese investors. Chinese investors refer to individuals, corporate entities, organizations, other institutions, or companies in areas other than Taiwan and Mainland China that are invested by persons of such identity as defined in Article 3 of the Regulations Governing Investment of Mainland Chinese in Taiwan.

(III) Shareholding distribution status

1. Ordinary shares

Ordinary shares

Par value of NT$10 per share as of the ex-dividend date(April 19, 2022)

Class of shareholding	Number of shareholders	Number of shares held	Shareholding ratio(%)
1 to 999	22,527	3,601,030	0.95
1,000 to 5,000	8,543	18,217,967	4.79
5,001 to 10,000	1,877	13,648,559	3.59
10,001 to 15,000	637	7,788,653	2.05
15,001 to 20,000	363	6,550,304	1.72
20,001 to 30,000	322	8,056,861	2.12
30,001 to 40,000	155	5,474,711	1.44
40,001 to 50,000	88	4,037,853	1.06
50,001 to 100,000	206	14,274,663	3.76
100,001 to 200,000	93	12,774,420	3.36
200,001 to 400,000	56	15,864,052	4.18
400,001 to 600,000	11	5,408,010	1.42
600,001 to 800,000	11	7,323,754	1.93
800,001 to 1,000,000	7	6,426,600	1.69
1,000,001 and above(additional brackets may be classified where necessary)	30	250,552,563	65.94
Total	34,926	380,000,000	100.00

2. Preferred shares: None

(IV) List of main shareholders:

(Shareholders with more than 5%of shares or the top ten shareholders in terms of shareholding ratio)

Shares / Shareholder's name	Number of shares held	Shareholding ratio(%)
Han Shen Investment Co., Ltd.	35,985,223	9.47
Chung Shen Development Co., Ltd.	27,709,048	7.29
Morta Enterprise Co., Ltd.	24,795,785	6.53
Cheng Chi Co., Ltd.	23,124,570	6.09
Wei Li International Development Co., Ltd.	19,320,488	5.08
Ku Pang Co., Ltd.	18,351,934	4.83
Lien Chung International Asset Management Co., Ltd.	15,773,402	4.15
Chi Hsuan Development Co., Ltd.	15,365,406	4.04
Youshin Development Co., Ltd.	11,685,390	3.08
Hanshin Department Store Co., Ltd.	10,106,628	2.66

Note: The aforementioned number of shares held are based on the number of shares registered as of the ex-dividend date on April 12, 2021.

Changes in major shareholders holding more than 10%of the shares: None

(V) Market price per share, net worth, earnings, dividends, and the related information for the last two years

Item / Year		2020	2021	Current year as of March 31, 2022 (Note 8)
Market price per share (Note 1)	Highest	33.30	41.50	24.95
	Lowest	12.00	22.90	21.85
	Average	23.03	30.09	23.55
Net value per share (Note 2)	Before distribution	24.36	24.29	-
	After distribution	23.36	(Note:9)24.29	-
EPS	Weighted average number of shares (1,000 shares)	652,348	380,000	-
	Earnings per share(Note 3)before retroactive adjustment	7.58	2.58	-
	Earnings per share(Note 3)after retroactive adjustment	7.57	2.58	-
Earnings per share	Cash dividends	2.50	(Note:9)1.00	-
	Stock dividends	-	-	-e
		-	-	-
	Cumulative undistributed dividends(Note 4)	-	-	-
Return on investment analysis	Price-earnings ratio(Note 5)	3.04	11.66	-
	Price-dividend ratio(Note 6)	9.21	30.09	-
	Cash dividend yield rate(Note 7)	10.86%	3.32%	-

＊ If retained earnings or capital surplus were used for capital increase and distribution of shares, market prices and cash dividends that were retroactively adjusted based on the number of shares after distribution shall be disclosed.

Note 1: List the highest and lowest market price of common shares for each fiscal year and calculate the average market price for each fiscal year based on trading value and volume in each fiscal year.

Note 2:Please fill these rows based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved at the meeting of the Board of Directors or shareholders' meeting in the subsequent fiscal year.

Note 3: If retroactive adjustments are required due to stock dividends, the Company shall list the earnings per share before and after the adjustment.

Note 4: If there are any conditions in issuing equity securities that allow for unpaid out dividend for the year to be accumulated to subsequent years in which there is profit, the Company shall separately disclose the accumulated unpaid out dividend up to that year.

Note 5: P/E ratio=average closing price for each share for the year/earnings per share.

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

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

Note 8: Data on net asset value per share and earnings per share from the latest quarter that has been verified by CPAs up to the date of publication of the Annual Report shall be filled. For all other columns, the Company shall fill information for the current fiscal year until the publication date of the Annual Report.

Note 9: It includes the dividends for the fourth quarter for 2020 approved by the Board of Directors in the meeting on April 19, 2021.

(VI) Dividend policy and implementation status:

The Company added clauses and established the following dividends policy in accordance with (89)Tai-Cai-Zheng(1)No. 100116 Letter of the Securities and Futures Administration Commission, Ministry of Finance and President Order Hua-Zong-1-Yi No. 10400058161 Order dated May 20, 2015:

1、In the event of surplus earnings after closing of annual accounts, the Company shall pay due taxes in accordance with the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10%of the remainder surplus shall be allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. In addition, the Board of Directors may, after allocating or reversing special reserve pursuant to the laws or regulations of the competent authority, retain parts of the earnings and prepare an earnings distribution proposal along with undistributed earnings at the beginning of the period. Where the Company intends to distribute earnings by issuing new shares, it shall file a proposal to the shareholders' meeting and obtain approval in a resolution before the distribution. Where dividends are distributed in cash, the Board of Directors shall be authorized to determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two thirds of the Directors and it shall be reported at the shareholders' meeting.

2、The Company's industry is a stable and mature industry. The dividend policy should account for the financial structure, earnings, and long-term business plans to meet the development and transformation needs. The ratio of stock dividends to cash dividends shall be determined each year based on the requirements for working capital, provided that the cash dividends shall not be less than 20%. When the paid-in capital has reached NT$10 billion, the cash dividends shall not be less than 50%.

3、The Company's 2020 general shareholders' meeting(June 10)passed the amendment of the Company's Articles of Incorporation which authorized the Board of Directors to distribute quarterly dividends on a quarterly basis

The cash dividends for each quarter of 2020 are shown in the table below..

Earnings distribution for each quarter of 2021: Unit: NT$

Period	Date of passage in board meeting	Cash dividends per share	Total earnings distribution
2021 Q1	2021/05/10	0.5	190,000,000
2021 Q2	2021/08/09	0.5	190,000,000
2021 Q3	2021/11/08	No distribution	-
2021 Q4	2022/03/30	No distribution	-

(VII) Effect of free-gratis dividend proposed in the current shareholders' meeting on Company's business performance and earnings per share:

The Company did not distribute stock dividends this year and this item is therefore not applicable.

(VIII) Remuneration of employees and Directors

1. Percentages or ranges of remuneration of employees and Directors under the Articles of Incorporation

According to the Company's Articles of Incorporation, in the event of profit in the year, the Company shall appropriate 0.5%to 5%of the pre-tax earnings (excluding remuneration for Directors and employees) as remuneration for employees and no more than 5%as remuneration for Directors. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses.

. The remuneration for employees in the preceding paragraph may be paid in stock or cash based on a resolution of the Board of Directors, and may be paid to employees of subsidiaries who meet the certain requirements.

The distribution of remuneration for employees and Directors shall be resolved by a majority vote at a board meeting attended by more than two thirds of the Directors and it shall be reported at the shareholders' meeting.

2. Basis for estimating the amount of remuneration of employees and directors, basis 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 amount, for the current period:

Based on the Company's estimates, the 2020 remuneration for employees and Directors amounted to NT$5,842,593 and NT$5,842,593, respectively. According to the Articles of Incorporation, they shall be allocated based on 0.5%of the earnings before tax. If the actual distribution is different from the estimate, the difference will be accounted for as changes in accounting estimates and adjusted in the year of the distribution.

3. Remuneration proposals passed by the board of directors:

(1) Remuneration of employees and Directors shall be paid in cash or stock. In case of any discrepancy between the amounts and the amortized estimates for the year, the differences, reasons, and responses shall be disclosed:

The Company's distribution of 2021 remuneration for employees and Directors has been passed by the Board of Directors on Mar 21, 2021, and the Board of Directors has resolved to distribute NT$5,842,593 as employee remuneration and NT$5,842,593 as Director remuneration. The amounts are the same as the estimated amount in 2021.

(2) Amount of employee remuneration distributed in the form of stocks, as a percentage of the net income after taxes provided in the standalone or consolidated financial statements of the current period, and as a percentage of total employee remuneration:

The Company did not issue employee stock bonus in 2021.

4. Discrepancies, if any, between actual distribution of employee and Director remuneration(including the number of shares distributed, amount and stock price)and the recognized remuneration of employees and Directors and disclosure of the differences, reasons and responses:

   The Company's distribution of 2020 remuneration for employees and Directors has been passed by the Board of Directors on April 19, 2021, and the Board of Directors has resolved to distribute NT$26,058,896 as employee remuneration and NT$26,058,896 as Director remuneration. All remuneration shall be distributed in cash and the amounts are the same as the estimated amount in 2020

(IX) Buyback of treasury stock: None

II. Issuance of corporate bonds: None

III. Issuance of preferred stocks: None

IV. Issuance of global depositary receipts(GDR): None

V. Exercise of employee stock option plan(ESOP): None

VI. Employees' restricted stocks: None

VII. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies: None

VIII. Implementation of capital allocation plan: None

E. Business Overview

I. Business activities

(I) Business scope:

1 Main contents

(1) Commissioned construction of residential buildings, commercial buildings, and plants and offices for lease or sale, appointment by the government's competent authority of industries for the development, lease, and sales of industrial zones.(except for the construction business)

(2) Trading, manufacturing, and agency services for of construction materials.

(3) Garden landscaping and interior design and construction.(except for the construction business)(except for architect business)

(4) Industrial factory buildings lease construction and development.

(5) Office building leasing.

2. Revenue breakdown: The Company invests in the construction of residential buildings and the lease and sales of office and commercial buildings, and industrial buildings in Taiwan. The revenue from these businesses account for 100%of the Company's revenue.
3. The Company's current products: Residences, villas, stores, and plants and offices.
4. Plans for new product development: The Company will continue to focus on luxury residential buildings in prime locations and cooperate with government policies in promoting residential projects for urban renewal.

(II) Industry overview:

1. Current state and development of the industry:

(1) Overall political and economic environment: War has an immense impact on the supply of energy. It increases the prices of raw materials and causes global economic growth to fall.

Four major factors will have significant impact. They include rising prices across the globe, the Russo-Ukrainian War, slowed economic growth in China, and the tightening of global monetary policies, Taiwan may benefit from continuous strong external demand but is currently challenged by the gradual the intensification of the domestic COVID-19 epidemic. The outbreak of the Russo-Ukrainian War has pushed up international raw material prices and increased the risk of high inflation and uncertainties in the global economy. It has impacted domestic and external demand and offset certain growth in exports and investments. Taiwan's economic growth rate in 2022 is forecast to decline slightly to 3.7%. As a result of the conflict between Russia and Ukraine and fears of inflation, international stock market volatility has intensified since late February, and credit spread has widened. The financial indices in the United States, Europe, China, and emerging markets in Asia fell simultaneously and Taiwan also started to raise interest rates in March. It is expected to follow the U.S. Federal Reserve (Fed) and other major central banks in tightening monetary policies. The degree of the tightening will be determined by domestic inflation. If the annual rate of increase of the Consumer Price Index (CPI) from March to May exceeds 3%, the Central Bank may raise interest rates again in June. The effectiveness of interest rate hikes for suppressing inflation depends on the interest rate level at the time.

(2) Number of units transferred in sales: The number of units transferred in sales in 2021 reached an 8-year record high and 2022 Q1 was also a record high for the industry in the past 11 years.

According to the statistics on the number of building units transferred announced by the Department of Land Administration of the six metropolitan areas, 64.9 thousand units were transferred in the six metropolitan areas in the first quarter of this year, up 4.4% compared to the same period in 2021. The number of units transferred was also a record high for the first quarter for the past 11 years. It means that the first quarter of this year was the first quarter with the highest growth in the last 11 years. The growth was particularly prominent in New Taipei City as well as Tainan and Kaohsiung in Southern Taiwan. The annual growth rate for transfers in the first quarter exceeded 7%. The high level of transactions in the housing market continued this year and the number of transactions also showed the prosperous development in the current housing market. The statistics on the number transfers were record highs for the same period in the last 11 years. However, as the number of transfers in the first three months were generally transactions before early March, and the interest hike is not yet reflected. In terms of regional performance, Taipei City and New Taipei City led the previous round of growth. However, other markets fared even better than Taipei City and New Taipei City in this round. The steady economic growth in Taiwan, excellent export performance, good fundamentals in the housing market, and rising inflation, the housing market has attracted buyers who intend to reside in the units and increased the demand for long-term investment for value retention. These factors have kept the transaction volume in the housing market at a high level.

Number of units transferred in sales

Year	Number of units	Annual growth rate
2016	245 thousand	-16.3%
2017	266 thousand	8.5%
2018	278 thousand	4.5%
2019	300.2 thousand	8%
2020	326 thousand	8.6%
2021	348 thousand	6.8%

Source: Construction and Planning Agency, Ministry of the Interior

(3) Cathay Real Estate Indicator: Overall housing market prices and volumes remained stable with strong market demand in 2021

Both the value and volume in the Cathay Real Estate Indicator in 2021 Q4 increased from the previous quarter and the previous year. The value has risen while the volume remained stable. Compared to the previous quarter, the asking price and transaction price increased significantly while the discount rate fell. The number (value) of new projects increased slightly and the sales rate and transaction volume (number of units) remained the stable.

In terms of the performance of individual regions compared to the same quarter in the previous year, the transaction prices in Taoyuan remained stable but the transaction prices in all other areas have risen. In terms of the transaction volume, it increased in Taoyuan and Hsinchu but remained stable or decreased in other regions. The shifts in the four quarters showed that compared to the peak in the previous wave, the transaction prices in this wave have exceeded the high points in the previous wave. However, the transaction volume was polarized and remained relatively low in areas north of Taoyuan and Hsinchu, but the transaction volume in Central and Southern Taiwan already approached or exceeded the peak in the previous wave, despite a slight decrease in the growth in Tainan and Kaohsiung.

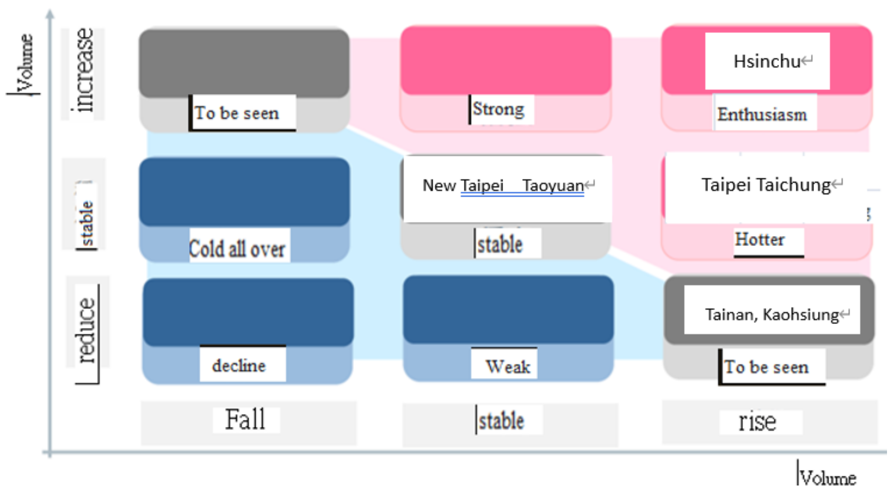
The domestic housing market benefits from good economic performance, loose monetary policies, a low-interest rate environment, and the post-pandemic global inflation, resulting in robust housing market performance. However, there are still many disruptive factors such as inflation, high operating costs, expected interest rate hikes by the Central Bank, government policies for countering speculation in the housing market, and the development of the epidemic. The Central Bank recently adjusted the selective credit control measures for the fourth time, and the government's housing market regulation policy was completely upgraded, which will help stabilize the housing market.

The transaction prices in the housing market this quarter increased and the transaction volume either remained stable or decreased mainly because developers were reluctant to offload all their project on the market and the construction cost remained difficult to control or remained relatively high. The performance of the housing market remained quite positive. In terms of the entire year as a whole, the outbreak of the epidemic in 2021 Q2 caused fluctuations in the housing market but the overall market remained stable with rising prices and stable transaction volume.

(A) Project scale and categories

[Nationwide prices and volumes remained stable with increased market demand in 2021]

The prices of new projects on the market increased while the transaction volume remained stable. The housing prices increased and the transaction volume decreased in the first quarter. After the government authorities proposed measures for improving the health of the housing market at the end of 2020, the housing market has cooled down in four cities including Taoyuan, Taichung, Tainan, and Kaohsiung. In the second quarter, housing prices stabilized and the transaction volume decreased. In mid-May, Taiwan issued a level 3 alert and the housing market volume contracted sharply. The transaction volume declined for a short period. In the third quarter, both the prices and volume in the housing market rose. As the epidemic subsided, the housing market recovered and was supported by abundant low-interest capital, which stabilized housing prices as the housing market fully recovered. The housing market in the fourth quarter was characterized by rising prices and stable transaction volume. It benefited from good economic performance, loose monetary policies, a low-interest rate environment, and the post-pandemic global inflation, resulting in robust housing market performance.



Source: Cathay Real Estate Indicator 2021 Q4 Quarterly Report

According to the Cathay Real Estate Indicator in 2021, transaction prices rose in the nationwide housing market and transaction volume remained stable with increased market demand. The number of new projects and transaction volume remained. The asking price continued to rise while discounts declined and transaction prices increased. We shall continue to monitor future changes in housing market prices.

Nationwide		2021					2020年	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		30.81	30.71	31.96	34.58	32.30	29.81	8.36%(++)
Bargaining space(%)		13.45	13.45	10.17	7.62	11.07	13.43	-2.36 (---)
Asking price(ten thousand/ping)		35.60	35.49	35.58	37.43	36.32	34.43	5.48%(△)
Push case volume	Amount (100 million yuan)	3,364	2,456	3,392	3,787	13,000	13249	-1.89%(△)
	Number of households(households)	21,812	17,749	20,182	20,973	80,716	92727	-12.95%(△)
30-day sales rate(%)		11.71	11.45	16.50	17.07	14.26	11.82	2.44 (△)
Volume index	Amount	285.42	203.72	405.51	468.32	340.74	289.51	17.70%(△)
	Number of households	302.07	240.33	393.91	423.35	339.92	325.01	4.59%(△)
Price-volume trend		Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

Source: Cathay Real Estate Indicator 2021 Q4 Quarterly Report

[Industry outlook for 2022]

In 2022, the recovery of the global economy continues and the return of Taiwanese businesses will help support Taiwan's exports and private investments to power the development of the housing market. However, the emergence of the Omicron variant in late November 2021 caused the virus to quickly spread across different countries. It increased the uncertainties in the global pandemic and affected economic growth forecasts of all countries. The growth in prices of the domestic housing market remained relentless due to multiple supporting factors. The government has intensified measures for countering speculation in the housing market and the effectiveness of the adjustment policies for the housing market should gradually appear. However, there are still many unfavorable factors such as inflation, high operating costs, expected interest rate hikes by the Central Bank, government policies for countering speculation in the housing market, and the development of the epidemic, and we must pay close attention to these factors.

(B) Market performance in different regions

1. Taipei City-stable prices and transaction volume

The new project market in Taipei City in 2021 was characterized by rising prices and stable transaction volume. The value of new projects increased by more than 10% and both the asking and transaction prices rose as the discount rate decreased and the sale rate increased. New construction projects consist mainly of refurbishment of dangerous and old buildings. Although the asking price and transaction price have repeatedly reached record highs, the demand has remained stable and the market demand remained high.

Taipei City	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2021 whole year	2020 whole year	Annual rate of change
Possible transaction price (ten thousand/ping)	88.98	90.93	93.80	96.82	92.93	84.75	9.64%(+)
Bargaining space(%)	10.92	11.16	9.61	9.06	10.15	12.61	-2.45 (-)
Asking price(ten thousand/ping)	99.88	102.35	103.77	106.47	103.43	96.98	6.65%(++)
Push case volume: Amount (100 million yuan)	775	470	739	771	2,755	2386	15.48%(++)
Push case volume: Number of households(households)	1,732	1,301	1,387	1,453	5,873	5387	9.02%(++)
30-day sales rate(%)	11.88	11.80	16.13	16.33	13.97	11.19	2.78(▵)
Volume index: Amount	332.67	200.32	430.52	454.61	354.53	257.69	37.58%(▵)
Volume index: Number of households	419.19	312.63	455.75	483.37	417.74	307.79	35.72%(▵)
Price-volume trend	Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

2. New Taipei City-rising prices and stable transaction volume

The new project market in New Taipei City in 2021 was stable in both prices and transaction volume with increases in the asking price and transaction price. The value of new projects and the transaction volume quickly climbed in the third quarter after the outbreak of the epidemic and the market remained stable with roughly the same number of projects and the transaction volume.

New Taipei City	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2021 whole year	2020 whole year	Annual rate of change
Possible transaction price (ten thousand/ping)	40.24	40.50	40.94	45.50	42.13	40.73	3.43%(▵)
Bargaining space(%)	13.25	12.26	9.56	8.33	10.89	12.43	-1.54 (-)
Asking price(ten thousand/ping)	46.39	46.16	45.27	49.63	47.28	46.51	1.64%(▵)
Push case volume: Amount (100 million yuan)	870	554	940	933	3,298	3449	-4.39%(▵)
Push case volume: Number of households(households)	5,758	3,659	4,892	4,354	18,663	21742	-14.16%(▵)
30-day sales rate(%)	9.01	11.11	13.35	16.49	12.29	10.55	1.74 (▵)
Volume index: Amount	228.87	179.92	366.45	449.66	306.22	276.67	10.68%(▵)
Volume index: Number of households	287.05	224.99	361.37	397.37	317.69	319.29	-0.50%(▵)
Price-volume trend	Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

3. Tainan City-rising prices and stable transaction volume

The new project market in Tainan City in 2021 increased in prices but declined in transaction volume as the growth of new projects and transaction volume slowed after a year of rapid growth. As a result of the continuous increase of housing prices, the decline of annual supply and transaction amount was moderate and it remains to be seen which way the market would turn.

Tainan City		2021					2020	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		23.66	23.70	24.02	26.71	24.73	22.99	7.58%(++)
Bargaining space(%)		12.92	12.98	10.58	10.27	11.52	14.33	-2.81 (---)
Asking price(ten thousand/ping)		27.16	27.23	26.86	29.76	27.95	26.83	4.16%(+)
Push case volume	Amount (100 million yuan)	126	269	168	190	754	987	-23.68%(--)
	Number of households(households)	1,250	1,924	1,689	1,720	6,583	11236	-41.41%(---)
30-day sales rate(%)		12.22	11.77	11.77	15.83	13.05	11.50	1.55 (+)
Volume index	Amount	197.94	406.08	253.49	385.15	310.66	348.73	-10.92%(-)
	Number of households	203.12	301.16	264.46	362.16	282.73	429.77	-34.22%(--)
Price-volume trend		Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

4. Kaohsiung City-rising prices and stable transaction volume

The new project market in Kaohsiung City in 2021 increased in prices but declined in transaction volume. As the cost of construction continues to increase and developers opt for the build-first-sell-later model. After TSMC verified its plans for the construction of a new plant, the market became increasingly optimistic regarding the future development of the housing market. The developers of most projects became reluctant to sell right away and have postponed the announcement of new projects, which caused the number of new projects to fall. Due to the increased sales rate, the transaction volume only declined slightly and it remains to be seen which way the market would turn.

Kaohsiung City		2021					2020	Annual rate of change
		Q1	Q2	Q3	Q4	whole year	whole year	
Possible transaction price (ten thousand/ping)		24.07	24.30	26.00	28.48	25.92	23.76	9.10%(+)
Bargaining space(%)		15.85	11.63	11.20	7.65	12.05	14.15	-2.10 (---)
Asking price(ten thousand/ping)		28.60	27.50	29.28	30.84	29.47	27.67	6.50%(△)
Push case volume	Amount (100 million yuan)	423	157	300	303	1,183	1943	-39.09%(---)
	Number of households(households)	3,310	1,587	2,192	2,283	9,372	14992	-37.49%(---)
30-day sales rate(%)		14.11	11.85	26.59	19.21	17.89	13.76	4.13 (+++)
Volume index	Amount	226.74	70.88	302.99	221.06	205.42	230.07	-10.71%(△)
	Number of households	217.66	87.69	271.70	204.45	195.37	240.32	-18.70%(-)
Price-volume trend		Price and quantity	Price increase	Price and volume are rising	Price contraction	Price and quantity		

(C) Urban renewal policy

[Passage of the amendment of the "Urban Renewal Act": Increased building bulk incentives and permission for local governments to dismantle sea-sand houses and other dangerous buildings on behalf of others]

The Legislative Yuan passed the amendment of the "Urban Renewal Act" in three readings. The amendment allows the exemption of coordination procedures for local governments to dismantle dangerous buildings in urban renewal projects on behalf of others, provided that a consensus is reached by the majority of residents and comprehensive placement measures are provided. It also increased the building bulk incentives to up to 1.3 times the original building bulk.

The Ministry of the Interior stated that the government has amended laws to increase the requirements for anti-earthquake designs of buildings in the wake of the 921 earthquake in 1999. However, there remains approximately 36,200 high-rise buildings with six stories or more which were built before the amendment of the legislation in December 1999. As these buildings were built in an era with lower anti-earthquake standards, they may have insufficient anti-earthquake capacity and pose threats to public safety. Due to the large number of units, integration would not be easy. The lack of incentives also makes it difficult to promote reconstruction.

The Legislative Yuan passed the amendment of Article 57 of the "Urban Renewal Act" in three readings. It supports the mandatory demolition mechanism in the Building Act and it states that for land improvements that should be demolished or relocated within the scope of the right to convert, if the competent authority of the municipality or county/city determines that they are buildings constructed with reinforced concrete with high chloride ion content or insufficient anti-earthquake capacity, and thus pose risks to public safety, they can be exempted from the final stage of coordination between the implementer and the government. They can then be directly demolished by the local government in accordance with Article 81 of the Building Act.

In addition, the Legislative Yuan also passed the amendment of Article 65 to increase incentives for accelerated reconstruction. The amendment relaxed regulations that cap the incentives to 1.2 times the original building bulk for high-rise buildings before the implementation of building bulk restrictions. As for buildings constructed with reinforced concrete with high chloride ion content or insufficient anti-earthquake capacity, and thus pose risks to public safety, due to the necessity for swift improvements, the amendment increased the building bulk incentives to 1.3 times the original building bulk, and the builder may proceed with construction based on the maximum incentive amount.

[Launch of new review scheme in Taipei City for accelerated urban renewal]

Taipei City Government proposed new accelerated review measures for urban renewal, including:

Stage 1: Simplified procedures for planning renewed units to accelerate the urban renewal procedures

1. Simplified the procedures for urban renewal projects with fewer than six floors
2. Simplified coordination procedures for self-planned units on neighboring

land.

3. Legal recognition of diversity in buildings and simplified application documents for self-planned units

Stage 2: Improved review performance

The cases are divided into different categories, such as self-planned renewal units, Q&A regarding renewal units, duplicate issuance and revocation of consent forms, Q&A regarding procedures, and simple changes. They are discussed by project teams in review meetings to separate cases. The review committee member serves as the convener of the meeting for the 168 Project Team. As a principle, hearing procedures are not required and meetings for review will be scheduled first. The review meeting shall confirm the review results and improve the review efficiency.

Stage 3: Integrated urban renewal and review of the urban design drawings

The Department of Urban Development stated that future urban design reports will be integrated with urban renewal business plan drawings. It would reduce the required operation time for implementers and make the review process smoother and more efficient.

[Passage of the amendment of the New Taipei Regulations Governing Incentives for Investment in Public Facilities for Urban Planning lowers the threshold for public facilities in urban renewal]

New Taipei City Government passed the amendment of Article 10 of the "New Taipei Regulations Governing Incentives for Investment in Public Facilities for Urban Planning" to resolve the issues of reconstruction on land used by old public facilities. In the future, the consent of all landowners will no longer be required for the reconstruction of existing land used for markets. A project can proceed with the investment incentive contract once it meets the minimum consent ratio stipulated in the Urban Renewal Act.

[Incentives for the reconstruction of dangerous and old buildings extended for 5 more years]

The Executive Yuan announced its approval of extension of the incentives in the form of tax exemptions in Article 8 of the "Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings". The extension shall be 5 years starting from May 12 this year and will last till May 11, 2027. It aims to use land price tax and housing tax incentives to encourage people to join the ranks for the reconstruction of dangerous and old buildings.

The tax exemptions for the reconstruction of dangerous and old buildings were set to expire this year. The Ministry of the Interior requested the Executive Yuan to extend the incentives by another 5 years. The Executive Yuan approved the proposal the day before yesterday and the extension was announced by the Ministry of the Interior yesterday.

[Increased effectiveness! Nearly 800 urban renewal projects for dangerous and old buildings]

The Construction and Planning Agency stated that the concerted efforts of the central and local governments and the private sector for urban renewal and the reconstruction of dangerous and old buildings have achieved significant results in 2021. The number of approved projects is close to 800 and is increasing steadily. The government also completed the amendment of the "Urban Renewal Act" and established related subsidiary legislation to implement the demolition of dangerous buildings and provide incentives for high-rise buildings. It also helps local governments implement public urban renewal projects for old and dangerous complexes they compiled in their surveys.

The Construction and Planning Agency stated that there has been an average of approximately 500 projects for private urban renewal and reconstruction of dangerous and old buildings each year from 2017 to 2020. It has assisted local governments in the approval of 782 cases in 2021 and the effects are obvious.

The Construction and Planning Agency also stated that local governments are conducting a full inventory of old and dangerous complexes in their jurisdiction. If it is determined as necessary to include them in future public urban renewal projects, the Construction and Planning Agency will prioritize the subsidies for the cost of preliminary planning, consolidation of intent, and selection of implementers. If a local government needs to establish a project office, the Agency will also provide assistance. The investment of manpower and funding will help local governments initiate public urban renewal projects for old and dangerous complexes and make appropriate use of the central government's urban renewal fund for investment to increase the quality of public urban renewal projects.

[New Taipei City Three-Step Urban Renewal Action Strategy]

a. Step 1 (Strategy 1): Transit-Oriented Development (TOD)

   (a) New Taipei City used MRT stations that are already in operation as hubs and reviewed the surrounding land to create diversified development and revitalize urban functions. It prioritized development for MRT interchange stations and high-capacity stations, and provided public welfare facilities for elderly activities, elderly care, public childcare, and public housing in buildings within a certain distance of MRT entrances under certain conditions. Applicants may apply for up to 50% additional building bulk for providing public transportation parking spaces, accessible sidewalks, open spaces, and other environmental improvement facilities. The government considered the overall capacity of the city and set the maximum building bulk at two times the base building bulk.

(b) In the first phase, the "Proposal for the Guidelines on Land Use and Zoning Management in Areas Near New Taipei City MRT Stations (Phase 1) (Compliant with the Transit-Oriented Development Strategy)" was promulgated and implemented on August 29, 2019. Related measures in the "New Taipei City Government Guidelines for the Review of Applications for Additional Building Bulk for Transit-Oriented Development" also became effective on August 29, 2019. In the second phase, the "Proposal for the Guidelines on Land Use and Zoning Management in Areas Near New Taipei City MRT and Railway Stations (Phase 2) (Compliant with the Transit-Oriented Development Strategy)" was reviewed and completed in the 112th meeting of the New Taipei City Urban Planning Committee on December 9, 2019, and promulgated and implemented on January 31, 2020.

b. Step 2 (Strategy 2): Urban renewal along main roads to change the urban landscape

According to Article 39-2 of the "New Taipei City Enforcement Rules of Urban Planning Law" amended and implemented on July 3, 2019, dangerous and old buildings along main roads with a width of 20m in the City, sea-sand houses, and buildings within urban renewal areas that have a land area of at least 2,000㎡ or cover an entire block, and the site of the building is open to at least 20m of roads on the front are eligible for a maximum of 20% of additional building bulk if they provide facilities for activities for the elderly, public elderly care facilities, public housing (including transitional housing), or other facilities for public welfare. Applications may be filed before July 3, 2021 and the measures are expected to help improve the urban landscape and space for the activities of the people. Related measures in the "New Taipei City Government Guidelines for Processing Applications Filed in accordance with Article 39-2 of the New Taipei City Enforcement Rules of Urban Planning Law" was promulgated and implemented on August 22, 2019.

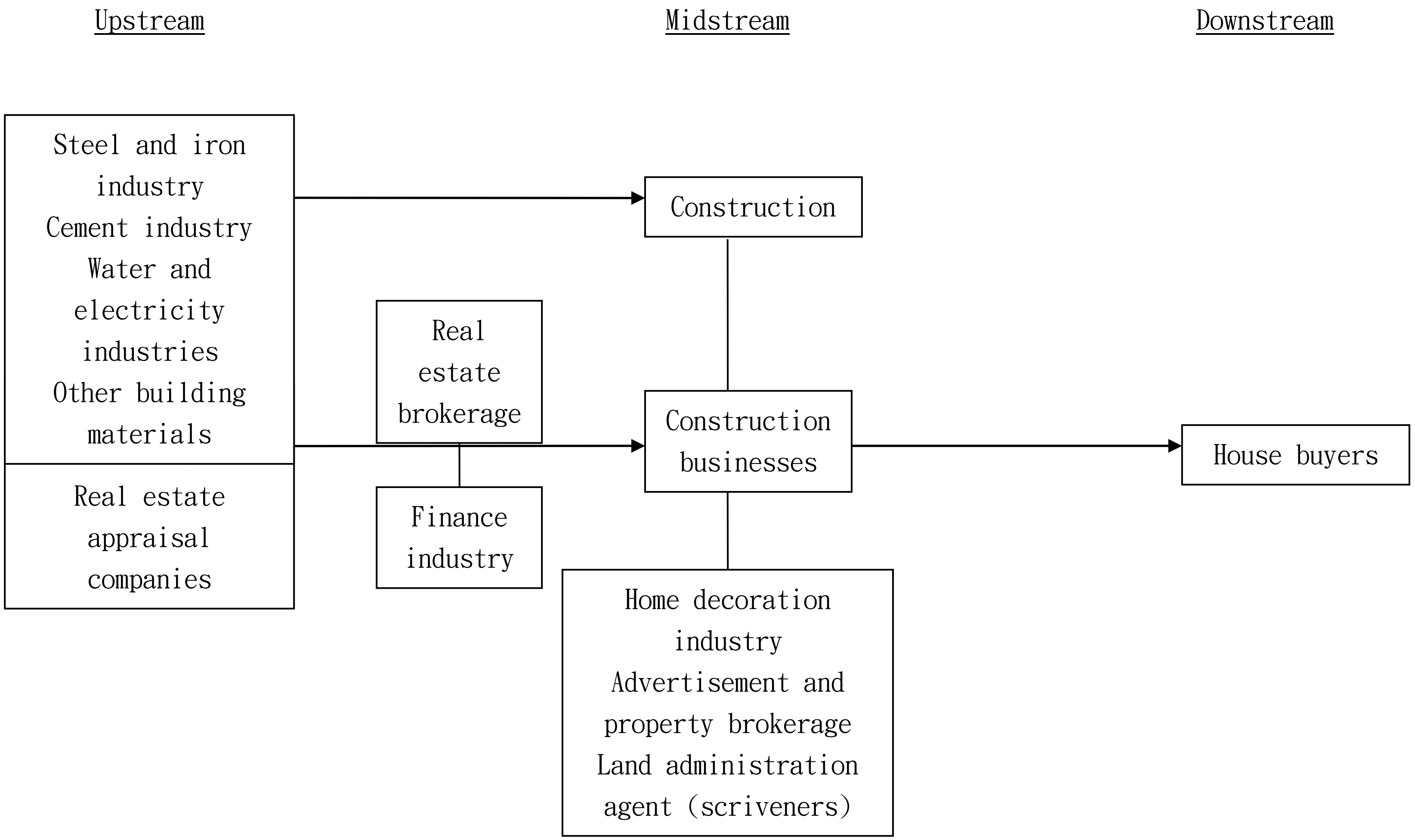
c. Step 3 (Strategy 3): Prioritize assistance for dangerous and old buildings for disaster prevention and take actions to resolve issues

The government has taken the initiative to help keep residents out of dangerous areas through hazard classification, streamlining procedures, active counseling, resolving issues from residents' perspectives, and proposing solutions. The government actively provides project counseling and progress management for issues and matters that require assistance in individual projects including holding community seminars, setting up forward onsite workstations, and organizing weekly inter-agency project meetings.

[Continue to build happy homes for the people of Taiwan in the new year]

In response to the high average age of houses in Taiwan and the threat of strong earthquakes, the Company will actively obtain more information on the government's policy for promoting urban renewal and continue to track the updates of laws and regulations, so that we can continue to expand urban renewal operations of the Company and create a safe and comfortable living environment for the people of Taiwan.

2. Relationships with suppliers in the industry's supply chain



3. Competition

The Company conducts a detailed market survey and evaluations when it evaluates new construction projects to understand market demand which is used as an importance reference for the purchase of land and future construction projects. We start with thoughtful designs in the planning phase to demonstrate our resolve for innovation and evolution. We boldly reconstruct and redefine space and use more high-end and refined dimensions and ratios. We adopt the stance of users to truly experience user demand. The Company's strategies for competing on the market include the following:

(1) Product planning

A.Residential products:

The speed of the sales of products with high unit prices and high total prices has slowed in recent years and discounts have increased. Companies are required to offer discounts for sales. As consumption habits change, the Company has followed trends and focused development on residential products with medium and small floorspace with low total price and low down payments. We also implemented flexible payment terms for customers to make purchases with ease.

B. Plants and offices:

The return of Taiwanese businesses to Taiwan for expansion in the post-pandemic era has increased the demand for plants and offices. Due to the increase in demand and other favorable factors such as government policy for supporting industrial development and the Company's outstanding performance in previous plant and office projects, Kuo Yang will focus on the development of plants and offices as well as residential buildings.

(2) Customer service

A. Home Go property management software

Personal electronic products have become increasingly popular. Kuo Yang began the development of an app at the beginning of the previous year for use in newly constructed communities to provide digital, transparent, and immediate property management services. Residents can use their mobile phones to interact with the receptionist and receive general services such as mail and express delivery notification and collection, visitor registration, requests for repairs, payment of management fees, public facility reservations, and access control

B. Overall development of the community

Kuo Yang invests funds for revitalizing the community after the transfer and actively plans and organizes community activities. We invite instructors to provide courses, facilitate interactions between residents, increase community cohesion, and establish connections between neighbors to create overall development of the community of "Kuo Yang happy families"

c. After-sales services and property health examination

After-sales services are activated immediately after the delivery of the properties. In addition to providing warranty repairs within the warranty period in accordance with the contract, the Company also provides assistance for seeking suppliers for quotations and repairs after the warranty period. We provide a property health examination service one year after the delivery of residential projects in accordance with the contract.

(III) Overview of technology and R&D:

Although the Company has not established construction technologies or R&D units, the Company is committed to obtaining information on the latest building materials, methodology, and technologies. We organize internal discussions and appoint external instructors and suppliers to exchange ideas, obtain the latest information, and expand employees' horizons to improve their professional competencies.

(IV) Long-term and short-term business development plans:

1. Short-term development plans:

(1) Sales plans

Provide comprehensive property management for completed buildings. Increase the software value of buildings and continue sales. Implement rigorous oversight over projects under construction and adjust the sales strategy based on market conditions.

(2) Recent proposals

A: Good morning, Kuo Yang Phase 2

The project is located at Lane 162, Xinfeng Street, Keelung next to Good morning, Kuo Yang. The location is located in a low-density development area of Keelung, but offers functions of the bustling Xingfeng Street commercial district and the access to popular shopping destinations including A.mart, PX Mart, and McDonald's. It is also close to the Starbucks Xinfeng store in Keelung and located in an easy-going and relaxing environment. Product planning of approximately 19-59 pings with 2 to 4 rooms

B. Kuo Yang Jilin (New Jilin Urban Renewal Project)

The project is located west of Jilin Road and north of Lane 168 Jilin Road in Zhongshan District, Taipei City near to Zhongji Park and Zhongyuan Park. It is close to the Jilin Elementary School education regions and has convenient access to the Xinsheng Elevated Road. The project will offer units with 3-4 rooms. Product available for sales are 77 to 86 pings with 4 rooms.

C. Kuo Yang Intercontinental Corporate Head Office (Neihu Jiuzong Section Project)

The Project is located on Jiuzong Section, Neihu Technology Park, Taipei City. It is connected to central Taipei to the west and Nangang and Xizhi to the east. It will also be connected by the MRT Circular Line East Section and Minsheng Xizhi Line. The area already has comprehensive functions and the products are planned as units with 80 to 180 pings.

D. Kuo Yang Digital Technology Building (Zhongxing Section Project)

The Project is located in the industrial zone on Zhongxing Section, Sanchong District, New Taipei City with a land area of approximately 1,800 pings. It connects to Expressway 64 to the north and Chongxin Road Section 5 to the south. MRT Xianse Temple Station is located within 300 meters of the site, which has advantageous conditions in the area. Products are planned as units with 130 to 430 pings and main products are units with 250 or 270 pings.

2. Long-term development plans::

(1) Land development:

The main methods for land acquisition include outright purchase and joint construction. In the short term, the Company will continue to prioritize the development of land in the prime areas of Greater Taipei, Tainan, and Kaohsiung based on the project plans. In addition, the Company will focus on the development of urban renewal and dangerous and old building reconstruction projects.

Land is the main material for construction projects, and the choice of land purchases affects not just the risks and profitability of business operations. It is the most important factor for ensuring building and housing safety. As land has become increasingly scarce in prime locations across Taiwan and land prices continue to rise, land acquisition has becoming increasingly difficult. However, the Company remains committed to safety which is the most important factor for land acquisition. We perform land surveys and analysis in accordance with building regulations to create the first line of defense for building safety.

During the land development stage, the Company conducts due diligence on major government policies, progress of public construction projects, regional household administration policies, and the current state of the property. We carefully evaluate the potential risks and profits of the investment and development of individual projects. Before completing the land acquisition process, we will always maintain business management and protect the interests of our customers and shareholders.

(2) Product planning:

The Company shall provide reasonably priced projects with different functions for buyers with different requirements and position products correctly based on location and scale.

(3) Resource integration:

This Company will continue to invest in the integration of computer hardware, software, and corporate intranet resources to improve management procedures, increase work efficiency, and manage the operating procedures of customer services to strengthen the Company's competitiveness.

(4) Human resource management and Talent development:

The Company has established a comprehensive human resource system. In addition to enhancing employee training to improve employee quality and professional skills, we also focus on employee benefits and provide them with a good work environment to encourage them to make use of their talents at work.

The Company will continue the human resource training program to train professional employees and attract talented management personnel to attain sustainability and create better construction projects.

II. Overview of market, production, and sales

(I) Market analysis

1. Product development trends

According to the report of the National Development Council of the Executive Yuan on "Estimated Population of the Republic of China", Taiwan will become an aging society earlier than other countries, and it estimated that Taiwan will soon become an "aged society". Taiwan will be a "super-aged society" in ten years. With changes in social values and family structure, it is evident that "elderly housing" will become another mainstream product in the real estate industry. In the future, there will be a lot of room for the growth of products targeted at the elderly. The Company will learn from the thoughtful plans for elderly housing adopted in advanced countries in Europe, the United States and Japan, and introduce construction methods and facilities to plan for the future market-oriented healthcare housing products for the elderly.

According to survey data, the most obvious sign of a declining economy is the stagnant sales of high-price products with large floorspace, which are replaced by medium to low-price products with small floorspace. Therefore, there is always a stable demand for products with medium and small floorspace from first-time house buyers. Products with medium and small floorspace benefit from numerous advantages such as low total price. In response to the strong market demand for residences with medium and small floorspace, the Company will focus on projects with medium and small floorspace and retain mechanisms for merging smaller units into medium-sized units and merging small and medium units into large units. These mechanisms will create product diversity to respond to the evolving demand for residences.

2. Areas of distribution of the Company's main products

The Company's main businesses include the commissioned construction of residential buildings, commercial buildings, and plants and offices for lease or sale. All products are designed for the domestic market and most projects are concentrated in Greater Taipei, Tainan, and Kaohsiung.

3. Future market supply and demand and future growth

According to data from the Construction and Planning Agency, Ministry of the Interior, the total floor area of usage licenses issued across Taiwan in 2021 was 28,022,718 square meters which was a 0.7%~~increase~~ from 28,247,176 square meters in 2020.

In addition, the total floor area of construction licenses issued across Taiwan in 2021 was 43,425,284 square meters, which was a significant increase of 4.4%compared to 41,521,034 square meters in 2020. Due to the adequate control over the epidemic, low interest rates, and return of Taiwanese businesses, demand in the housing market surged in 2020 as the own-use and long-term property investments returned to the market.

Overview of issued building construction licenses and total floor area of usage licenses in

2020 and 2021

Unit: Ping

Year	Quarter	Total floor area of issued usage licenses					
		Nationwide	Taipei City	New Taipei City	Nationwide	Taipei City	New Taipei City
2020	Q1	9,334,114	689,636	941,161	6,496,205	394,390	603,335
	Q2	11,247,150	652,201	1,704,329	6,254,286	305,886	828,367
	Q3	10,671,570	433,947	1,415,196	7,660,997	422,187	944,569
	Q4	10,268,200	685,441	1,106,110	7,835,688	395,614	687,867
	Total	41,521,034	2,461,225	5,166,779	28,247,176	1,518,057	3,064,138
2021	Q1	10,643,061	487,577	1,253,452	6,306,183	386,902	732,420
	Q2	9,138,923	561,801	1,136,813	7,166,800	267,070	1,052,622
	Q3	11,429,907	617,545	1,125,059	7,028,919	438,139	928,925
	Q4	12,213,537	1,075,787	1,397,983	7,520,816	440,952	868,292
	Total	43,425,428	2,742,710	4,913,307	28,022,718	1,533,063	3,582,259

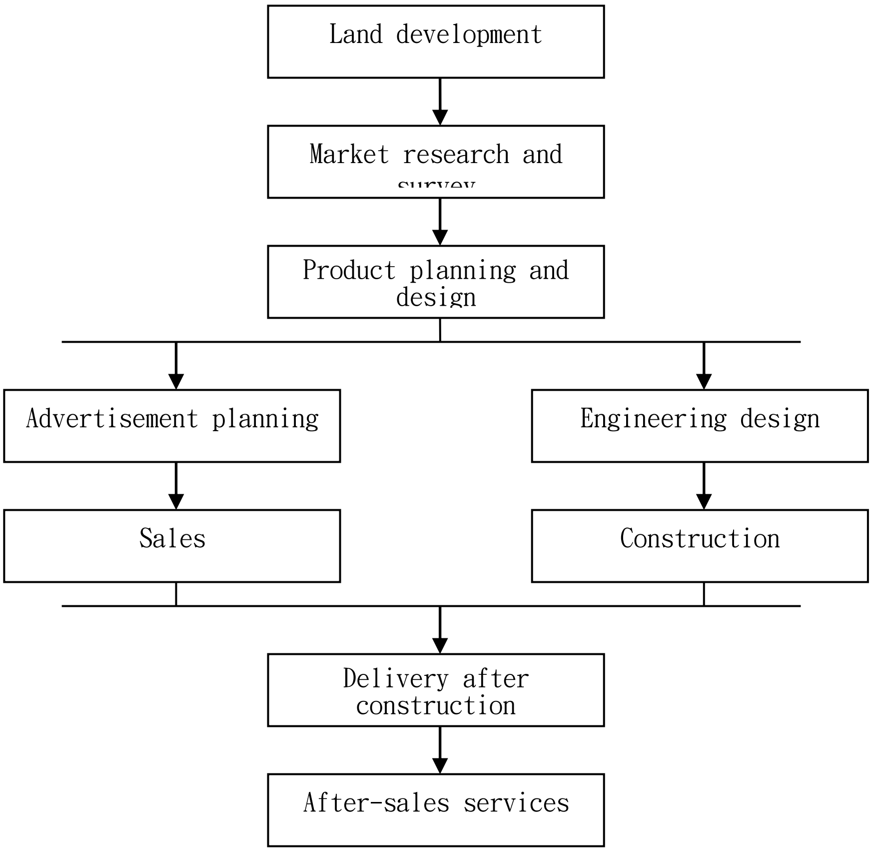
Source: Construction and Planning Agency, Ministry of the Interior

(II) Application and production of key products

1. Major applications of main products

   The Company's main businesses are the construction of residential buildings, office buildings, and industrial plants for lease and sales. Lease.

2. Production process of main products



(III) Supply status of primary raw materials

1. Land for construction

The Company's Development Division continues to launch a stable number of projects. To actively acquire land and effectively accelerate the progress of existing projects, the Division makes good use of sources of land provided by brokers and attends land tender seminars organized by public and private institutions across Taiwan. We also conduct feasibility analyses on individual land tenders or public urban renewal projects. The Company expands development beyond residential projects and adopts different product positioning based on the different economic, environmental, and social needs in each area. The main products can be divided into residential buildings and commercial buildings based on their functions. The Company also targets other projects including hotels, department stores, office buildings, and plants and offices. After collecting related information, we actively participate in the tenders of feasible projects. We learn about the location, ownership, and quantity of land materials in specific areas and actively request real estate brokers to broker deals. The Company's long-term diversified land development strategy focuses on joint development with owners of private land, urban renewal projects, MRT joint development projects, and other related development models for project evaluations. We increase the diversity of projects and acquire land when necessary to meet the Company's operational needs. The Company is also open to strategic alliances or joint development with other developers to integrate external resources, develop more projects, and create more sources of revenue for the Company.

2. Construction projects

The Company appoints architects' offices with domestic qualifications for the design of projects to maintain the Company's brand image and the quality of projects. We also appoint Grade A construction companies in Taiwan for the construction of the main parts of construction projects. The parties sign official contract to protect the Company's interests and closely monitor the construction costs and profits.

(IV) Names of customers who accounted for more than 10%of the purchase(sales)in any of the last two years, and the purchase(sales)amount and ratio

1. List of key clients:

The Company is a construction company and products are generally sold directly to regular house buyers. Therefore, the Company generally does not have key clients.

The operating revenue in 2021 derived mainly from the construction revenue from Kuo Yang Silicon Valley and Kanazawa Area of The Green Place. As the buyers were dispersed, there were no cases where a single buyer accounts for more than 10% of total sales in this year. 2. List of key suppliers

Key suppliers in the last two years

	2020				2021			
Item	Name	Amount	Percentage of net purchases of the year(%)	Relationship with issuer	Name	Amount	Percentage of net purchases of the year(%)	Relationship with issuer
1	Continental Engineering Corp.	1,364,641	29.38	None	Landowner of Tucheng Project	1,052,875	23.38%	None
2	Landowner of the Neihu Project	1,050,595	22.62	None	Landowner of Sanchong Project	944,132	20.97%	None
3	Chien Kuo Construction Co., Ltd.	326,709	7.03	None	Land Administration Bureau, Kaohsiung City Government	566,190	12.57%	None
4	Chin Hsieh Hsing Construction Co., Ltd.	254,601	5.48	None	Chun Chieh Construction Co., Ltd.	342,479	7.61%	None
5	Chun Chieh Construction Co., Ltd.	187,853	4.04	None	Landowner of the Neihu Project	328,904	7.31%	None
6	Other	1,460,930	31.45	-	Other	1,267,682	28.16%	-
	Net purchases of goods	4,645,329	100.00	-	Net purchases of goods	4,502,261	100%	-

Note: The purchases include the cost of land acquisition, construction cost, and capitalized interest expenses. The sellers of land purchases are summarized and expressed for each construction project. The capitalized interest expenses cannot be expressed individually for each seller. The amount of capitalized interest expenses in 2021 and 2020 was NT$$86,664 thousand and NT$69,001 thousand, respectively. .

Production volume and value for the last two years

Unit: NT$1,000

Year / Production quantity and value / Main products	2020			2021		
	Production capacity	Production volume	Production value(Note)	Production capacity	Production volume	Production value(Note)
Land	-	-	297,697	-	-	-
Residential buildings	-	-	4,337,930	-	-	4,500,730
Other	-	-	9,702	-	-	1,531
Total	-	-	4,645,329	-	-	4,502,261

Note: The aforementioned data consist of land and construction costs invested in the last two years

(V) Sales volume and value for the last two years(consolidated)

Unit: Ping;NT$1,000

Year / Sales volume and value / Main products	2020				2021			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Ping	Amount	Ping	Amount	Ping	Amount	Ping	Amount
Land	6,397.40	9,634,552	-	-	-	-	-	-
Residential buildings	11,604.73	4,575,303	-	-	38,357.76	4,935,542	-	-
Lease		13,670	-	-	-	17,493	-	-
Other		54,390	-	-	-	171,249	-	-
Total	18,002.13	14,277,915	-	-		5,124,284	-	-

Note: 1. The sales value is calculated based on the operating revenue recognized for each year.

2. The sales volume refers to the total pings sold for individual projects.

III. Employees: **Employee information for the last two years until the publication date of the Annual Report**

Year		2020	2021	Current year as of March 19, 2022(Note)
Number of employees	Manager	8	7	7
	General employees	57	55	55
	Total	65	62	62
Average age		49.6	48.8	48.9
Average years of service		9.9	10.3	10.3
Academic qualifications	Ph.D.	0%	0%	0%
	Master's Degree	15.38%	12.90%	12.90%
	Bachelor's Degree	70.77%	70.97%	70.97%
	Senior High School	13.85%	16.13%	16.13%
	Senior High School and below	-	-	-

Note: The Company shall fill information for the current fiscal year until the publication date of the Annual Report.

IV. Environmental protection expenditure information

(I) 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.

(II) The Company's investment in environmental pollution prevention equipment, use, and expected benefits: Not applicable.

(III) Explanation of the pollution treatment and environment improvement of the Company over last two years until the publication date of this report. If there had been any pollution dispute, its handling process will also be explained: None.

(IV) Total losses and fines for environmental pollution in the two most recent fiscal years and as of the publication date of the Annual Report, and explanations of the measures and possible disbursements to be made in the future: None.

(V) Explain the current status of pollution, its effects on the Company's earnings, competitive position and capital spending, and capital expenditure estimated major environmental protection measures in the next two years:

The Company's operations have not created environmental pollution issues and the Company has not sustained losses due to pollution. The Company also does not expect to incur material environmental protection expenditures in the future.

V. Employer-employee relations:

(I) Current important labor-management agreements and implementation:

1. Employee welfare measures:

The Company pays close attention to employee benefits and implements benefit measures systematically on a regular basis. The main items are as follows:

- The Company purchases labor insurance, health insurance, and commercial group insurance (including medical insurance)for each employee.

- Marriage, funeral, and childbirth subsidies, and employee birthday gift money.
- The Company distributes gift money and presents each employee with gift boxes on Dragon Boat Festival, Mid-Autumn Festival, and Chinese New Year.
- The Company organizes employee travel in Taiwan and abroad from time to time to help employees balance work and life.
- We organize dinner parties between different departments to increase employee cohesion.
- We provide tailor-made uniforms for both male and female employees.

2. Employee training programs:
   - We periodically organize internal and external training programs to enhance employees' competitive advantages, inspire potential, and consolidate important competitive advantages for the Company's sustainability.
   - We visit the construction projects of competitors from time to time and request suppliers to organize seminars on building materials at the Company.
3. Employee health and construction site safety:
   - Health examination: The Company provides regular subsidies for employees 'health examinations to take care of employees' health.
   - Medical supplies: General medical kit: The Company has installed an automated external defibrillator (AED)at the Company and provided first-aid training.
   - Maintenance of a comfortable and healthy office environment: The office was relocated to the new "Diamond-class" United Daily News Office Building which is monitored for PM2.5 each day. The Company also regularly cleans and disinfects the office environment.
4. Employee retirement system:
   - Pension system of the old Labor Standards Act: Employees eligible for the old system appropriates pension reserve into the "labor pension reserve fund account" in the Bank of Taiwan each month in accordance with regulations.
   - New system of the Labor Pension Act: The Company pays 6%of employees' wages to the dedicated personal pension account at the Bureau of Labor Insurance each month. For those who voluntarily pay additional pension, the Company deducts amounts from the employees' monthly salary based on the voluntary appropriation rate each month.

(II) 1. Losses arising as a result of labor disputes in the recent year up until the publication date of this annual report: None

2. Estimations for possible losses in the future and response measures: None

VI. Important contracts

Supply and sales contracts, technological cooperation contracts, construction contracts, long-term loan contracts, and other important contracts that may affect investor rights and interests currently effective or expiring in the most recent year:

Nature of contract	Party	Commencement date/expiration date	Main contents	Restrictive clauses
Joint purchase, investment, and construction	Tsang Shan Development Co., Ltd. Chi Hsuan Development Co., Ltd.	May 7, 2013 to the completion of the project	Joint purchase, investment, and construction project with Chi Hsuan and Tsang Shan for the Good morning, Kuo Yang Project on 1 plot of land(No. 1382-21)on Tiaohe Section, Keelung	None
Joint investment and construction & contracted operations, management, and construction	Six companies including Wei Li International Development Co., Ltd.	September 5, 2012 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with the landowner for The Green Place Project on 1 plot of land(No. 24)on Heguan Section, Annan District, Tainan City	None
Joint construction and division of properties	27 persons including Chih-Cheng Li	March 12, 2010 to the completion of the construction and division of properties	Joint construction and division of properties with landowners in the Jilin Urban Renewal Project on 25 plots of land including plot No. 63-1 on Subsection 4, Jilin District, Taipei City	None
Joint purchase, investment, and construction	Four companies including Hanshin Asset Management Co., Ltd.	November 25, 2016 to the completion of the project	Joint purchase, investment, and construction of plants and offices with Hanshin Asset Management, Li Yang Agricultural Technology, and Heng Jui Development for the Kuo Yang Silicon Valley Project on 24 plots of land including plot No. 162 on Gonjian Section, Xizhi District, New Taipei City	None
Superficies	Southern Region Branch, National Property Administration, Shen Yang Construction Co., Ltd.	2014.04~2084.04	70 years of superficies set for the Smile Era Project on plot No. 1492, Shengxing Section, Qianzhen District, Kaohsiung City	Unconditional return of land and buildings to the National Property Administration upon expiry
Joint fundraising and construction & contracted operations, management, and construction	Shen Yang Construction Co., Ltd. Han Lin Development Co., Ltd.	June 3, 2016 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with Han Lin for the Smile Era Project on plot No. 1492, Shengxing Section, Qianzhen District, Kaohsiung City	None

Nature of contract	Party	Commencement date/expiration date	Main contents	Restrictive clauses
Joint purchase, investment, and construction	Six companies including Wei Li International Development Co., Ltd.	November 23, 2016 to the completion of the project	Joint purchase, investment, and construction of plants and offices with Chuwa Wool Industry, Hanshin Asset Management, Li Yang Agricultural Technology, Wei Li International Development, and Grand Hi-Lai Hotel for the Neihu Jiuzong Project on 4 plots of land including plot No. 83-1 on Jiuzong Section, Neihu District, Taipei City	None
Joint purchase, investment, and construction	Tsang Hsin Construction Co., Ltd.		Joint purchase, investment, and construction of residential buildings with Tsang Hsin for the Kaohsiung Fengshan Project on plot No. 9, Shengli Section, Fengshan District, Kaohsiung City	None
Joint investment and purchase & contracted operations, management, and construction	Six companies including Wei Li International Development Co., Ltd.	January 28, 2021 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with six companies for the Tucheng Project on 19 plots of land including plot No. 365 on Zhongyi Section, Tucheng District Kuo Yang invested 50%	None
Joint investment and purchase&contracted operations, management, and construction	Five companies including Wei Li International Development Co., Ltd	July 15, 2021 to the completion of the project	Joint investment and construction & contracted operations, management, and construction with Chuwa Wool Industry, Wei Li International Development, Hanshin Asset Management, and Grand Hi-Lai Hotel for the Sanchong Zhongxing Project on 9 plots of land including plot No. 28 on Zhongxing Section, Sanchong District, New Taipei City. Kuo Yang invested 50%.	None

F. Financial Overview

I. Condensed balance sheets, statements of comprehensive income, names of certifying CPAs, and audit opinions in the most recent five years

(I) Condensed balance sheet and statements of income

Condensed balance sheet(consolidated financial report)Unit: NT$1,000

Item \ Year		Financial data for the most recent five years(Note 1)				
		2017	2018	2019	2020	2021
Current assets		14,000,751	16,105,245	16,905,435	17,737,237	15,242,832
Property, plant and equipment(Note 2)		236,780	56,186	72,178	86,325	78,942
Intangible assets		338	-	-	-	-
Other assets(Note 2)		1,422,695	1,528,104	1,594,179	2,485,524	2,027,801
Total assets		15,660,564	17,689,535	18,571,792	20,309,086	17,349,575
Current liabilities	Before distribution	8,168,740	9,267,104	10,266,443	10,951,154	8,038,095
	After distribution	8,312,886	9,615,395	10,370,930	11,331,154	8,038,095(Note 2)
Non-current liabilities		2,225	2,827	87,890	67,338	48,166
Total liabilities	Before distribution	8,170,965	9,269,931	10,354,333	11,018,492	8,086,261
	After distribution	8,315,111	9,618,222	10,458,820	11,398,492	8,086,261 (Note 2)
Equity attributable to owners of parent company		7,252,989	8,419,604	8,191,461	9,256,668	9,229,402
Share capital		5,765,825	6,965,825	6,965,825	3,800,000	3,800,000
Capital surplus		488,975	627,683	627,683	627,683	627,683
Retained earnings	Before distribution	987,763	793,844	502,443	4,312,960	4,811,736
	After distribution	843,617	445,553	397,956	3,932,960 (Note 2)	4,811,736 (Note 2)
Other equity		10,426	32,252	95,510	516,025	(10,017)
Treasury stock		-	-	-	-	-
Non-controlling interest		236,610	-	25,998	33,926	33,912
Total equity	Before distribution	7,489,599	8,419,604	8,217,459	9,290,594	9,263,314
	After distribution	7,345,453	8,071,313	8,112,972	8,910,594	9,263,314(Note 2)

Note 1: The financial data of the previous year have been audited and certified by the CPAs.
Note 2: Amount approved in the resolution of the Board of Directors on March 30, 2022.

Condensed consolidated income statement(consolidated financial report)

Unit: NT$1,000

Item \ Year	Financial data for the most recent five years(Note 1)				
	2017	2018	2019	2020	2021
Operating revenue	2,673,125	752,654	1,923,024	14,277,915	5,124,284
Operating profit	548,611	231,463	464,724	5,525,434	1,362,190
Operating profit and loss	153,856	(39,351)	126,498	5,003,829	940,233
Non-operating income and expenses	(14,835)	(15,821)	(63,023)	155,761	225,397
Net profit/loss before tax	139,021	(55,172)	63,475	5,159,590	1,165,630
Current profit or loss from continuing operations	140,281	(50,989)	56,888	4,943,067	982,137
Loss from discontinued operations	-	-	-	-	-
Current net profit(net loss)	140,281	(50,989)	56,888	4,943,067	982,137
Other comprehensive income/losses for the current period(net income after tax)	3,243	(9,143)	63,258	437,254	(249,417)
Total comprehensive income	143,524	(60,132)	120,146	5,380,321	732,720
Net profit(loss)attributable to owners of the parent company	144,093	(48,965)	56,890	4,943,139	982,151
Net profit(loss)attributable to non-controlling interests	(3,812)	(2,024)	(2)	(72)	(14)
Total comprehensive income attributable to owners of the parent company	147,336	(58,108)	120,148	5,380,393	732,734
Total comprehensive income attributable to non-controlling interests	(3,812)	(2,024)	(2)	(72)	(14)
EPS	0.25	(0.08)	0.08	7.58	2.58

Note 1: The financial data of the previous year have been audited and certified by the CPAs.

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Condensed balance sheet(individual financial report)

Unit: NT$1,000

Item		2017	2018	2019	2020	2021
Year / Item		Financial data for the most recent five years(Note 1)				
Current assets		12,027,057	14,410,691	15,147,587	15,434,367	12,627,309
Property, plant and equipment(Note 2)		19,331	18,902	34,808	34,250	30,459
Intangible assets		338	-	-	-	-
Other assets(Note 2)		1,782,388	1,916,480	2,092,331	3,756,247	3,708,230
Total assets		13,829,114	16,346,073	17,274,726	19,224,864	16,365,998
Current liabilities	Before distribution	6,573,900	7,924,587	8,996,759	9,902,241	7,089,706
	After distribution	6,718,046	8,272,878	9,101,246	10,282,241	7,089,706 (Note 2)
Non-current liabilities		2,225	1,882	86,506	65,955	46,890
Total liabilities	Before distribution	6,576,125	7,926,469	9,083,265	9,968,196	7,136,596
	After distribution	6,720,271	8,274,760	9,187,752	10,348,196	7,136,596 (Note 2)
Equity attributable to owners of parent company		7,252,989	8,419,604	8,191,461	9,256,668	9,229,402
Share capital		5,765,825	6,965,825	6,965,825	3,800,000	3,800,000
Capital surplus		488,975	627,683	627,683	627,683	627,683
Retained earnings	Before distribution	987,763	793,844	502,443	4,312,960	4,811,736
	After distribution	843,617	445,553	397,956	3,932,960	4,811,736 (Note 2)
Other equity		10,426	32,252	95,510	516,025	(10,017)
Treasury stock		-	-	-	-	-
Total equity	Before distribution	7,252,989	8,419,604	8,191,461	9,256,668	9,229,402
	After distribution	7,108,843	8,071,313	8,086,974	8,876,668	9,229,402 (Note 2)

Note 1: The financial data of the previous year have been audited and certified by the CPAs.
Note 2: T Amount approved in the resolution of the Board of Directors on March 30, 2021.

Condensed consolidated income statement (individual financial report)

Unit: NT$1,000

Year / Item	Financial data for the most recent five years(Note 1)				
	2017	2018	2019	2020	2021
Operating revenue	2,717,387	198,716	1,393,666	13,789,342	4,527,439
Operating profit	591,993	111,704	357,960	5,633,634	1,210,051
Operating profit and loss	186,951	(118,258)	99,089	5,194,466	857,060
Non-operating income and expenses	(44,118)	65,110	(35,612)	(34,804)	299,773
Net profit/loss before tax	142,833	(53,148)	63,477	5,159,662	1,156,833
Continuing operations Current profit and loss	144,093	(48,965)	56,890	4,943,139	982,151
Loss from discontinued operations	-	-	-	-	-
Current net profit(net loss)	144,093	(48,965)	56,890	4,943,139	982,151
Other comprehensive income/losses for the current period(net income after tax)	3,243	(9,143)	63,258	437,254	(249,417)
Total comprehensive income	147,336	(58,108)	120,148	5,380,393	732,734
EPS	0.25	(0.08)	0.08	7.58	2.58

Note 1: The financial data of the previous year have been audited and certified by the CPAs.

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(II) Names of certifying CPAs of the most recent five years and audit opinions:

1. Names of auditors and opinions in the most recent five years

Year	Name of certifying CPA	Certifying CPA firm	Audit opinions
2017	Tseng-Kuo Huang, Jung-Hua Chen	L.H. Chen&Co., CPAs	Unqualified opinion
2018	Chun-Yuan Hsiao, Fang-Yu Wang	PricewaterhouseCoopers Taiwan	Unqualified opinion and other supplementary matters
2019	Chun-Yuan Hsiao, Fang-Yu Wang	PricewaterhouseCoopers Taiwan	Unqualified opinion and other supplementary matters
2020	Chun-Yuan Hsiao, Fang-Yu Wang	PricewaterhouseCoopers Taiwan	Unqualified opinion and other supplementary matters
2021	Chun-Yuan Hsiao, Fang-Yu Wang	PricewaterhouseCoopers Taiwan	Unqualified opinion and other supplementary matters

2. If there is any replacement of auditor in the last five years, the reasons for the replacement of the CPA firm and the former and successor CPAs should be explained:
   (1) Due to internal business adjustments of L.H. Chen & Co., CPAs, the certifying CPAs for the financial statements were replaced by the CPAs Chung-Yuan Tsai and Jung-Hua Chen starting from 2015 Q2.
   (2) The Company replaced the CPA firm with PricewaterhouseCoopers, Taiwan and replaced the CPAs with the CPAs Chun-Yuan Hsiao Fang-Yu Wang starting from the 2018 Q1 financial statements due to the Company's business and management requirements.

II. Financial analysis for the most recent five years

(1)Financial analysis (consolidated financial report)

Analysis item(Note 3) \ Year(Note 1)		Financial analysis for the most recent five years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt to total assets ratio	52.18	52.40	55.75	54.25	46.61
	Ratio of long-term capital to real estate properties, plants and equipment	3,164.04	14,990.27	11,506.76	10,840.35	11,795.34
Solvency (%)	Current ratio	170.14	173.79	164.67	161.97	189.63
	Quick ratio	18.73	27.48	24.49	66.05	54.04
	Interest protection multiples	3.70	0.12	1.66	74.25	25.97
Operating ability	Receivable turnover(times)	14.08	2.97	10.70	71.10	12.39
	Average collection days	25.92	122.89	34.11	5.13	29.45
	Inventory turnover(times)	0.18	0.04	0.11	0.70	0.34
	Payable turnover(times)	3.77	1.06	2.12	10.58	4.77
	Average inventory turnover days	2,027.77	9,125.00	3,318.18	521.42	1,073.52
	Property, plant, and equipment turnover ratio(times)	11.33	5.14	29.96	180.16	62.01
	Total assets turnover(times)	0.17	0.05	0.11	0.73	0.27
Profitability	Return on assets (%)	1.17	-0.004	0.74	25.72	5.41
	Return on equity (%)	1.91	-0.64	0.68	56.47	10.59
	Pre-tax income to paid-in capital ratio(%)(Note 7)	2.41	-0.79	0.91	135.78	30.67
	Net profit margin (%)	5.25	-6.77	2.96	34.62	19.17
	Earnings per share(NT$)	0.25	-0.08	0.08	7.58	2.58
Cash flow	Cash flow ratio (%)	-	-	-	82.79	7.20
	Cash flow adequacy ratio (%)	79.55	-	-	200.72	222.15
	Cash reinvestment ratio	-	-	-	84.30	-
Leverage	Operating leverage	1.04	0.88	1.25	1.01	1.03
	Financial leverage	1.50	0.39	4.25	1.01	1.05

Explanation of the reasons for changes in financial ratios exceeding 20%in the last two years:

1. Decrease in interest protection multiples: Mainly due to the decrease in net profit before tax in 2021.
2. Decrease in receivable turnover: Mainly due to the decrease in operating revenue in 2021.
3. Increase in average collection days: Mainly due to the decrease receivable turnover in 2021.
4. Decrease in inventory turnover: Mainly due to the decrease in operating costs in 2021.
5. Decrease in payable turnover: Mainly due to the decrease in operating costs in 2021.
6. Increase in average inventory turnover days: Mainly due to the decrease inventory turnover in 2021.
7. Decrease in property, plant, and equipment turnover ratio: Mainly due to the decrease in operating revenue in 2021
8. Decrease in total assets turnover: Mainly due to the decrease in operating revenue in 2021.
9. Decrease in return on assets and return on equity: Mainly due to the decrease in net profit after tax in 2021.
10. Decrease in pre-tax income to paid-in capital ratio: Mainly due to the decrease in net profit after tax 2021.
11. Decrease in net profit margin: Mainly due to the decrease in net profit after tax in 2021.
12. Decrease in EPS: Mainly due to the decrease net profit attributable to owners of the parent company in 2021.
13. Decrease in the cash flow ratio and cash reinvestment ratio:
    Mainly due to the decrease of net cash flows in business activities in 2021.

(2) Financial analysis (individual financial report)

Analysis item(Note 3) \ Year(Note 1)		Financial analysis for the most recent five years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt to total assets ratio	47.55	48.49	52.58	51.85	43.61
	Ratio of long-term capital to real estate properties, plants and equipment	37,531.50	44,553.41	23,781.79	27,219.34	30,455.01
Solvency (%)	Current ratio	182.95	181.85	168.37	155.87	178.11
	Quick ratio	19.11	32.67	24.82	61.71	46.58
	Interest protection multiples	3.83	-0.02	2.01	124.53	37.06
Operating ability	Receivable turnover(times)	16.10	0.89	9.42	80.26	11.76
	Average collection days	22.67	410.11	38.74	4.54	31.03
	Inventory turnover(times)	0.19	0.01	0.08	0.73	0.34
	Payable turnover(times)	4.72	0.35	2.48	11.72	4.48
	Average inventory turnover days	1,921.05	36,500.00	4,562.50	500.00	1,073.52
	Property, plant, and equipment turnover ratio(times)	136.10	10.39	51.90	399.36	139.93
	Total assets turnover(times)	0.19	0.01	0.08	0.76	0.25
Profitability	Return on assets (%)	1.30	-0.04	0.65	27.28	5.67
	Return on equity (%)	2.01	-0.62	0.68	56.66	10.63
	Pre-tax income to paid-in capital ratio (%) (Note 7)	2.48	-0.76	0.91	135.78	30.44
	Net profit margin (%)	5.30	-24.64	4.08	35.85	21.69
	Earnings per share(NT$)	0.25	-0.08	0.08	7.58	2.58
Cash flow	Cash flow ratio (%)	3.78	-	-	92.21	11.28
	Cash flow adequacy ratio (%)	112.69	5.82	6.18	239.91	248.04
	Cash reinvestment ratio	3.41	-	-	85.36	0.43
Leverage	Operating leverage	1.25	0.98	1.23	1.00	1.03
	Financial leverage	1.37	0.69	2.72	1.01	1.04

Explanation of the reasons for changes in financial ratios exceeding 20%in the last two years:
1. Decrease in quick ratio: Mainly due to the decrease in Current assets in 2021.
2. Decrease in interest protection multiples: Mainly due to the decrease in net profit before tax in 2021.
3. Decrease in receivable turnover: Mainly due to the decrease in operating revenue in 2021.
4. Increase in average collection days: Mainly due to the decrease receivable turnover in 2021.
5. Decrease in inventory turnover: Mainly due to the decrease in operating costs in 2021.
6. Decrease in payable turnover: Mainly due to the decrease in operating costs in 2021.
7. Increase in average inventory turnover days: Mainly due to the decrease inventory turnover in 2021.
8. Decrease in property, plant, and equipment turnover ratio: Mainly due to the decrease in operating revenue in 2021.
9. Decrease in total assets turnover: Mainly due to the decrease in operating revenue in 2021.
10. Decrease in return on assets and return on equity: Mainly due to the decrease in net profit after tax in 2021.
11. Decrease in pre-tax income to paid-in capital ratio: Mainly due to the decrease in net profit before tax in 2021.
12. Decrease in net profit margin: Mainly due to the decrease in net profit after tax in 2021.
13. Decrease in EPS: Mainly due to the decrease net profit after tax in 2021.
14. Decrease in the cash flow ratio and cash reinvestment ratio:
Mainly due to the decrease of net cash flows in business activities in 2021

Note: The formula for calculating the financial ratio is as follows:

1.Financial structure

(1) Debt to total assets ratio=total liabilities/total assets.

(2) Ratio of long-term capital to real estate properties, plants and equipment=(total equity + non-current liabilities)/net amount of real estate properties, plants and equipment.

2. Solvency

(1) Current ratio=current assets/current liabilities.

(2) Quick ratio= (current assets-inventory-prepaid expense)/current liabilities.

(3) Interest protection multiples=net income before tax and interest expenses/current interest expenses.

3. Operating ability

(1) Accounts receivable (including accounts receivable and notes receivable arising from operation)turnover ratio=net sales/average receivables(including accounts receivable and notes receivable arising from operation)balances.

(2) Average collection period=365/receivable turnover.

(3) Inventory turnover=cost of goods sold/average inventory.

(4) Accounts payable (including accounts payable and notes payable arising from operation) turnover ratio=cost of goods sold/average payables (including accounts payable and notes payable arising from operation) balances.

(5) Average inventory turnover days=365/inventory turnover.

(6) Property, plant, and equipment turnover ratio=net sales/average net for property, plant, and equipment.

(7) Total assets turnover=net sales/average total assets.

4. Profitability

(1) Return on assets＝[net income + interest expense(1–tax rate)]/average total assets.

(2) Return on equity=income after tax/net average equity.

(3) Net margin=net income/net sales.

(4) Earnings per share= (profit or loss attributable to owners of the parent company-preferred stock dividends)/weighted average number of shares issued. (Note 4)

5. Cash flow

(1) Cash flow ratio=new cash flows from operating activities/current liabilities.

(2) Net cash flow adequacy ratio=Net cash flow from operating activities for the most recent five years/(capital expenditures + inventory increase + cash dividend)for the most recent five years.

(3) Cash reinvestment ratio= (net cash flows from operating activities–cash dividend)/(gross margin of property, plant and equipment + long-term investment + other non-current assets + working capital).(Note 5)

6. Leverage:

(1) Operating leverage= (net operating revenue-variable operating cost and expenses)/operating profit (Note 6).

(2) Financial leverage=operating profit/ (operating profit-interest expenses).

III. Audit Committee's Review Report for the Financial Report for the Most Recent Year

Kuo Yang Construction Co., Ltd. Audit Committee's Review Report

The 2021 Financial Statements (Consolidated Financial Statements and Individual Financial Statements)prepared by the Company's Board of Directors were audited by PricewaterhouseCoopers, Taiwan which issued an Audit Report. The aforementioned Financial Statements were reviewed by the Audit Committee which found them to be compliant with regulations. The Committee therefore issued the Audit Report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Respectfully submitted to

The shareholders' meeting of 2021

Audit Committee Convener: Li-Yen Yang

March 21, 2022

Kuo Yang Construction Co., Ltd. Audit Committee's Review Report

The 2021 Business Report and Earnings Distribution Statement were reviewed by the Audit Committee which found them to be compliant with regulations. The Committee therefore issued the Audit Report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Respectfully submitted to

The shareholders' meeting of 2021

Audit Committee Convener: Li-Yen Yang

March 30, 2022

IV. Financial statements of the most recent year

Independent Auditor's Report

(2022) Cai-Shen-Bao-Zi No. 21004855

To Kuo Yang Construction Co., Ltd.:

Audit Opinions

The Consolidated Balance Sheet of Kuo Yang Construction Co., Ltd. and subsidiaries (hereinafter referred to as Kuo Yang Group) as of December 31, 2021 and 2020, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Cash Flow Statement, and Notes to the Consolidated Financial Statements (including a summary of material accounting policies) from January 1 to December 31, 2021 and 2020 have been audited by the CPA.

In our opinion, based on the results of the CPA's audit and the audit reports of other CPAs (refer to Other Supplementary Matters), the aforementioned Consolidated Financial Statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, and explanations/interpretations approved by FSC in all material respects and are therefore sufficient in presenting the consolidated financial conditions of the Kuo Yang Group as of December 31, 2021 and 2020, and the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2021 and 2020.

Basis of Audit Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards in the Republic of China. Our responsibility based on these standards will be explained in greater detail in the section on our responsibilities for the review of the Consolidated Financial Statements. The personnel of the CPA firm who are governed by regulations on independence have acted according to the ROC CPA Code of Professional Ethics and remained independent of Kuo Yang Group when fulfilling other obligations set forth in the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters pertain to the most important items of Kuo Yang Group's 2021 Consolidated Financial Statements as per the professional judgment of the CPA. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Consolidated Financial Statements of Kuo Yang Group for 2021 are as follows:

Appropriateness of the period in which income from the sales of houses and land is recognized

Description

Refer to Note 4 (29) in the Consolidated Financial Statements for accounting policies on operating revenue from construction. Refer to Note 6 (18) of the Consolidated Financial Report for description of accounting items.

The revenue from the sales of houses and land in the construction business is recognized when the ownership of the real estate is transferred and the property inspection certificate is delivered to the customer. As the houses and land of a construction business are sold to many customers, the CPA is required to review all information on the transfer of ownership before recognizing sales revenue. The process generally involves a high amount of manual labor to determine the accuracy of the timing for recognizing sales revenue. Therefore, the CPA regarded the appropriateness of the period in which income from the sales of houses and land is recognized as one of the most important items in the audit.

Corresponding auditing procedures

The CPA has compiled the following corresponding procedures that were executed for the specific levels described in the aforementioned key audit matters:

- We interviewed the management to understand and review the procedures for recognizing sales revenue from the sales of houses and land and verify whether the procedures have been consistently adopted in the period of the Financial Statements.
- We assessed and tested the appropriateness of the period in which income from the sales of houses and land is recognized by the management within a certain period after the end of the period, including the information on the transfer of ownership of the land and houses and related dates to verify the accuracy of the timing for recognizing sales revenue.

Inventories valuation - land for construction

Description

Refer to Note 4 (13) of the Consolidated Financial Statements for accounting policies on construction land valuation. Refer to Note 5 of the Consolidated Financial Statements for accounting estimates and uncertainties of assumptions for inventory valuation. Refer to Note 6 (5) of the Consolidated Financial Statements for description of accounting items.

The inventory valuation of Kuo Yang Construction is measured based on the cost and net realizable value (NRV), whichever is lower. The houses and land held for sale and houses and land under construction are compared with the most recent transaction prices in the vicinity of the sites or the Company's recent sales contracts. As it is difficult to obtain comparable sales prices for construction land, the valuation of the net realizable value of construction land requires the judgment or estimate of the management. Therefore, we consider the valuation of the net realizable value of a construction site as one of the most important items in the audit.

<u>Corresponding auditing procedures</u>

- Understand and assess the internal operating procedures and accounting procedures for the valuation of land for construction by the Company's management.
- Obtain data for the assessment of the net realizable value, confirm the reasonableness of the data sources, assumptions, or methods employed, and test the content of the data to confirm the reasonableness of the construction land valuation.

Other matters - Reference to audits of other CPAs

We did not audit certain investments accounted for through the equity method in the financial statements of Kuo Yang Group for 2021 and 2020. Those financial statements were audited by other CPAs. As such, our opinions in the aforementioned Consolidated Financial Statements on the amounts included in the aforementioned financial statements and related information disclosed in Note 13 were based on audit reports of other CPAs. The investment on equity method totaling NT$970,823 thousand and NT$564,559 thousand as of December 31, 2021 and 2020 accounted for 5.60% and 2.78% of the total assets, respectively. The comprehensive income recognized for 2021 and 2020 was NT$168,898 thousand and NT$34,168 thousand, which accounted for 23.05% and 0.64% of the total comprehensive income for the period, respectively.

Other matters - Individual Financial Statements

Kuo Yang Construction Co., Ltd. has prepared Individual Financial Statements for 2021 and 2020, for which we have issued an audit report containing an unqualified opinion plus other matters for reference.

Responsibilities of the management and the governing bodies for the Consolidated Financial Statements

The responsibility of the management was to prepare the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" to properly indicate the company's financial status and to maintain necessary internal control with regard to establishment of consolidated financial statements to ensure such financial statements did not contain any false contents as a result of fraudulence or mistakes.

When the Consolidated Financial Statements were in the process of preparation, the responsibility of the management also included assessment of the capacity of Kuo Yang Group to continue operation, disclosure of related matters and the accounting approaches to be adopted when the company continued to operate unless the management intended to liquidate or suspend the business of Kuo Yang Group if there was not any other option except liquidation or suspension of the company's business.

The governance units (including the Audit Committee) of Kuo Yang Group are responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an independent auditor's report. Reasonably reliable means highly reliable. However, auditing work carried out in accordance with the Generally Accepted Auditing Standards of the ROC cannot guarantee detection of significant misrepresentations in the Consolidated Financial Statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

When conducting the auditing work according to the Generally Accepted Auditing Standards of the ROC, we exercised our professional judgment and remained professionally skeptical. We also execute the following tasks:

1. Identified and evaluated the risk of material misstatement due to fraud or error in the Consolidated Financial Statements; Designed and carried out appropriate countermeasures for the evaluated risks; Obtained sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risks of material misstatements due to fraud are greater than those caused by errors.
2. Acquired necessary understanding about internal control which matters to audit and provide appropriate audit procedure under such circumstances. However, the purpose of such understanding is not for providing any opinion on the effectiveness of internal control of Kuo Yang Group.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Concluded on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Kuo Yang Group's ability to continue as a going concern. If we consider that material uncertainty exists in these matters or conditions, we are required to remind the users of the Consolidated Financial Statements to pay attention to relevant disclosure in the statements in their audit report, or revise the audit opinions when such disclosure is inappropriate. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Kuo Yang Group to cease to continue as a going concern.
5. Evaluated the overall expression, structure and content of the Consolidated Financial Statements (including related notes) and if these statements present fairly the related transactions and events.

6. Obtained sufficient and appropriate proof for audit on the finances of the individual entities in Kuo Yang Group to state our opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the consolidated audit. We remain solely responsible for the audit opinions of the Consolidated Financial Statements.

The CPAs' communications with the governance units include the planned scope and period of the audit and material finding in the audit (including significant defects identified in the internal control during auditing procedures).

We provided governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the ROC CPA Code of Professional Ethics to remain neutral and communicated with them about the all relations and other matters (including related preventive measures) that could affect the independence of the CPA.

From the matters communicated with those charged with governance, the CPA determines matters that were of most significance in the audit of the 2021 Consolidated Financial Statements of Kuo Yang Group for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taiwan

Chun-Yuan Hsiao

CPA

Fang-Yu Wang

Former Securities and Futures Bureau, Financial Supervisory Commission
No. of Approval Document: Jin-Guan-Zheng-6 No. 0960042326
Financial Supervisory Commission
No. of Approval Document: Jin-Guan-Zheng-Shen No. 1030027246

March 21, 2022

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2021 and 2020

Unit: NT$1,000

	Assets	Notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets					
1100	Cash and cash equivalents	VI(I)	$ 2,661,525	15	$ 5,724,939	28
1110	Current financial assets at fair value through profit or loss	VI(II)	20,424	-	32,275	-
1120	Current financial assets at fair value through other comprehensive income	VI(III)	744,787	4	378,534	2
1150	Notes receivable, net	VI(IV)	70,618	-	52,548	-
1170	Accounts receivable, net	VI(IV)and VII	454,495	3	249,514	1
1200	Other receivables	VII	305,206	2	488,532	3
1220	Current income tax assets		11,848	-	584	-
130X	Inventories	VI(V)(VI)(IX) and VIII	10,658,248	62	9,918,081	49
1410	Prepayments		240,506	1	586,214	3
1476	Other financial assets - current	VIII	1,230		229,340	1
1479	Other current assets - other		73,945	1	76,676	-
11XX	**Total current assets**		15,242,832	88	17,737,237	87
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	VI(III) and VII	426,132	3	1,024,216	5
1550	Investments recognized under the equity method	VI(VII) and VII	971,832	6	565,612	3
1600	Property, plant and equipment	VI(VIII) andVIII	78,942	1	86,325	-
1755	Right-of-use assets	VI(V)(IX) and VIII	61,412	-	358,860	2
1760	Investment properties, net	VI(X) amd VIII	254,028	1	255,414	1
1840	Deferred income tax assets	VI(XXV)	13,737	-	-	-
1920	Refundable deposits	VII	164,002	1	104,287	1
1980	Other financial assets - non current	VIII	59,437	-	59,435	-
1990	Other non-current assets - other		77,221	-	117,700	1
15XX	**Total non-current assets**		2,106,743	12	2,571,849	13
1XXX	**Total assets**		$ 17,349,575	100	$ 20,309,086	100

(Continued)

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2021 and 2020

Unit: NT$1,000

	Liabilities and Equity	Notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities					
2100	Short-term borrowings	VI(XI)	$ 4,671,351	27	$ 3,518,839	17
2110	Short-term notes and bills payable	VI(XII)	1,138,402	7	1,883,373	9
2130	Contract liabilities - current	VI(XVIII) and VII	998,447	6	1,012,044	5
2150	Notes payable		245,348	1	107,188	1
2170	Accounts payable		394,337	2	829,033	4
2219	Other payables - other	VI(XIV)and VII	253,898	2	3,456,579	17
2230	Current income tax liabilities		217,920	1	33,005	-
2280	Lease liabilities - current		22,308	-	21,991	-
2399	Other current liabilities - other		96,084	1	89,102	1
21XX	**Total current liabilities**		8,038,095	47	10,951,154	54
	Non-current liabilities					
2580	Lease liabilities - non-current		44,092	-	63,147	-
2645	Deposits received	VII	2,853	-	2,996	-
2670	Other non-current liabilities - other		1,221	-	1,195	-
25XX	**Total non-current liabilities**		48,166	-	67,338	-
2XXX	**Total liabilities**		8,086,261	47	11,018,492	54
	Equity					
	Equity attributable to owners of parent company					
	Share capital	VI(XIV)				
3110	Capital stock - common		3,800,000	22	3,800,000	19
	Capital surplus	VI(XV)				
3200	Capital surplus		627,683	3	627,683	3
	Retained earnings	VI(XVI)				
3310	Legal reserve		988,010	6	856,070	4
3350	Undistributed earnings		3,823,726	22	3,456,890	17
	Other equity	VI(XVII)				
3400	Other equity		(10,017)	-	516,025	3
31XX	**Total equity attributable to owners of parent company**		9,229,402	53	9,256,668	46
36XX	**Non-controlling interest**		33,912	-	33,926	-
3XXX	**Total equity**		9,263,314	53	9,290,594	46
	Significant contingent liabilities and unrecognized contractual commitments	IX				
3X2X	**Total liabilities and equity**		$ 17,349,575	100	$ 20,309,086	100

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

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2021 and 2020

Unit: NT$1,000
(Except earnings per share which is expressed in NT$)

	Item	Notes	2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating revenue	VI(XVIII) and VII	$5,124,284	100	$14,277,915	100
5000	Operating costs	VI(V)(XXIII)(XXIV)	(3,762,094)	(74)	(8,752,481)	(61)
5900	Operating profit		1,362,190	26	5,525,434	39
	Operating expenses	VI(XXIII)(XXIV)				
6100	Promotion expenses		(169,106)	(3)	(204,193)	(2)
6200	Administrative expenses		(252,851)	(5)	(317,412)	(2)
6000	Total operating expenses		(421,957)	(8)	(521,605)	(4)
6900	Operating profit		940,233	18	5,003,829	35
	Non-operating income and expenses					
7100	Interest income	VI(XIX)	7,143	-	55,593	-
7010	Other income	VI(XX)	72,190	2	91,727	1
7020	Other profits and losses	VI(XXI)	(12,671)	-	44,829	-
7050	Finance costs	VI(XXII)	(46,674)	(1)	(70,441)	-
7060	Share of profit or loss of affiliates and joint ventures recognized under the equity method	VI(VII)	205,409	4	34,053	-
7000	Total non-operating income and expenses		225,397	5	155,761	1
7900	**Pre-tax profit**		1,165,630	23	5,159,590	36
7950	Income tax expenses	VI(XXV)	(183,493)	(4)	(216,523)	(1)
8200	**Net profit of the term**		$ 982,137	19	$ 4,943,067	35

(Continued)

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2021 and 2020

Unit: NT$1,000
(Except earnings per share which is expressed in NT$)

	Item	Notes	2021 Amount	2021 %	2020 Amount	2020 %
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plan		$ -	-	$ 578	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	VI(XVII)	(249,335)	(5)	436,826	3
8310	Total components of other comprehensive income that will not be reclassified to profit or loss		(249,335)	(5)	437,404	3
	Components that may be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements	VI(XVII)	(108)	-	(136)	-
8370	Share of other comprehensive profit or loss of affiliates and joint ventures recognized under the equity method - components that may be reclassified to profit or loss	VI(XVII)	26	-	(14)	-
8360	Total components that may be reclassified to profit or loss		(82)	-	(150)	-
8300	**Other comprehensive income (net)**		($249,417)	(5)	$ 437,254	3
8500	**Total comprehensive income**		$732,720	14	$5,380,321	38
	Net profit (loss) attributable to:					
8610	Owners of the parent company		$982,151	19	$4,943,139	35
8620	Non-controlling interest		(14)	-	(72)	-
			$982,137	19	$4,943,067	35
	Total comprehensive income attributable to:					
8710	Owners of the parent company		$732,734	14	$5,380,393	38
8720	Non-controlling interest		(14)	-	(72)	-
			$732,720	14	$5,380,321	38
	EPS	VI(XXVI)				
9750	Basic earnings per share		$ 2.58		$ 7.58	
9850	Diluted earnings per share		$ 2.58		$ 7.57	

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

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2021 and 2020

Unit: NT$1,000

		Equity attributable to owners of parent company								
				Retained earnings		Other equity				
	Notes	Capital stock - common	Capital surplus	Legal reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
2020										
Balance as of January 1, 2020		$ 6,965,825	$ 627,683	$ 372,395	$ 130,048	$ 22,266	$ 73,244	$8,191,461	$ 25,998	$8,217,459
Net profit of the term		-	-	-	4,943,139	-	-	4,943,139	(72)	4,943,067
Other comprehensive income for the period	VI(XVII)	-	-	-	578	(150)	436,826	437,254	-	437,254
Total comprehensive income		-	-	-	4,943,717	(150)	436,826	5,380,393	(72)	5,380,321
Earnings appropriation and distribution:	VI(XVI)									
Allocation to legal reserve		-	-	483,675	(483,675)	-	-	-	-	-
Cash dividends		-	-	-	(1,149,361)	-	-	(1,149,361)	-	(1,149,361)
Changes in non-controlling interests for the period		-	-	-	-	-	-	-	8,000	8,000
Cash refunded in capital reduction		(3,165,825)	-	-	-	-	-	(3,165,825)	-	(3,165,825)
Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss		-	-	-	16,161	-	(16,161)	-	-	-
Balance as of December 31, 2020		$ 3,800,000	$ 627,683	$ 856,070	$ 3,456,890	$ 22,116	$ 493,909	$9,256,668	$ 33,926	$9,290,594
2021										
Balance as of January 1, 2021		$ 3,800,000	$ 627,683	$ 856,070	$ 3,456,890	$ 22,116	$ 493,909	$9,256,668	$ 33,926	$9,290,594
Net profit of the term		-	-	-	982,151	-	-	982.151	(14)	982,137
Other comprehensive income for	VI(XVII)	-	-	-	-	(82)	(249,335)	(249,417)	-	(249,417)

the period										
Total comprehensive income		-	-	-	982,151	(82)	(249,335)	732,734	(14)	732,720
Earnings appropriation and distribution:	VI(XVI)									
Allocation to legal reserve		-	-	131,940	(131,940)	-	-	-	-	-
Cash dividends		-	-	-	(760,000)	-	-	(760,000)	-	(760,000)
Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss	VI(XVII)	-	-	-	276,625	-	(276,625)	-	-	-
Balance as of December 31, 2021		$ 3,800,000	$ 627,683	$ 988,010	$ 3,823,726	$ 22,034	($ 32,051)	$9,229,402	$ 33,912	$9,263,314

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statement
January 1 to December 31, 2021 and 2020

Unit: NT$1,000

	Notes	2021	2020
Cash Flows from Operating Activities			
Net profit before tax of the current period		$1,165,630	$5,159,590
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	VI(XXIII)	29,882	34,013
Amortization cost	VI(XXIII)	234	178
Interest expenses	VI(XXII)	46,674	70,441
Interest income	VI(XIX)	(7,143)	(55,593)
Share of profit (loss) of affiliates and joint ventures recognized under the equity method	VI(VII)	(205,409)	(34,053)
Dividend income	VI(XX)	(51,934)	(46,352)
Net gains on financial assets at fair value through profit or loss	VI(XXI)	(262)	(336)
Disposal of gains from investments recognized under the equity method		-	(52,460)
Gains on disposal of investments		-	(358)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(18,070)	9,200
Accounts receivable, net		(204,981)	(211,714)
Other receivables		192,725	(83,448)
Inventories		(393,341)	4,277,390
Prepayments		334,192	(219,227)
Other current assets		2,731	(6,005)
Intangible assets		(245)	(177)
Net defined benefit assets		-	6,854
Other non-current assets		40,490	(3,733)
Changes in operating liabilities			
Contract liabilities		(13,597)	(23,970)
Notes payable		138,160	42,277
Accounts payable		(434,696)	175,479
Other payables		(39,765)	213,953
Other current liabilities		6,982	59,536
Cash inflow generated from operations		588,257	9,311,485
Interest received		(2,256)	55,593
Interest paid		(112,766)	(159,617)
Income tax paid and refunded		-	161
Income tax paid		(10,206)	(182,847)
Dividends received		116,094	41,352
Net cash from operating activities		579,123	9,066,127

(Continued)

Kuo Yang Construction Co., Ltd. and Subsidiaries
Consolidated Cash Flow Statement
January 1 to December 31, 2021 and 2020

Unit: NT$1,000

	Notes	2021	2020
Cash Flows from Investing Activities			
Current financial assets at fair value through profit or loss		$ 12,113	$ 5,358
Acquisition of current financial assets at fair value through other comprehensive income		(2,624,129)	(851,638)
Disposal of current financial assets at fair value through other comprehensive income		2,374,751	528,140
Acquisition of non-current financial assets at fair value through other comprehensive income	VII	(10,645)	(192,765)
Decrease in other financial assets		228,108	80,969
Acquisition of payments for investments recognized under the equity method	VII	(22,456)	(480,000)
Disposal of payments for investments recognized under the equity method	VII	-	204,086
Decrease (or increase) in guarantee deposits		(59,715)	18,580
Acquisition of property, plant and equipment		-	(20,272)
Proceeds from disposal of property, plant and equipment		108	-
Other non-current liabilities - other increases		26	25
Net cash used in investing activities		(101,839)	(707,517)
Cash Flows from Financing Activities			
Increase (decrease) in short-term loans	VI(XXVII)	1,152,512	(2,057,637)
Decrease in short-term notes and bills payable	VI(XXVII)	(744,971)	(916,262)
Repayments of lease liabilities	VI(XXVII)	(21,403)	(21,001)
Decrease in guarantee deposits received	VI(XXVII)	(143)	(1,647)
Cash dividends paid	VI(XVI)(XXVII)	(760,000)	(1,149,361)
Cash refunded in capital reduction	VI(XIV)	(3,165,825)	-
Changes in non-controlling interests		-	8,000
Net cash outflow from financing activities		(3,539,830)	(4,137,908)
Effect of exchange rate changes on cash and cash equivalents		(868)	(689)
(Decrease) increase in cash and cash equivalents for the current period		(3,063,414)	4,220,013
Cash and cash equivalents at beginning of period		5,724,939	1,504,926
Cash and cash equivalents at end of period		$2,661,525	$5,724,939

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

Kuo Yang Construction Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

2021 and 2020

Unit: NT$1,000
(Unless specified otherwise)

I. Company history

Kuo Yang Construction Co., Ltd. (hereinafter referred to as the "Company") was established in June 1972. The Company and its subsidiaries (collectively referred herein as the "Group") are engaged in the construction of public housing and the lease and sales of commercial residential buildings, industrial plants, and commercial buildings. The Company has been listed on the Taiwan Stock Exchange since November 14, 1979.

II. Date and procedures of approval of the financial statements

The Consolidated Financial Report was released with the approval of the Board of Directors on March 21, 2022.

III. Application of new standards, amendments and interpretations

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards as endorsed by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

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

New, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IAS 16, "Interest Rate Benchmark Reform -	January 1, 2021

Phase 2"	
Amendments to IFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021"	April 1, 2021 (Note)

Note: The FSC approved advanced adoption starting from January 1, 2021.

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

(II) Effects of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

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

New, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board
Amendments to IFRS 3, "Conceptual Framework"	January 1, 2022
Amendments to IAS 16, "Property, Plant and Equipment — Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37, "Onerous Contracts — Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

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

(III) IFRSs issued by International Accounting Standards Board (IASB) but not yet endorsed by the FSC

New, revised, and amended IFRSs and interpretations issued by IASB but not yet endorsed by the FSC are as follows:

New, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board

Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17, "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendment to IAS 1, "Accounting Policy Disclosure"	January 1, 2023
Amendments to IAS 8, "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

The above standards and interpretations have no significant impact to the Group’s financial position and financial performance based on the Group’s assessment.

IV. Summary of significant accounting policies

The material accounting policies applied in the preparation of the Consolidated Financial Report are summarized as follows: Except as stated otherwise, such policies have been consistently applied to all the periods presented.

(I) Statement of compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC interpretations and SIC interpretations (collectively referred to as "IFRSs") endorsed by the FSC.

(II) Basis of preparation

1. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

   (1) Financial assets at fair value through profit or loss.

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

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

(III) Basis of consolidation

1. Basis for preparation of financial statements

(1) All subsidiaries are included in the Group's consolidated financial statements. "Subsidiaries" are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(3) The profit or loss and each component of other comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, and total comprehensive income shall also be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are equity transactions (i.e., transactions among owners in their capacity as owners). Difference between the amount by which the non-controlling interests are adjusted and the fair

value of the consideration paid or received shall be recognized directly in equity.

(5) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. The fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the affiliate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. The amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the Group directly disposed of relevant assets or liabilities. It means that profit or loss previously recognized in other consolidated profit or loss shall be reclassified as profit or loss when related assets or liabilities are disposed of. When the Group loses control over this subsidiary, the profit and loss shall be transferred from equity and reclassified as profit or loss.

2. Subsidiaries included in the consolidated financial statements:

			Ownership (%)	
Name of investment company	Name of subsidiary	Main business activities	December 31, 2021	December 31, 2020
The Company	Shadwell Limited.	Investment in real estate property	100%	100%
The Company	Shang Yang International Asset Management Co., Ltd.	Residence and buildings lease construction and development	100%	100%
The Company	Shen Yang Construction Co., Ltd. (Shen Yang Construction)	Residence and buildings lease construction and development	100%	100%
Shen Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	Horticulture services and afforestation	100%	100%
Shen Yang Construction Co., Ltd.	Chi Yang Construction Co., Ltd.	Residence and buildings lease construction and development	80%	80%
Shang Yang International Asset Management Co., Ltd.	Century Rainbow Limited.	Professional investment	100%	100%

Century Rainbow Limited.	Celestial Talent Limited.	Professional investment	100%	100%
Century Rainbow Limited.	Charm Merit Limited.	Professional investment	100%	100%

3. Subsidiaries not included in the consolidated financial statements: None.
4. Adjustments for subsidiaries with different balance sheet dates: None.
5. Material limitation on the acquisition or use of assets and capacity for debt repayment: None.
6. Subsidiaries that have non-controlling interests that are material to the Group: None.

(IV) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (i.e., the "functional currency"). The Consolidated Financial Report is presented in NTD which is the Company's functional currency.

1. Foreign currency transactions and balances
   (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
   (2) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss in the period in which they arise.
   (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies

held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(4) All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses" based on the nature of the transactions.

2. Translation of foreign operations

(1) The operating results and financial position of all the Group’s entities and affiliates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

C. All resulting exchange differences are recognized in other comprehensive income.

(2) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(V) <u>Classification of current and non-current items</u>

The Group engages in commissioned construction of buildings or plants for sale and contracting for construction projects with business cycles which are generally more than 1 year. Assets and liabilities related to the construction business are classified as current or non-current based on the business cycle. The standards for the classification of current and non-current accounts are as follows:

1. Assets that meet one of the following criteria are classified as current assets:
   (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
   (2) Liabilities arising mainly from trading activities;
   (3) Assets that are expected to be realized within twelve months from the balance sheet date; or
   (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Assets not meeting the above criteria are classified by the Group as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:
   (1) Liabilities that are expected to be paid off within the normal operating cycle;
   (2) Liabilities arising mainly from trading activities;
   (3) Liabilities that are to be paid off within twelve months from the balance sheet date; or
   (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities not meeting the above criteria are classified by the Group as non-current liabilities.

(VI) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VII) Financial assets at fair value through profit or loss

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using transaction date accounting.
3. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently measured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.
4. The Group recognizes the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

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

1. The Company may make irrevocable election at initial recognition to recognize the changes in fair value in other comprehensive income for the investments in equity instruments that are not held for trading.

2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive profit or loss are recognized and derecognized using transaction date accounting.

3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

   The changes in fair value of equity instruments are recognized in other comprehensive income. The cumulative gain or loss previously recognized in other comprehensive income shall be recorded to retained earnings and not be reclassified to profit or loss upon the derecognition. The Group recognizes the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(IX) Accounts and notes receivable

1. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(X) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost at each balance sheet date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information (including forecasts). On the other hand, the Company recognizes the impairment provision for lifetime ECLs for accounts receivable or contract assets containing a significant financing component.

(XI) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(XII) Lease transaction as a lessor

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XIII) Inventories

1. Inventories include construction land, houses and land under construction, and houses and land to be sold which are initially recorded at cost. Construction profit and loss is recognized based on the completed-contract method. Construction land is listed as houses and land under construction when they are under active development. The related interest expenses are capitalized in the period from active development or commencement of construction till the completion of construction.
2. Inventories at the end of the period is measured based on the cost and net realizable value, whichever is lower. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable expenses.

(XIV) Investments/affiliates recognized under the equity method

1. Affiliates are all entities over which the Group has significant influence but not control. In general, it is presumed that an investor has significant influence if the investor holds, directly or indirectly, 20% or more of the voting rights of the investee. Investments in affiliates are accounted for through the equity method and are initially recognized at cost.

2. The Group's share of its affiliates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an affiliate equals or exceeds its interest in the affiliate, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the affiliate.
3. When changes in an affiliate's equity do not arise from profit or loss or other comprehensive income of the affiliate and such changes do not affect the Group's ownership percentage of the affiliate, the Group recognizes change in ownership interests in the affiliate in "capital surplus" in proportion to its ownership.
4. Unrealized gains on transactions between the Group and its affiliates are eliminated to the extent of the Group's interest in the affiliates. Unrealized losses are also eliminated unless evidence of an impairment of the asset transferred in the transaction is provided. Accounting policies of affiliates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. When the Group disposes its investment in an affiliate and loses significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss, on the same basis as would be required if the Group directly disposed of relevant assets or liabilities. It means that profit or loss previously recognized in other consolidated profit or loss shall be reclassified as profit or loss when related assets or liabilities are disposed of. When the Group loses material influence over this affiliate, the profit and loss shall be transferred from equity and reclassified as profit or loss. If it retains significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss

proportionately in accordance with the aforementioned approach.

(XV) Joint operations

With regard to equity in joint operations, the Group recognizes the direct rights (and its share) of the assets, liabilities, income, and expenses from joint operations, and has included them in the applicable accounts of the Financial Report.

(XVI) Property, plant and equipment

1. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, from the date of the change. The estimated useful life of real property is 50 years and the useful

life of other assets is 3-5 years.

(XVII) <u>Lease transaction as a lessee - right-of-use assets/lease liabilities</u>

1. The Group recognizes lease assets as right-of-use assets and lease liabilities at the commencement date of the lease. For short-term leases or leases of low value assets, lease payments are recognized as expenses using the straight-line method during the lease term.
2. On the commencement date, the Group measures lease liabilities by the present value of outstanding lease payments, using the Group's incremental borrowing rate. Lease payments include

   (1) Fixed payments less any lease incentives receivable; and

   (2) Variable lease payments determined by changes in an index or rate.

   In subsequent periods, the Company measures lease liabilities at amortized cost using the effective interest method and recognizes interest expense during the lease term. If the lease term or lease payment is changed due to reasons other than amendments to the lease contracts, the Company will remeasure the lease liabilities. The remeasurement amount is then recognized as an adjustment to the right-of-use assets.
3. Lease liabilities are recognized at cost on the starting date of the lease. The cost includes:

   (1) the original measurement amount of the lease liabilities;

   (2) any lease payments made on or before the commencement date;

   (3) any original direct cost incurred; and

   (4) Estimated cost for the dismantling and removal of the asset and the restoration of its location, or the estimated cost for the restoration of conditions specified in the lease criteria and conditions.

The right-of-use assets are subsequently measured by adopting the cost model. The Company depreciates the right-of-use assets at the earlier of the right-of-use assets' useful life or the end of lease term. When a lease liability is reassessed, the right-of-use asset is adjusted for any remeasurements of the lease liability.

(XVIII) Investment properties

An investment property is measured initially at its cost and subsequently measured under the cost approach. The depreciation is recognized on a straight-line basis over a useful life of 20 to 60 years.

(XIX) Intangible assets

Intangible assets include computer software which is recognized at acquisition cost and amortized on a straight-line basis over its estimated useful life of 3 years.

(XX) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there are any impairment indications. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XXI) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XXII) Accounts and notes payable

1. Accounts payable are the liabilities for purchases of raw materials, goods, or services, and notes payable generated from operations and those not generated from operations.

2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXIII) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged, canceled, or expired.

(XXIV) Financial guarantee contracts

Financial guarantee contracts are contracts for which the Group must pay specific benefits to reimburse the holder of debt instruments for losses incurred when a specific debtor is unable to repay its debts upon maturity in accordance with the terms of the original or modified debt instrument. At initial recognition, the Group measures the financial guarantee contracts at fair value. The Group subsequently measures them based on the impairment provision for the expected credit losses and recognized cumulative earnings, whichever is higher.

(XXV) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for that service, and shall be recognized as expenses when the employees have rendered service.

2. Pension

   Defined contribution plans

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

3. Employees’ remuneration and directors' remuneration

   Employees’ remuneration and directors’ remuneration are recognized as expense and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' remuneration is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the Board of Directors' resolution.

(XXVI) Employee share-based payment

The date on which the Group notifies the employees of the shares retained for employee subscription in the cash capital increase, and the parties agree on the quantity and price of subscription shall be graded as the grant date.

(XXVII) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted as of the balance sheet date in the countries where the Group operates and generates taxable income. The tax is levied on the unappropriated retained earnings and is recorded as income tax expense for the year after the shareholders' meeting passes the earnings distribution proposal in the following year.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. The deferred income tax is not accounted if it arises from initial recognition of an asset or liability in a transaction (excluding business mergers) that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and affiliates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXVIII) <u>Dividends</u>

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(XXIX) <u>Revenue recognition</u>

<u>Land development and real property sales</u>

1. The Group's main business activities are land development and real property

sales. Revenue is recognized when the control of the real property is transferred to customers. For contracts for the sale of residential properties, the real property has no other use to the Group due to contract restrictions. However, the Group has an enforceable right to the contract payments only when the legal title or use of the real estate is transferred to the customer. Therefore, revenue is recognized when the legal title or use is transferred to the customer.

2. Some of the Group’s sales contracts include variable consideration for price reduction and the Group uses the expected or most probable amount as the appropriate estimated value for variable consideration.
3. The Group has included customers' advance payments in the contracts for pre-sales houses, and the period between the advanced payment and the transfer of the control of the product is longer than one year. According to IFRS 15, if the Group determines that there are material financial compositions in the individual contracts for pre-sales houses, it is required to adjust the pledged consideration and recognize interest expenses. IFRS 15 also states that companies should consider the materiality of financial components only at the level of the contract and not at the level of the portfolio when determining whether a financial loan is material.

(XXX) Operating segments

Operating segments are reported in a manner consistent with the internal management reports provided to the chief operating decision-maker, who is responsible for allocating resources to operating segments and evaluating their performance.

V. Significant accounting judgments, estimates and main uncertainty assumptions

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Refer to the explanation on significant accounting judgments, estimates, and uncertainty assumptions below. Such assumptions and estimates have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year,

(I) Critical judgments in applying accounting policies

None.

(II) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. The management of the Group mainly uses past experience and estimates of future market sales value as the basis for estimation. Therefore, there may be significant changes.

The Group's inventory information as of December 31, 2021 is detailed in Note 6 (5).

VI. Details of significant accounts

(I) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and working capital	$ 6,039	$ 68,926
Demand deposits	2,649,675	5,655,119
Cheque deposits	79	79
Cash equivalents - time deposits	5,732	815
	$ 2,661,525	$ 5,724,939

1. The Group transacts with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Group's revenue from pre-sales placed in a trust account is limited in use and the limitations are recognized in "other financial assets - current". Please

refer to Note 8.

(II) Current financial assets at fair value through profit or loss

	December 31, 2021	December 31, 2020
Mandatory measurement of financial assets at fair value through profit or loss		
Beneficiary certificates	$ 21,170	$ 32,000
Valuation adjustment	(746)	275
	$ 20,424	$ 32,275

1. The Group recognized net gain (loss) of $262 and $694 within financial assets at fair value through profit or loss for 2021 and 2020 based on the financial assets at fair value through profit or loss.
2. The Group has no financial assets at fair value through profit or loss pledged to others.

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

	December 31, 2021	December 31, 2020
Current items		
Equity instruments		
Listed stocks	$ 788,984	$ 425,638
Valuation adjustment	(44,197)	(47,104)
	$ 744,787	$ 378,534

Non-current items		
Equity instruments		
Stocks no listed on the TWSE, TPEx, or emerging stocks	$357,501	$ 483,202
Valuation adjustment	68,631	541,014
	$426,132	$1,024,216

1. The Group opted to classify strategic investments and investments in equity instruments with stable dividend payments as financial assets at fair value through profit or loss. The fair value of such investments as of December 31, 2021 and 2020 were $1,170,919 and $1,402,750, respectively.
2. The Group acquired the shares of Hanshin Department Store Co., Ltd. (hereinafter

referred to as "Hanshin Department Store") from a related party in January 2021. As the Company's cumulative shareholding in the company has exceeded 20% and it gains significant influence over said company, the investment is recognized as an investment on equity method based on its fair value, and the cumulative profits are recognized as retained earnings. Please refer to Note 6 (7) and Note 7 (2) 7.

3. Amounts recognized in other comprehensive income in relation to the financial assets at fair value in income and other comprehensive income are listed below:

	2021	2020
Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss		
Fair value (loss) gain recognized in other comprehensive income	($213,384)	$436,826
Cumulative gains (losses) converted to retained earnings due to derecognition	$256,092	$ 16,161

4. The Group has no financial assets at fair value through other comprehensive profit or loss pledged to others.

(IV) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ 70,618	$ 52,548
Accounts receivable	453,192	227,803
Accounts receivable due from related parties	1,303	21,711
Minus: Loss provisions	-	-
	$ 525,113	$ 302,062

1. The Group has no notes and accounts receivable pledged to others.
2. As of December 31, 2021, December 31, 2020 and January 1, 2020, the balance of the Group's accounts receivable (including notes receivable) were $524,836, $282,468, and $78,982, respectively.
3. If the collaterals held or other credit enhancement tools are disregarded, the amount that best represents the Group's maximum exposure to credit risk for notes and accounts receivable as of December 31, 2021 and 2020, respectively, is the carrying amount of the notes and accounts receivable in each period.
4. Notes and accounts receivable are notes and accounts that are not past due or

impaired.

5. Please refer to Note 12 (2) for relevant credit risk information.

(V) Inventories

	December 31, 2021	December 31, 2020
Houses and land held for sale		
Beautiful Tree Hall	$ 910	$ 910
Tien Chen	-	9,741
Kuo Yan Project	1,291,935	1,416,430
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	1,351,048	2,587,146
South Manor Project (Wenshan Gongxun Section Project)	10,083	156,625
Kuo Yang Silicon Valley (Xizhi Gongjian Section Project)	1,262	-
Smile Era Project (Qianzhen District Shengxing Section Project)	773,630	953,492
Good morning, Kuo Yang Phase 2 (Keelung Tiaohe Section Project)	1,684,924	-
	5,113,792	5,124,344
Minus: Allowance for valuation losses	(519,834)	(730,727)
	4,593,958	4,393,617
Houses and land under construction		
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	43,940	42,180
Kuo Yang Silicon Valley (Xizhi Gongjian Section Project)	-	1,445,665
Good morning, Kuo Yang Phase 1 (Keelung Tiaohe Section Project)	-	1,601,961
Good morning, Kuo Yang Phase 2 (Keelung Tiaohe Section Project)	318,249	-
Neihu Jiuzong Project	1,596,699	1,074,684
	1,958,888	4,164,490
Minus: Allowance for valuation losses	-	(1,267)
	1,958,888	4,163,223
Land for construction and others		
Zhudong Project	251,872	251,872
Beitou Guangming Section	12,633	12,633
Minquan East Road Project	273,821	273,821
Jilin Urban Renewal Project	148,180	123,182
Jingmei Section	40,174	40,174
Ren'ai Urban Renewal Project	9,844	4,820
Guanghua Section	12,500	12,500
Kaohsiung Yunwen Section	108,170	108,170
Tucheng Project	1,216,210	-
Sanchong Project	963,175	-
Kaohsiung Fengshan Project (Fengshan Shengli Project)	571,245	-
Xindian Baoyuan Project	262,267	256,772
Other	85,955	84,424

	3,956,046	1,168,368
Minus: Allowance for valuation losses	(204,720)	(161,203)
	3,751,326	1,007,165
Prepayments for houses and land and others		
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	354,076	354,076
	$ 10,658,248	$ 9,918,081

1. On April 9, 2020, the Group's Board of Directors passed a resolution to sell land on two sections on Yucheng Section, Nangang District, Taipei City (Greater Nangang Project) with other landowners in a public auction. The bids in the auction were opened on May 7, 2020 and the winning bidder was Fubon Life Insurance Co., Ltd. The Group completed the transfer of ownership on June 4, 2020 and has collected all payments.
2. The Group recognized cost of inventories as expenses totaling $3,762,094 and $8,752,481 in 2021 and 2020, respectively. They included the inventory loss and (gain on reversal) recognized as a result of the recovery in net realizable value totaling ($168,643) and $722,689. In 2021, certain inventories with a net realizable value of lower than the cost were sold and the net net realizable value rose again.
3. Please refer to Note 6 (9) 3 for a description of the transfer of right-of-use assets to inventories in this period.
4. In 2021 and 2020, the amount of inventory interest capitalization was $69,001 and $86,664, respectively. The interest capitalization rates ranged from 1.78% to 2.20% and 0.420% to 2.450%, respectively.
5. Please refer to Note 8 for detailed information on the Group's use of inventory as collateral.

(VI) Joint operations

1. The Group operates certain development projects through joint operations. With regard to equity in joint operations, the Group recognizes the direct rights (and its share) of the assets, liabilities, income, and expenses from joint

operations, and has included them in the applicable accounts of the Consolidated Financial Report.

2. The information on the joint operations held by the Group is as follows:

Project name	Percentage held	Landowner or joint builder	Description
Greater Nangang Project	40%	Six companies including Ho Hsin Cheng Co., Ltd.	Nangang District, Taipei City
Kuo Yang The Green Place Project	65%	Five companies including Wei Li International Development Co., Ltd.	Annan District, Tainan City
South Manor Project	100%	Note	Wenshan District, Taipei City
Kuo Yang Silicon Valley Project	35%	Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., Heng Jui Development Co., Ltd.	Xizhi District, New Taipei City
Smile Era Project	70%	Southern Region Branch, National Property Administration, Ministry of Finance, Shen Yang Construction Co., Ltd., Han Lin Development Co., Ltd.	Qianzhen District, Kaohsiung City
Good morning, Kuo Yang Project	55%	Chi Hsuan Development Co., Ltd., Tsang Shan Development Co., Ltd.	Zhongzheng District, Keelung City
Neihu Jiuzong Project	50%	Five companies including Wei Li International Development Co., Ltd.	Neihu District, Taipei City
Tucheng Project	50%	Four companies including Wei Li International Development Co., Ltd.	Tucheng District, New Taipei City
Sanchong Project	50%	Four companies including Wei Li International Development Co., Ltd.	Sanchong District, New Taipei City
Kaohsiung Fengshan Project	50%	Tsang Hsin Construction Co., Ltd.	Fengshan District, Kaohsiung

Note: The Company and "Sin Wei Jie Construction" signed a joint investment and development agreement on December 13, 2013 for 59 plots of land including the short section numbered 210-2 located at the Gongxun Section of Wenshan District, Taipei City. The shares of investment were 60% for the Company and 40% for "Sin Wei Jie Construction". The parties signed the "Joint Development Supplementary Agreement" on July 1, 2020 and Sin Wei Jie Construction withdrew from the project. The project returned the capital originally invested by Sin Wei Jie Construction. The Company's share of the investment was changed to 100%.

3. The information on the shares of joint operations held by the Group is compiled as follows:

	December 31, 2021			
Balance Sheet	Greater Nangang Project	Smile Era Project	The Green Place Project	Other joint construction operations
Current assets				
Inventories	$ -	$ 773,630	$ 1,394,983	$ 6,377,351
Other current assets	-	182,491	699,449	1,007,450
	-	956,121	2,094,432	7,384,801
Non-current assets	-	48,054	23,684	219,545
Total assets	$ -	$ 1,004,175	$ 2,118,116	$ 7,604,346
Current liabilities				
Short-term borrowings	$ -	$ 103,935	$ 149,526	$ 3,998,450
Short-term notes and bills payable	-	183,674	410,412	-
Contract liabilities	-	129,914	29,573	817,517
Other current liabilities	-	134,934	104,133	418,043
	-	552,457	693,644	5,234,010
Non-current liabilities	-	395	6	1,120
Total liabilities	$ -	$ 552,852	$ 693,650	$ 5,235,130
Statement of Comprehensive Income				
Revenue	$ -	$ 596,609	$ 1,490,917	$ 2,476,434
Cost	$ -	$ 499,807	$ 1,248,472	$ 1,849,528

Fees	$ -	$ 49,264	$ 58,137	$ 66,806

	December 31, 2020			
Balance Sheet	Greater Nangang Project	Smile Era Project	The Green Place Project	Other joint construction operations
Current assets				
Inventories	$ -	$ 953,492	$ 2,629,321	$ 4,214,765
Other current assets	-	212,179	577,885	647,190
	-	1,165,671	3,207,206	4,861,955
Non-current assets	-	319,148	25,645	216,423
Total assets	$ -	$ 1,484,819	$ 3,232,851	$ 5,078,378
Current liabilities				
Short-term borrowings	$ -	$ 194,578	$ 271,024	$ 2,633,798
Short-term notes and bills payable	-	564,605	1,077,612	-
Contract liabilities	-	60,200	220,906	693,952
Other current liabilities	-	205,575	276,572	211,195
	-	1,024,958	1,846,114	3,538,945
Non-current liabilities	-	1,483	201	-
Total liabilities	$ -	$ 1,026,441	$ 1,846,315	$ 3,538,945
Statement of Comprehensive Income				
Revenue	$ 9,634,552	$ 474,530	$ 199,519	$ 587,581
Cost	$ 3,643,392	$ 385,445	$ 178,637	$ 411,758
Fees	$ 2,277	$ 54,945	$ 42,927	$ 53,804

(VII) Investments recognized under the equity method

	December 31, 2021	December 31, 2020	Shareholding ratio
Hanshin Shopping Plaza Co., Ltd.	$ 898,024	$ 520,343	20%
Sweet Me Hot Spring Resort Co., Ltd.	11,775	12,933	20%
Good Fame Limited	1,009	1,053	40%
Chi Yang	61,024	31,283	45%

Construction Co., Ltd.		
	$ 971,832	$ 565,612

1. Hanshin Shopping Plaza Co., Ltd. (hereinafter referred to as "Hanshin Shopping Plaza")
   (1) The Group acquired the shares of Hanshin Department Store from a related party in January 2021. As the Group's cumulative shareholding in the company has exceeded 20%, the equity method is adopted for valuation. Please refer to Note 6 (3) and Note 7 (2) 7.
   (2) Hanshin Shopping Plaza adopted September 9, 2021 as the baseline date for the stock conversion, and merged with Hanshin Department Store through a share conversion. According to the terms of the share conversion, the share exchange ratio was 1 common share of Hanshin Department Store exchanged to 0.25 common shares of Hanshin Shopping Plaza. After the share conversion, the Group holds 20% of the shares of Hanshin Shopping Plaza, and Hanshin Department Store became a wholly-owned subsidiary of Hanshin Shopping Plaza.
2. The Group sold all 42.38% of the shares in Li Yang Agricultural Technology Co., Ltd. it held to a related party on August 11, 2020. Please refer to the description in Note 7 (2) 8 for details.
3. Please refer to Note 13 (2) basic information on the Group's affiliates.
4. The carrying amounts of the Group's individual insignificant affiliates as of December 31, 2021 and 2020 are shown in the table above, and the results of operations are as follows:

	2021	2020
Net profit (loss) from continuing operations for the period	$ 205,409	$ 34,053
Other comprehensive income (net income after tax)	(36,526)	(14)
Total comprehensive income for the period	$168,883	$34,039

5. The Group's aforementioned investment targets have no public quotations on

the market. The share of profit/loss on equity-accounted affiliated companies in 2021 and 2020 was evaluated and disclosed based on the audited financial statements of each investee company for the same periods.

(VIII) Property, plant and equipment

	2021				
	Land	Buildings and structures	Leasehold improvements	Other	Total
January 1					
Cost	$40,906	$ 31,040	$ 36,332	$11,185	$119,463
Accumulated depreciation and impairment	(4,699)	(12,658)	(5,939)	(9,842)	(33,138)
	$36,207	$ 18,382	$ 30,393	$ 1,343	$ 86,325
January 1	$36,207	$ 18,382	$ 30,393	$ 1,343	$ 86,325
Addition	-	-	-	-	-
Disposal	-	-	-	(380)	(380)
Disposal (accumulated depreciation)	-	-	-	272	272
Depreciation	-	(570)	(6,089)	(616)	(7,275)
December 31	$36,207	$ 17,812	$ 24,304	$ 619	$ 78,942
December 31					
Cost	$40,906	$ 31,040	$ 36,332	$10,804	$119,082
Accumulated depreciation and impairment	(4,699)	(13,228)	(12,028)	(10,185)	(40,140)
	$36,207	$ 17,812	$ 24,304	$ 619	$ 78,942

	2020				
	Land	Buildings and structures	Leasehold improvements	Other	Total
January 1					
Cost	$40,906	$ 31,040	$ 16,383	$10,862	$ 99,191
Accumulated depreciation and impairment	(4,699)	(12,088)	(1,064)	(9,162)	(27,013)
	$36,207	$ 18,952	$ 15,319	$ 1,700	$ 72,178
January 1	$36,207	$ 18,952	$ 15,319	$ 1,700	$ 72,178

Addition	-	-	19,949	323	20,272
Depreciation	-	(570)	(4,875)	(680)	(6,125)
December 31	$36,207	$ 18,382	$ 30,393	$ 1,343	$ 86,325
December 31					
Cost	$40,906	$ 31,040	$ 36,332	$11,185	$119,463
Accumulated depreciation and impairment	(4,699)	(12,658)	(5,939)	(9,842)	(33,138)
	$36,207	$ 18,382	$ 30,393	$ 1,343	$ 86,325

Please refer to Note 8 for detailed information on the Group's use of property, plant and equipment as collateral.

(IX) Lease transaction - lessee

1. The assets leased by the Group include land and buildings and the lease term is generally between 1 and 6 years. The lease contracts are negotiated individually and contain various terms and conditions without other restrictions except for the leased assets restricted to pledge to others.

2. The information of the carrying amount of the right-of-use assets and the recognition of depreciation expense are as follows:

	January 1, 2021	Addition	Depreciation	Disposal/outward transfer	December 31, 2021
Real estate rental and leasing					
Cost	$ 122,453	$ 2,665	$ -	$ -	$ 125,118
Accumulated depreciation	(42,485)	-	(21,221)	-	(63,706)
	79,968	2,665	(21,221)	-	61,412
Land use rights					
Cost	324,960	-	-	(324,960)	-
Amortization	(46,068)	-	-	46,068	-
	278,892	-	-	(278,892)	-
	$ 358,860	$ 2,665	($ 21,221)	($ 278,892)	$ 61,412

	January 1, 2020	Addition	Depreciation	Disposal/outward transfer	December 31, 2020
Real estate rental and leasing					
Cost	$ 120,405	$ 2,048	$ -	$ -	$ 122,453
Accumulated depreciation	(21,272)	-	(21,213)	-	(42,485)
	99,133	2,048	(21,213)	-	79,968
Land use rights					
Cost	408,420	-	-	(83,460)	324,960
Amortization	(40,780)	-	5,288	-	(46,068)

367,640	-	5,288	(83,460)	278,892
$ 466,773	$ 2,048	($ 26,501)	($ 83,460)	$ 358,860

3. Land use rights

(1) The subsidiary "Shen Yang Construction Co., Ltd." signed the "Establishment of Superficies on National Non-public Use Land Contract" with the Southern Region Branch, National Property Administration, Ministry of Finance for the land with the plot numbers 1492 to 1496 on Shengxing Section, Qianzhen District, Kaohsiung City on April 28, 2014. The term of the superficies was set as 70 years (from April 28, 2014 to April 27, 2084) with a royalty for superficies totaling $878,000. The Group commenced construction in 2015 (Smile Era Project) and the project was completed in 2018. The Company has begun the transfer of ownership and usage rights and recognized the revenue for parts sold. The Company shall also recognize the aforementioned royalty as cost of sales based on the percentage of sales.

(2) The competent authority published the "Explanation of Accounting Methods for Land and Superficies" IFRSs Q&A on April 28, 2021, and the Accounting Research and Development Foundation published the "Explanation of Accounting Methods for Land and Superficies" which became effective on January 1, 2021. Therefore, the royalties for the Group's aforementioned land use superficies are transferred to "inventories". Please refer to Note 6 (5).

(3) Please refer to Note 8 for detailed information on the use of land use rights as collateral.

4. The information on the lease contract affecting profit or loss is as follows:

	2021	2020
Items affecting current profit or loss		
Interest expense from lease liabilities	$ 1,545	$ 1,959
Rent expense of short-term leases	9,651	9,796
Income from lease of right-of-use assets	1,110	1,126

5. The cash flows used in the lease payments of the Group in 2021 and 2020 amounted to $32,599 and $32,756, respectively.

(X) Investment properties

	2021		
	Land	Buildings and structures	Total
January 1			
Cost	$255,631	$ 54,924	$310,555
Accumulated depreciation and impairment	(28,643)	(26,498)	(55,141)
	$226,988	$ 28,426	$255,414
January 1	$226,988	$ 28,426	$255,414
Depreciation	-	(1,386)	(1,386)
December 31	$226,988	$ 27,040	$254,028
December 31			
Cost	$255,631	$ 54,924	$310,555
Accumulated depreciation and impairment	(28,643)	(27,884)	(56,527)
	$226,988	$ 27,040	$254,028

	2020		
	Land	Buildings and structures	Total
January 1			
Cost	$255,631	$ 54,924	$310,555
Accumulated depreciation and impairment	(28,643)	(25,111)	(53,754)
	$226,988	$ 29,813	$256,801
January 1	$226,988	$ 29,813	$256,801
Depreciation	-	(1,387)	(1,387)
December 31	$226,988	$ 28,426	$255,414
December 31			
Cost	$255,631	$ 54,924	$310,555
Accumulated depreciation and impairment	(28,643)	(26,498)	(55,141)
	$226,988	$ 28,426	$255,414

1. The Company's subsidiary Shang Yang International Asset Management Co., Ltd. purchased land and ancillary buildings on land with the plot number 3961 on Dongzhu Section, Fuli Township, Hualien County. The land is a site designated for forestry in a slopeland conservation area. The Company registered the aforementioned land and ancillary buildings under the name of Ms. Lin and signed a trust contract to ensure security.
2. Rent income and direct operating expenses from investment properties:

	2021	2020
Rent income from investment properties	$ 1,989	$ 1,677
Direct operating expenses incurred by investment properties that generate rent income in the current period	($ 1,606)	($ 1,582)
Direct operating expenses incurred by investment properties that did not generate rent income in the current period	($ 245)	($ 245)

3. The fair value of the investment properties held by the Group as of December 31, 2021 and 2020 was $425,944 and $424,758, respectively. They were determined based on the appraisal report prepared by external appraisal experts and comparisons with recent transaction prices of similar targets in the area of the investment properties. The fair value is determined based on property rights, regional factors, individual factors, current conditions of the real estate market, and the subject of the survey, and is evaluated based on the comparison approach and the income approach, which are level 3 fair values.
4. Please refer to Note 8 for detailed information on the Group's use of investment properties as collateral.

(XI) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Secured loans	$ 4,671,351	1.80%~2.40%	Please refer to

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Secured loans	$ 3,518,839	1.80%~2.40%	Please refer to Note 8

(XII) Short-term notes and bills payable

	December 31, 2021	December 31, 2020
Commercial papers payable	$ 1,139,090	$ 1,883,850
Minus: Discounted short-term notes and bills payable	(688)	(477)
Net amount	$ 1,138,402	$ 1,883,373
Interest rate range	0.2%~0.9%	0.2%~1.162%

(XIII) Pension

1. The Company has a defined benefit pension plan in accordance with the "Labor Standards Act", covering all regular employees' service years prior to the enforcement of the "Labor Pension Act" on July 1, 2005 and service years thereafter of employees who chose to continue the pension mechanism under the "Labor Standards Act" after the enforcement of the "Labor Pension Act". Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent Supervisory Committee of Labor Retirement Reserve Fund (the "Fund"). Before the end of each year, the Company assesses the balance in the aforementioned Fund. If the balance in the Fund is inadequate to pay the retirement benefits of employees who are eligible for retirement in the

following year by the aforementioned method, the Company is required to fund the deficit in one appropriation before the end of next March.

(1) The Company has settled accounts for the service years of employees under the old system, applied for the refund of the balance of the employee pension reserve fund, and closed the dedicated account on April 15, 2020.

(2) The pension costs recognized by the Group in accordance with the above pension plan were $0 and $2,800 in 2021 and 2020.

2. Effective July 1, 2005, the Company and domestic subsidiaries have established a defined contribution pension plan (New Plan) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance for employees who opt for the pension system in the "Labor Pension Act". The contribution plan accrues dividends from an employee's individual account and is paid monthly or in lump sum upon retirement of an employee. The pension costs recognized by the Group in accordance with the above pension plan were $3,234 and $3,095 in 2021 and 2020.

(XIV) Share capital

1. As at December 31, 2021 and 2020, the Company's authorized capital was $7,000,000 and the paid-in capital was both $3,800,000. The par value per share is $10. The payment for all issued shares of the Company has been collected. Reconciliation between the beginning and the ending of the Company's ordinary shares outstanding is as follows:

	2021	2020
January 1	380,000,000	696,582,479
Cash refunded in capital reduction	-	(316,582,479)
December 31	380,000,000	380,000,000

2. On August, 3, 2020, the Company's Board of Directors resolved to reduce capital and return cash of $3,165,825 totaling 316,582 thousand shares. It was passed in the extraordinary shareholders meeting on September 18, 2020 and became effective after the approval of the Financial Supervisory Commission on October 27, 2020. The Company has completed the registration of changes. The capital reduction payments were distributed on January 12, 2021.

(XV) Capital surplus

Item	December 31, 2021	December 31, 2020
Paid-in capital in excess of par value of common stock	$ 596,116	$ 596,116
Changes in subsidiary's equity	1,724	1,724
Gain on disposal of assets	3,323	3,323
Donations	17,652	17,652
Changes in net value of equity of affiliates and joint ventures recognized under the equity method	8,868	8,868
	$ 627,683	$ 627,683

According to the Company Act, capital surplus can only be used to offset losses. However, capital surplus arising from shares issued at premium (including the issuance of common shares at premium, capital stock premiums as a result of stock issuance due to a merger, and treasury stock transactions) and donations received may be used, in part or in whole, for the distribution of new shares or cash based on the shareholders' original shareholding ratio in accordance with a resolution of the shareholders' meeting when the Company does not have deficits. The Company may use capital surplus to offset losses only when the legal reserve cannot fully cover capital losses. The capital surplus recognized as long-term equity investments under the equity method cannot not be used for any purpose.

(XVI) Retained earnings

1. According to the earnings distribution policy in the Articles of Incorporation of the Company, in the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. In addition, the Board of Directors may, after allocating or reversing special reserve pursuant to the laws or regulations of the competent authority, retain parts of the earnings and prepare an earnings distribution proposal along with undistributed earnings at the beginning of the period. Where the Company intends to distribute earnings by issuing new shares, it shall file a proposal to the shareholders' meeting and obtain approval in a resolution before the distribution. Where dividends are distributed in cash, the Board of Directors shall be authorized to determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two thirds of the Directors and it shall be reported at the shareholders' meeting.
2. The shareholders' meeting approved the amendment of the Articles of Incorporation in a resolution on June 10, 2020. According to the Company's earnings distribution policy in the Articles of Incorporation, the Company may proceed with the distribution of earnings of making up for losses at the end of each quarter in accordance with the Company Act. Before distributing earnings, the Company shall estimate and retain payable taxes, make up for losses, and allocate funds to legal reserve. However, the allocation of legal reserve does not apply when the Company's legal surplus reserve has reached its paid-in capital. Where the earnings are distributed in cash, they shall be processed in accordance with a resolution of the meeting of the Board of Directors and reported in the shareholders' meeting. Where the Company intends to distribute dividends by issuing new shares, it shall be processed in

accordance with Article 240 of the Company Act based on a resolution of the shareholders' meeting.

3. The legal reserve may only be used for offsetting deficits and the distribution of new shares or cash based on the shareholders' original shareholding ratio. However, when new shares or cash dividends are distributed, the distribution shall be restricted to the legal reserve in excess of 25% of the paid-in capital.
4. When the Company distributes earnings, it shall first appropriate funds for the special reserve from the balance of other equities of borrowers as of the balance sheet date of the current year in accordance with laws and regulations. Once the balance of other equities of borrowers has been reversed, the reversed amount may be calculated as distributable earnings.
5. The Company's dividend policy is set up in accordance with the Company Act and the Articles of Incorporation and determined by the Company's financial structure, earnings, and long-term business plans to meet the development and transformation needs. The ratio of stock dividends to cash dividends shall be determined each year based on the requirements for working capital, provided that the cash dividends shall not be less than 20%. When the paid-in capital has reached NT$10 billion, the cash dividends shall not be less than 50%.
6. The cash dividends distribution for 2021 and 2020 approved by the Board of Directors are summarized as follows:

	2021 Q3	2021 Q2	2021 Q1
Date of board resolution	November 8, 2021	August 9, 2021	May 10, 2021
Legal reserve	$ -	$ 65,908	$ 48,030
Cash dividends	-	190,000	190,000
Cash dividends per share	-	0.50	0.50

	2020 Q4	2020 Q3	2020 Q2
Date of board resolution	April 19, 2021	December 21, 2020	August 3, 2020
Legal reserve	$ 18,002	$ 23,162	$ 454,824
Cash dividends	380,000	-	1,044,874
Cash dividends per share	1.00	-	1.50

7. The appropriations of 2020 and 2019 earnings were approved by the shareholders’ meeting on August 19, 2021 and June 10, 2020, respectively. Details are summarized as follows:

	2020		2019	
	Amount	Dividend per share (NT$)	Amount	Dividend per share (NT$)
Legal reserve	$ 495,988	$ -	$ 5,689	$ -
Cash dividends	1,424,874	2.5	104,487	0.15

8. The Group's 2021 earnings distribution proposal has not yet been approved by the Board of Directors as of March 21, 2022.

9. Please refer to Note 6 (24) for more information on employees' remuneration and Directors' remuneration.

(XVII) Other equity interests

	2021		
	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
January 1	$ 22,116	$ 493,909	$516,025
Valuation adjustment	-	(249,335)	(249,335)
Valuation adjustment transferred to retained earnings	-	(276,625)	(276,625)
Currency translation differences	(82)	-	(82)
December 31	$ 22,034	($ 32,051)	($ 10,017)

	2020		
	Exchange differences on translation of	Unrealized gains (losses) from financial assets measured at fair value	Total

	foreign financial statements	through other comprehensive income	
January 1	$ 22,266	$ 73,244	$ 95,510
Valuation adjustment	-	436,826	436,826
Valuation adjustment transferred to retained earnings	-	(16,161)	(16,161)
Currency translation differences	(150)	-	(150)
December 31	$ 22,116	$ 493,909	$516,025

(XVIII) Operating revenue

	2021	2020
Revenue from contracts with customers	$ 5,106,791	$ 14,264,276
Other	17,493	13,639
	$ 5,124,284	$ 14,277,915

1. Detailed items of revenues from contracts with customers

   The Group's revenue is derived from the transfer of product and services at certain points in time or gradual transfer as time progresses. Revenue by operation is further divided as follows:

2021	Sales of construction projects	Other	Total
Revenue recognition time			
- Revenue recognized at a certain point in time	$ 4,935,543	$ -	$4,935,543
- Revenue transferred gradually as time progresses	-	188,741	188,741
	$ 4,935,543	$188,741	$5,124,284

2020	Sales of construction projects	Other	Total
Revenue recognition time			

- Revenue recognized at a certain point in time	$ 14,223,860	$ -	$ 14,223,860
- Revenue transferred gradually as time progresses	-	54,055	54,055
	$ 14,223,860	$ 54,055	$ 14,277,915

2. The total amounts in the apportionment of the transactions and estimated year of revenue recognition for the Group's outstanding contract performance obligations for sales contracts signed as of December 31, 2021 are as follows:

Estimated year of revenue recognition	Amount in signed contracts
2022	$ 1,977,854

3. Contract assets and contract liabilities

The Group recognizes the following contract liabilities from contract revenue from customers:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities - current:			
- Advance receipt of land payment	$ 552,437	$ 436,101	$ 421,242
- Advance receipt of property payment	446,010	575,943	614,772
	$ 998,447	$ 1,012,044	$ 1,036,014

(1) The Group has included customers' advance payments in the contracts for pre-sales houses, and the period between the advanced payment and the transfer of the control of the product is longer than one year. The Group recognizes contract liabilities related to the pre-sales house contracts in accordance with IFRS 15.

(2) Opening contract liabilities recognized as income in the current period

	2021	2020
Opening balance of contract liabilities recognized as income		

in the current period		
Construction project sales contract	$ 651,622	$ 398,180

(3) Contract modifications and variable consideration

In 2021, as the contract price the certain project development contracts for the operation and management service revenue was revised according to the joint venture supplementary agreement, and the Group's contract obligations are labor services that cannot be separated, the Group has considered the most appropriate estimate and recognized an accumulated catch-up adjustment to revenue of $170,437 based on the amended contracts.

(XIX) Interest income

	2021	2020
Interest from bank deposits	$ 1,993	$ 4,668
Other interest income	4,916	50,925
Net interest income from financial assets at fair value through profit or loss	234	-
	$ 7,143	$ 55,593

(XX) Other income

	2021	2020
Dividend income	$ 51,934	$ 46,352
Income from default penalty of buyers	2,412	-
Other	17,844	45,375
	$ 72,190	$ 91,727

(XXI) Other profits and losses

	2021	2020
Gains on disposal of investments	$ -	$ 52,818
Net gains on financial assets at fair value through profit or loss	262	336

	2021	2020
Other profits and losses	(12,933)	(8,325)
	($ 12,671)	$ 44,829

(XXII) Finance costs

	2021	2020
Interest expenses:		
Bank borrowings	$ 85,348	$ 105,594
Interest on short-term notes and bills payable	24,435	46,727
Other	5,892	4,784
	115,675	157,105
Minus: Amount eligible for asset capitalization	(69,001)	(86,664)
Finance costs	$ 46,674	$ 70,441

(XXIII) Additional information on expenses

	2021	2020
Construction cost in this period	$ 3,760,945	$ 8,751,332
Employee benefit expenses	108,556	161,688
Depreciation	29,882	34,013
Amortization of intangible assets	234	178
Tax expenses	21,713	27,550
Professional service expenses	45,091	16,498
Advertising expenses	13,803	42,402
Commission expenses	123,702	109,886
Rent	9,822	10,371
Property management fees	10,315	23,972
Other expenses	59,988	96,196
Operating costs and expenses	$ 4,184,051	$ 9,274,086

(XXIV) Employee benefit expenses

	2021	2020
Salary expenses	$ 86,812	$ 129,747
Labor and health insurance fees	6,735	5,922
Pension expenses	3,234	5,895
Remuneration for Directors	4,281	4,607
Other personnel expenses	7,494	15,517

	$ 108,556	$ 161,688

1. The shareholders' meeting passed an amendment of the Articles of Incorporation in a resolution on June 10, 2020, which stated that if the Company has earnings in the current year, the Company's remuneration for employees and Directors shall be 0.5% to 5% and under 5% of the earnings before tax of the year and before deducting remuneration for employees and Directors. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses.
2. The Company's estimated amounts of employees' remuneration for 2021 and 2020 are $5,843 and $26,059, respectively. The estimated amounts of Directors' remuneration are $5,843 and $26,059, respectively. All amounts are recognized as salary expenses.

   The estimated amounts of employees' remuneration and Directors' remuneration based on the profitability in 2021 are 0.5% and 0.5%, respectively. The estimated amounts and the method of distribution of employees' remuneration were approved in a resolution of the Board of Directors on March 21, 2022.

   Employees' remuneration and Directors' remuneration in the Board of Directors' resolution for 2020 were equal to the amount recognized in the financial statements for 2020. Information on employees' remuneration and directors' remuneration of the Company as resolved by the Board of Directors is posted in the "Market Observation Post System".

(XXV) Income tax

1. Income tax expenses

	2021	2020
Current income tax		
Income tax arising in the current	$ 85,350	$ 44,294

period		
Surtax on undistributed earnings	132,951	-
Land value increment tax included in current income tax	8,746	171,852
Adjustments in respect of prior years	(42,808)	(5,407)
Total current income tax	184,239	210,739
<u>Deferred income tax</u>		
Origination and reversal of temporary differences	(746)	5,784
Income tax expenses	$ 183,493	$ 216,523

2. Relationship between income tax expenses and accounting profits

	2021	2020
Income tax from net profit before tax calculated at the statutory tax rate	$ 233,126	$ 1,031,932
Surtax on undistributed earnings	132,951	-
Tax-exempt income based on tax laws	(85,928)	(1,119,251)
Temporary differences not recognized in deferred income tax assets	(58,059)	124,844
Tax losses not recognized in deferred income tax assets	1,388	6,769
Tax losses in previous years not recognized in deferred income tax assets	(12,497)	5,784
Origination and reversal of temporary differences	(746)	(5,407)
Land value increment tax included in income in the current period	8,746	171,852
Income tax effect of the alternative minimum tax	7,320	-
Adjustments in respect of prior years	(42,808)	-
Income tax expenses	$ 183,493	$ 216,523

3. The deferred income tax assets or liabilities from temporary differences are as follows:

	2021			
	January 1	Recognized in profit and loss	Recognized in other comprehensiv	December 31

			e income	
Unrealized expenses	$ -	$ 746	$ -	$ 746
Prepaid land value increment tax	-	12,991	-	12,991
	$ -	$ 13,737	$ -	$ 13,737

	2020			
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	December 31
Unrealized expenses	$ 5,784	($ 5,784)	$ -	$ -

4. The Company's deductible temporary differences not recognized as deferred income tax assets as of December 31, 2021 and 2020 were both $0.
5. The Company’s profit-seeking enterprise income tax returns have been approved by the tax authorities up to 2018.

(XXVI)EPS

	2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	EPS (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 982,151	380,000	$ 2.58
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares of employee remuneration	-	440	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	$ 982,151	380,440	$ 2.58

2020		
Amount after tax	Weighted average number of ordinary	EPS (NT$)

		shares outstanding (shares in thousands)	
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 4,943,139	652,348	$ 7.58
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares of employee remuneration	-	1,054	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	$ 4,943,139	653,402	$ 7.57

(XXVII) Changes in liabilities from financing activities

	2021					
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Dividends payable	Deposits received	Total
January 1	$ 3,518,839	$ 1,883,373	$ 85,138	$ -	$ 2,996	$ 5,490,346
Changes in cash flows from financing activities	1,152,512	(744,971)	(21,403)	(760,000)	(143)	(374,005)
Other non-cash changes	-	-	2,665	760,000	-	762,665
December 31	$ 4,671,351	$ 1,138,402	$ 66,400	$ -	$ 2,853	$ 5,879,006

	2020					
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Dividends payable	Deposits received	Total
January 1	$ 5,576,476	$ 2,799,635	$ 104,091	$ -	$ 4,643	$ 8,484,845
Changes in cash flows from financing activities	(2,057,637)	(916,262)	(21,001)	(1,149,361)	(1,647)	(4,145,908)
Other non-cash changes	-	-	2,048	1,149,361	-	1,151,409
December 31	$ 3,518,839	$ 1,883,373	$ 85,138	$ -	$ 2,996	$ 5,490,346

VII. Related-party transactions

(I) Name and relationship of related parties

Names of related parties	Relationship with the Company
Sweet Me Hot Spring Resort Co., Ltd. (Sweet Me)	Affiliate enterprise

Hanshin Asset Management Co., Ltd. (Hanshin Asset Management)	Other related party
Hanshin Department Store Co., Ltd. (Hanshin Department Store)	Other related party
Chi Hsuan Development Co., Ltd. (Chi Hsuan Development)	Other related party
Grand Hi-Lai Hotel Co., Ltd. (Grand Hi-Lai Hotel)	Other related party
Hi-Lai Foods Co., Ltd. (Hi-Lai Foods)	Other related party
Wei Li International Development Co., Ltd. (Wei Li)	Other related party
Han Lin Development Co., Ltd. (Han Lin Development)	Other related party
Hanshin Shopping Plaza Co., Ltd. (Hanshin Shopping Plaza)	Other related party
Wei Chun International Development Co., Ltd. (Wei Chun)	Other related party
Grand Hi-Lai International Property Management Consulting Co., Ltd. (Grand Hi-Lai International Property)	Other related party
9 individuals including Shao-Ling Peng	Other related party

(II) Major transactions with related parties

1. Operating revenue

Sales

The Group did not sell projects to related parties in 2021. The sales to related parties approved by the Board of Directors in resolutions in the first quarter of 2020 and the fourth quarter of 2019 amounted to $10,140 and $39,190, respectively. The Group completed the transfer of ownership on December 31, 2020 and recognized income from net sales totaling $31,495.

Income from management services

	2021	2020
Other related party - Wei Li	$ 591	$ 1,773

Rental income

	2021	2020
Other related party	$ 2,933	$ 2,933

2. Promotion expenses

	2021	2020
Other related party	$ 1,395	$ 1,239

3. Administrative expenses

	2021	2020
Other related party - Hi-Lai Foods	$ 4,268	$ 5,439
Other related party - Hanshin Asset Management	6,846	6,846
Other related party - Hanshin Department Store	1,288	36
Other related party - Grand Hi-Lai International Property	1,371	-
Other related party - Others	634	32
	$ 14,407	$ 12,353

4. Accounts receivable

	December 31, 2021	December 31, 2020
Wei Li	$ -	$ 19,568
Other related party - Others	1,554	2,143
	$ 1,554	$ 21,711

5. Other receivables

	December 31, 2021	December 31, 2020
Wei Li	$ -	$ 49,866

The accounts receivable from related parties as of December 31, 2020 consist mainly of the operating management income receivable recognized based on the letter of appointment for operating management signed by the Company for joint development and operation projects. The accounts receivable were recovered in 2021 Q3.

6. Other expenses payable

	December 31, 2021	December 31, 2020
Other related party - Others	$ 846	$ 319

7. Acquisition of financial assets

(1) The Group purchased shares from another related party, Wei Chun, on

January 28, 2021. The Company has paid for the shares and completed stock transactions. Information on the Group's purchase is as follows:

Account	Number of shares traded	Object of transaction	Acquisition price
Investments recognized under the equity method	802 thousand shares	Hanshin Department Store - stocks	$ 22,456

Please refer to Note 6 (3) and Note 6 (7).

(2) The Group participated in the cash capital increase of related parties in 2020 and completed the registration of changes on July 15, 2020, August 19, 2020 and October 22, 2020, respectively. The information on the subscriptions of the Group is as follows:

Account	Number of shares traded	Object of transaction	Acquisition price
Non-current financial assets at fair value through other comprehensive income	6,851 thousand shares	Hanshin Department Store - stocks	$ 102,765
	5,400 thousand shares	Grand Hi-Lai Hotel - stocks	81,000
			$ 183,765
Investments recognized under the equity method	8,000 thousand shares	Hanshin Shopping Plaza - stocks	$ 480,000

8. Disposal of financial assets

				2020	
Account	Other related party	Number of shares traded	Object of transaction	Proceeds from disposal	Gain (loss) on disposal
Investments recognized under the equity method	Wei Li	17,800 thousand shares	Li Yang Agricultural Technology - stocks	$ 204,086	$ 52,460

The Group did not disposed of financial assets to related parties in 2021.

9. Other credit and debt transactions

(1) Refundable deposits

	December 31, 2021	December 31, 2020
Other related party	$ 24,598	$ 24,597

(2) Deposits received

	December 31, 2021	December 31, 2020
Other related party	$ 450	$ 450

10. Endorsements and guarantees

	December 31, 2021	December 31, 2020
Other related party - Wei Li	$ 6,838,730	$ 5,048,675
- Chi Hsuan	558,000	558,000
- Hanshin Asset Management	-	798,000
	$ 7,396,730	$ 6,404,675

11. Other

(1) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Chuwa Wool Industry Co., (Taiwan) Ltd., Hanshin Asset Management Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 9 plots of land including plot 28 on Zhongxing Section, Sanchong District, New Taipei City with a total area of 1,828.28 pings on July 15, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 10% for Wei Li International Development Co., Ltd., 15% for Chuwa Wool Industry Co., (Taiwan) Ltd., 10% for Hanshin Asset Management Co., Ltd., and 15% for Grand Hi-Lai Hotel Co., Ltd.

(2) The Company signed a joint investment and development contract with

Wei Li International Development Co., Ltd., Chuwa Wool Industry Co., (Taiwan) Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 4 plots of land including plot 83-1 on Jiuzhong Section, Neihu District, Taipei City with a total area of 2,127.33 pings on November 23, 2020. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies.

(3) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Chuwa Wool Industry Co., (Taiwan) Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 19 plots of land including plot 365 on Zhongyi Section, Tucheng District, New Taipei City with a total area of 5,344.27 pings on January 28, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies. "Grand Hi-Lai Hotel Co., Ltd." later withdrew from the project on June 29, 2021. The shares it previously held were transferred to Hanshin Asset Management Co., Ltd. The investment ratio change became effective on July 1, 2021.

(4) The Company signed a joint investment and development agreement with Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Heng Jui Development Co., Ltd. for 19 plots of land including plot 162 on Gongjian Section, Xizhi District, New Taipei City with a total area of 17,051 square meters on November 25, 2016. According to the agreement, the Company serves as the manager of the Project. The investment ratio is 35% for the Company, 35% for Hanshin Asset Management Co., Ltd., 15% for Li Yang Agricultural Technology Co., Ltd., and 15% for Heng Jui Development Co., Ltd. The

parties later signed the "Joint Development Supplementary Agreement" on December 29, 2017 for changing the investment ratio and settlement distribution to 35% for the Company, 35% for Hanshin Asset Management Co., Ltd., 25% for Li Yang Agricultural Technology Co., Ltd., and 5% for Heng Jui Development Co., Ltd.

(5) The Company signed a joint investment and development agreement with "Wei Li" land including plot 24 on Heguan Section, Annan District, Tainan City with a total area of 77,479.53 square meters on June 29, 2012 for joint construction of residential buildings. The parties later signed a letter of appointment for operating management which appointed the Company to take charge of overall development plans, building planning, and construction and sales of residential buildings. "Wei Li" represented the Project externally and executed the Project based on the contract signed with Taiwan Sugar Corporation. Wei Li became the main operator of the Project as well as the company responsible for selling the houses and land (the company issuing the sales invoice) and the company responsible for purchases products or services (the company with input documentary evidence). It is also responsible for the settlement of the project. The parties later signed the "Joint Development Supplementary Agreement" on March 15, 2016 for changing the investment ratio and settlement distribution to 60%, 6%, 1.5%, 4%, 13.5%, 10%, and 5%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", "Crowell Development", and "Han Lin Development". "Crowell Development" later withdrew from the project on July 15, 2019. "Wei Li" and the co-funders signed the "Joint Development Supplementary Agreement" for changing the investment ratio and settlement distribution to 65%, 6%, 1.5%, 4%, 13.5%, and 10%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", and "Han

Lin Development".

(III) Key management compensation

The Group's remuneration for Directors and key management:

	2021	2020
Short-term employee benefits	$ 14,811	$ 14,267

The remuneration to Directors and other key management is determined by the Remuneration Committee based on personal performance and market trends and submitted to the Board of Directors for resolution.

VIII. Pledged assets

The assets provided by the Group as collateral are as follows:

Assets	Book value December 31, 2021	Book value December 31, 2020	Purpose of collateral
Inventories	$ 9,509,054	$ 8,176,554	Short-term borrowings and commercial papers
Other financial assets - current (restricted deposits)	1,230	229,340	Trusts and reserve accounts
Property, plant and equipment	18,026	18,284	Commercial papers
Investment properties	42,182	42,750	Commercial papers
Other financial assets - non-current (time deposits)	59,437	59,435	Performance guarantee
Right-of-use assets	-	278,892	Short-term borrowings and commercial papers
	$ 9,629,929	$ 8,805,255	

IX. Significant contingent liabilities and unrecognized contractual commitments

As of December 31, 2021, the total construction contract price between the Group and non-related parties was $91,470 and the amount that has yet not been included in the estimation was $90,595.

X. Significant disaster loss

None.

XI. Significant events after the balance sheet date

The Group plans to acquire three plots of land on Lot 194, 196, and 197, Longzhong Section, Gushan District, Kaohsiung City based on a resolution of the Board of

Directors on March 21, 2022. The project will be jointly developed with six companies with a total transaction amount of NT$2.593 billion. The Company's investment ratio is 50%.

XII. Other

(I) Capital management

The Group implements capital management to ensure sustainable development of the companies of the Group maximize the benefit for its shareholders by optimizing debts and equity. The Group's capital structure consists of equity attributable to owners of the Company (i.e., share capital, capital surplus, retained earnings, and other equity interests). In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debts. The Group adjusts loan amounts based on the construction progress and the funding required for operations.

(II) Financial instruments

1. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Current financial assets at fair value through profit or loss	$ 20,424	$ 32,275
Current financial assets at fair value through other comprehensive income	744,787	378,534
Non-current financial assets at fair value through other comprehensive income	426,132	1,024,216
	$ 1,191,343	$ 1,435,025
Financial assets at amortized cost		
Cash and cash equivalents	$ 2,661,525	$ 5,724,939
Notes receivable, net	70,618	52,548
Accounts receivable, net	454,495	249,514
Other receivables	305,206	488,532
Other Financial Assets - Current	1,230	229,340
Refundable deposits	164,002	104,287

Other Financial Assets - Non Current	59,437	59,435
	$ 3,716,513	$ 6,908,595

	December 31, 2021	December 31, 2020
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 4,671,351	$ 3,518,839
Short-term notes and bills payable	1,138,402	1,883,373
Notes payable	245,348	107,188
Accounts payable	394,337	829,033
Other payables - other	253,898	3,456,579
Deposits received	2,853	2,996
Lease liabilities	66,400	85,138
	$ 6,772,589	$ 9,883,146

2. Risk management policy

The objective of the Group's financial risk management is to manage the market risks, credit risks, and liquidity risks related to operating activities. The Group conducts the identification, valuation, and management of the aforementioned risks based on its policies and risk preferences.

The Group has set up appropriate policies, procedures, and internal control for the aforementioned financial risk management based on relevant standards. Significant financing activities must be reviewed by the Board of Directors in accordance with relevant standards and the internal control system. During implementations of financial management activities, the Group shall strictly abide by the regulations established for financial risk management.

3. Significant financial risks and degree of financial risks

(1) Market risks

Foreign exchange risks

The Group's main operating activities are in Taiwan and the main currency is the NTD. The impact of exchange rate fluctuations is minimal and we therefore expect no significant exchange rate risks.

Price risks

A. The Group's equity instruments exposed to price risks are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risks of investments in equity instruments, the Group diversifies its investment portfolio in accordance with the limits set by the Group.

B. The Group's main investments consist of equity instruments issued by domestic companies and open-ended funds. The prices of such equity instruments are affected by the uncertainty of the future value of underlying investments. If the price of such equity instruments rises or falls by 1% and all other factors remain constant, the net profit after tax as a result of the profit or loss in the equity tools measured at fair value in 2021 and 2020 will increase or decrease by $204 and $323, respectively. The gain or loss on equity investments classified as equity instruments in other comprehensive income measured at fair value through profit and loss will increase or decrease by $7,448 and $3,785, respectively.

Interest rate risk for cash flow and fair value

A. The Group's interest rate risks mainly arise from short-term borrowings and short-term notes and bills payable. Borrowings at floating rates expose the Group to cash flow interest rate risks, which are partially offset by cash held at floating rates. Borrowings at fixed rates expose the Group to fair value interest rate risks. In 2021 and 2020, the Group's loans calculated based on floating interest rates were calculated in NTD.

B. The Group simulates various plans and analyzes interest rate risks, including considering plans for refinancing or renewal of existing positions and other available financing plans to calculate the impact of specific changes interest rates on profit or loss.

C. If all other factors remain constant, the maximum impact of a 1%

change in interest rates on financial costs in 2021 and 2020 would result in an increase or decrease of $58,098 and $54,022, respectively.

(2) Credit risks

A. The Group's credit risks refer to the risks of financial loss to the Group arising from default by the clients or counterparties of financial instruments. The risks are mainly derived from the counterparty's failure to settle the accounts receivable based on payment collection terms.

B. The Group establishes credit risk management from the perspective of the Group. The Company has set a minimum independent credit rating of "A" for banks and financial institutions before they can be accepted as transaction counterparties.

C. The Group's main business activities are the lease and sales of residential buildings, industrial plants, and commercial buildings. Revenue from the sale of properties is recognized upon the full payment of the contract price, the completion of the transfer of ownership, and the actual delivery of the properties. Therefore, the amount of accounts receivable arising from the sale of properties is considered insignificant and the possibility of non-recovery is low. The Group manages receivables in special transactions on an individual basis and tracks such receivables on a regular basis. The amount of the Group's assessed credit impairment losses as of December 31, 2021 and 2020 was insignificant.

D. As of December 31, 2021 and 2020, there were no debts with recourse that were written off.

(3) Liquidity risks

A. Cash flow forecasting is performed by each Group entity and aggregated by the Group treasury. The Group's Finance Department monitors rolling forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

B. The Group's non-derivative financial liabilities are analyzed based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are analyzed based on the fair value on the balance sheet date. The amount of undiscounted contract cash flows of notes payable and other payables is approximately equal to their carrying amounts and is due within one year. The amount of undiscounted contractual cash flows for other financial liabilities is described in the following table:

Non-derivative financial liabilities:

December 31, 2021	Within 1 year	1 to 3 years	3 years or above
Short-term borrowings	$ 1,500,051	$ 1,453,386	$ 1,965,247
Short-term notes and bills payable	1,139,090	-	-
Accounts payable	394,337	-	-
Lease liabilities	23,867	44,583	-

Non-derivative financial liabilities:

December 31, 2020	Within 1 year	1 to 3 years	3 years or above
Short-term borrowings	$ 2,654,893	$ 28,260	$ 797,659
Short-term notes and bills payable	1,833,850	-	-
Accounts payable	682,011	147,022	-
Lease liabilities	22,796	43,834	21,917

C. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date will be significantly earlier, nor expect the actual cash flow amount would be significantly different.

(III) Fair value information

1. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

   Level 1: Quotation (unadjusted) of the same asset or liability from an active market can be obtained on the measurement date. An active market refers to a market in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on a continuous basis.

   Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

   Level 3: Unobservable inputs for the assets or liabilities.

2. Please refer to Note 6 (10) for information on the fair value of investment properties carried at cost.

3. The carrying amount of financial instruments not carried at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets - current, refundable deposits, long-term prepaid rent, short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, and deposit received, are reasonable approximations of the fair value.

4. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

   (1) The information on the Group's classification of assets by nature is as follows:

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 20,424	$ -	$ -	$ 20,424

Current financial assets at fair value through other comprehensive income	$ 744,787	$ -	$ -	$ 744,787
Non-current financial assets at fair value through other comprehensive income	$ -	$ -	$ 426,132	$ 426,132

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 32,275	$ -	$ -	$ 32,275
Current financial assets at fair value through other comprehensive income	$ 378,534	$ -	$ -	$ 378,534
Non-current financial assets at fair value through other comprehensive income	$ -	$ -	$ 1,024,216	$ 1,024,216

(2) The methods and assumptions that the Group used to measure the fair value are as follows:

A. The instruments for which the Group used market quoted prices as their fair values (i.e., Level 1) are divided by the characteristics of the instruments as follows:

	Listed stocks	Open-end funds
Market quoted price	Closing price	Net worth

B. Except for the financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

5. There was no transfer between Level 1 and Level 2 in the Group in 2021 and 2020.

6. The Level-3 movements for 2021 and 2020 were as follows:

	2021	2020
January 1	$ 1,024,216	$ 359,330
Acquired in the current period	10,645	192,765
Disposed in the current period	(322,667)	-
Valuation adjustment	(286,062)	472,121
December 31	$ 426,132	$ 1,024,216

7. An independent appraiser appointed by the Group is in charge of valuation procedures for fair value measurements being categorized within Level 3. The appraiser submits a valuation report for the Finance Department to perform the fair value verification of financial instruments to ensure that the source of data is independent, reliable, and represented as the exercisable price.

8. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value as of December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship between inputs and fair value
Equity instruments:					
Non-listed stocks	$ 371,857	Comparable public company analysis	Product of the number of shares multiplied by value	0.52~4.22	The higher the product of the number of shares multiplied by value, the higher the fair value
			Discount for lack of marketability	21.27%~30.00%	The higher the discount for lack of marketability, the lower the fair

					value
		Net asset value approach	Not applicable	Not applicable	The higher the net asset value, the higher the fair value
	54,275				
	$ 426,132				

	Fair value as of December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship between inputs and fair value
Equity instruments:					
Non-listed stocks	$ 983,188	Comparable public company analysis	Product of the number of shares multiplied by value	0.54~5.46	The higher the product of the number of shares multiplied by value, the higher the fair value
			Discount for lack of marketability	25.75%~30.00%	The higher the discount for lack of marketability, the lower the fair value
	41,028	Net asset value approach	Not applicable	Not applicable	The higher the net asset value, the higher the fair value
	$ 1,024,216				

(IV) Other matters

Due to the outbreak of the COVID-19 pandemic in 2021 Q4, the Group has supported multiple epidemic prevention measures implemented by the government. While the construction period and handover of certain projects were affected due to delays in government administrative operations, other projects that were completed or not yet completed were handed over normally or proceeding based on the schedule. As the Group has sufficient working capital and the payment collection of sold projects remained normal, the operations of the Group were also functioning normally. According to assessments, the outbreak of the COVID-19 pandemic did not have a significant impact to the Group's financial position and financial performance in 2021 Q4.

XIII. Supplementary disclosures

(I) Significant transactions information

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: Please refer to Table 1.
3. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Please refer to Table 2.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of paid-in capital or more: Please refer to Table 3.
5. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Table 4.
6. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to Table 5.
7. Purchase or sale of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.
9. Trading in derivatives: None.
10. The business relationship and significant transactions between the parent company and its subsidiaries: Please refer to Table 6.

(II) Information on investees

Names, locations and other information of investee companies (excluding the investees in Mainland China): Please refer to Table 7.

(III) Information on investments in Mainland China

1. Basic information: Please refer to Table 8.
2. Significant transactions with the investees in Mainland China either directly or indirectly through other companies in the third areas: Please refer to Table

8.

(IV) Information on major shareholders

Information on major shareholders: Please refer to Table 9.

XIV. Segment information

(I) General information

The Group only engages in business operations in one industry and the Group uses the overall performance evaluation and resource distribution to provide chief operating decision-makers with information on resource distribution and department performance in the financial information of each individual company.

The Company:	The Company's main businesses are the construction of public housing and the lease and sales of commercial residential buildings, industrial plants, and commercial buildings.
L1 companies:	The main businesses are residential and buildings lease construction and development, public works construction and investment, and real estate rental and leasing.
L2 companies:	The main businesses are residential and buildings lease construction and development, public works construction and investment, and real estate rental and leasing.
Other companies:	Summary of companies that have not reached the quantitative threshold.

(II) Segment information measurement

The Group's operation decision-makers use the net income after taxes to evaluate the performance of segments. It is also used as the basis for performance evaluation.

(III) Segment information

Reportable segment information provided to the chief operating decision maker is as follows:

2021					
The Company	L1	L2	Other	Reconciliatio	Total

		companies	companies	companies	n and offset	
Revenue from external customers	$ 4,527,439	$ -	$ 597,420	$ -	($ 575)	$ 5,124,284
Revenue from inter-segment sales	-	-	-	-	-	-
Total revenue	$ 4,527,439	$ -	$ 597,420	$ -	($ 575)	$ 5,124,284
Segment income before tax	$ 1,156,833	$ 29,375	$ 81,489	($ 57)	($ 102,010)	$ 1,165,630
Depreciation and amortization	($ 24,757)	($ 3,165)	($ 2,194)	$ -	$ -	($ 30,116)
Income tax expenses	($ 174,682)	$ -	($ 8,811)	$ -	$ -	($ 183,493)
Income (losses) from equity investments under the equity method	$ 293,759	$ 29,702	$ -	$ -	($ 118,052)	$ 205,409
Segment assets	$ 16,365,998	$ 651,078	$ 2,605,393	$ 2,168	($ 2,275,062)	$ 17,349,575
Segment liabilities	$ 7,136,596	$ 1,631	$ 1,009,692	$ 27	($ 61,685)	$ 8,086,261

	2020					
	The Company	L1 companies	L2 companies	Other companies	Reconciliation and offset	Total
Revenue from external customers	$ 13,789,342	$ 13,973	$ 475,176	$ -	($ 576)	$ 14,277,915
Revenue from inter-segment sales	-	-	-	-	-	-
Total revenue	$ 13,789,342	$ 13,973	$ 475,176	$ -	($ 576)	$ 14,277,915
Segment income before tax	$ 5,159,661	($ 54,936)	($ 104,470)	($ 56)	$ 159,391	$ 5,159,590
Depreciation and amortization	($ 24,320)	($ 1,826)	($ 8,045)	$ -	$ -	($ 34,191)
Income tax expenses	($ 216,523)	$ -	$ -	$ -	$ -	($ 216,523)
Income (losses) from equity investments under the	($ 107,719)	$ 32	($ 5,394)	$ -	($ 147,134)	$ 34,053

equity method						
Segment assets	$ 19,224,864	$ 665,904	$ 2,613,600	$ 2,289	($ 2,197,571)	$ 20,309,086
Segment liabilities	$ 9,968,196	$ 1,638	$ 1,153,595	$ 29	($ 104,966)	$ 11,018,492

(IV) Reconciliation of segment income

The revenue from external parties, segment profit or loss, and total assets provided to the chief operating decision-maker are measured in a manner consistent with the revenue, net income after tax, and total assets in the financial statements. Therefore, no reconciliation is required.

(V) Information by region

The Group's information by region in 2021 and 2020 is as follows:

	2021		2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 5,124,284	$ 1,121,174	$ 14,277,915	$ 2,006,237

Kuo Yang Construction Co., Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
January 1 to December 31, 2021

Table 1

Unit: NT$1,000
(Unless specified otherwise)

No. (Note 1)	Name of company providing endorsement or guarantee	Entity for which the endorsement/guarantee is made: Company name	Entity for which the endorsement/guarantee is made: Relationship (Note 2)	Limit on endorsements/guarantees to a single enterprise (Note 3)	Maximum outstanding balance of endorsements/guarantees during the current period (Note 4)	Ending balance of endorsements/guarantees (Note 5)	Actual amount drawn down (Note 6)	Endorsed/Guaranteed amount with property as collateral	Cumulative endorsed/guaranteed amount as a percentage of the net value in the most recent financial statements	Maximum endorsed/guaranteed amount (Note 3)	Parent company to subsidiary (Note 7)	Subsidiary to parent company (Note 7)	Endorsements and guarantees for entities in Mainland China (Note 7)	Remarks
0	Kuo Yang Construction Co., Ltd.	Wei Li International Development Co., Ltd.	5	$ 18,458,804	$ 10,504,655	$ 6,838,730	$ 6,262,170	$ -	74.10%	$ 36,917,608	N	N	N	
0	〃	Tsang Shan Development Co., Ltd.	5	18,458,804	558,000	279,000	279,000	-	3.02%	36,917,608	N	N	N	
0	〃	Chi Hsuan Development Co., Ltd.	5	18,458,804	1,116,000	558,000	558,000	-	6.05%	36,917,608	N	N	N	
0	〃	Shen Yang Construction Co., Ltd.	2	18,458,804	634,500	634,500	131,500	-	6.87%	36,917,608	Y	N	N	
0	〃	Hanshin Asset Management Co., Ltd.	5	18,458,804	798,000	-	-	-	0.00%	36,917,608	N	N	N	
0	〃	Li Yang Agricultural Technology Co., Ltd.	5	18,458,804	665,000	-	-	-	0.00%	36,917,608	N	N	N	
0	〃	Heng Jui Development Co., Ltd.	5	18,458,804	266,000	-	-	-	0.00%	36,917,608	N	N	N	
0	〃	Ta Yuan Construction Co., Ltd.	5	18,458,804	522,616	202,616	202,616	-	2.20%	36,917,608	N	N	N	
1	Shen Yang Construction Co., Ltd.	Chi Yang Construction Co., Ltd.	2	3,123,576	2,415,000	2,282,500	130,300	-	146.15%	6,247,152	N	N	N	
1	〃	Tsang Hsin Construction Co., Ltd.	5	3,123,576	368,000	368,000	311,350	-	23.56%	6,247,152	N	N	N	

Note 1: The explanation for filling out numbers is as follows: 1. The issuer shall fill out numbers of 02. Investees are numbered in order starting from "1".
Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following six categories (simply specify the respective category):
1. Companies in a business relationship with the Company.
2. Subsidiaries in which the Company directly holds more than 50% of its total outstanding ordinary shares.
3. Investees in which parent company and subsidiary hold more than 50% of total outstanding ordinary shares combined.
4. Parent company in which the Company directly or indirectly (along with subsidiary) holds more than 50% of its total outstanding ordinary shares.
5. Companies providing mutual endorsements/guarantees for industry peers for purposes of undertaking a construction project.
6. Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: The procedures in which the Company provides endorsements/guarantees for others, the maximum endorsements/guarantees for each entity, and the total limit of endorsements/guarantees shall be filled in. The individual entity receiving endorsements/guarantees and the calculation method for the total limit amount shall be specified in the "Remarks" column.
1. The total endorsements and guarantees provided by the Company shall not exceed the net value of the Company's most recent financial statements; the endorsements and guarantees provided for an individual enterprise may not exceed 20% of the net value of the Company's most recent financial statements.
2. Where the Company fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for a construction project, where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, where companies in the same industry provide joint guarantee for contract

performance for pre-sale property contracts in accordance with the Consumer Protection Act, or where the Company directly or indirectly holds 100% of the voting shares and provides endorsements and guarantees, the restrictions in the preceding paragraph shall not apply and the endorsements and guarantees can still be provided. However, such endorsements and guarantees shall not exceed 400% of the net value of the most recent financial statements; the total endorsements and guarantees provided for an individual enterprise may not exceed 200% of the net value of the most recent financial statements.

3. Where Shen Yang Construction fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for a construction project, where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, where companies in the same industry provide joint guarantee for contract performance for pre-sale property contracts in accordance with the Consumer Protection Act, or where the Company directly or indirectly holds 100% of the voting shares and provides endorsements and guarantees, such endorsements and guarantees shall not exceed 400% of the net value of the most recent financial statements; the total endorsements and guarantees provided for an individual enterprise may not exceed 200% of the net value of the most recent financial statements.

Note 4: Highest balance of endorsements/guarantees to others for the year.

Note 5: Endorsement/guarantee liabilities are assumed when the amount of the endorsement/guarantee contracts or bills signed with the bank by the Company is approved as of the end of the year. Other matters related to endorsements/guarantees shall be included in the endorsement/guarantee balance.

Note 6: Enter the actual amount drawn down by the companies for which the endorsements/guarantees are made within the range of endorsement/guarantee balance.

Note 7: Endorsements/guarantees made by TWSE/TPEx listed parent company for subsidiary, endorsements/guarantees made by subsidiary for TWSE/TPEx listed parent company, and endorsements/guarantees made in Mainland China are must be indicated with "Y".

Kuo Yang Construction Co., Ltd. and Subsidiaries
Holding of marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures)
December 31, 2021

Table 2

Unit: NT$1,000
(Unless specified otherwise)

Securities held by	Type and name of marketable securities	Relationship with securities issuer	General ledger account	End of period: Number of shares	Carrying amount	Shareholding ratio	Fair value	Remarks
Kuo Yang Construction Co., Ltd.	Nomura Global High Yield Bond Fund	None	Current financial assets at fair value through profit or loss	689,047	$ 4,843	-	$ 4,843	
〃	TCB Global Healthcare M-A Income Fund	None	〃	1,000,000	9,960	-	9,960	
Shang Yang International Asset Management Co., Ltd.	O-Bank No. 1 Real Estate Investment Trust	None	〃	617,000	5,621	-	5,621	
					$ 20,424		$ 20,424	
Kuo Yang Construction Co., Ltd.	Non-listed stocks - Tai Ho Construction Co., Ltd.	None	Non-current financial assets at fair value through profit or loss	2,400,000	$ -	17.14%	$ -	
Celestial Talent Limited	Cultivate Wealth Limited	None	〃	20.1	-	0.11%	-	
					$ -		$ -	
Kuo Yang Construction Co., Ltd.	Listed stocks - Fu I Industrial Co., Ltd.	None	Current financial assets at fair value through other comprehensive income	1,755,429	$ 94,792	1.83%	$ 94,792	
〃	Chuwa Wool Industry Co., (Taiwan) Ltd.	Note 4	〃	3,108,000	72,883	3.38%	72,883	
〃	Hi-Lai Foods Co., Ltd.	〃	〃	332,237	37,211	0.78%	37,211	
	Hsin Kuang Steel Co., Ltd.	None	〃	330,000	19,206	0.10%	19,206	
	Evergreen Marine Corporation	None	〃	600,000	85,500	0.01%	85,500	
Shen Yang Construction Co., Ltd.	Listed stocks - Hi-Lai Foods Co., Ltd.	Note 4	〃	22,149	2,481	0.05%	2,481	
〃	China Development Financial Holding Co., Ltd.	None	〃	3,000,000	52,500	0.02%	52,500	
	Taiwan Cement Corporation	None	〃	2,553,000	122,544	0.04%	122,544	
	Winbond Electronics Corporation	None	〃	1,100,000	37,400	0.03%	37,400	
	Hotron Precision Electronic Industrial Co., Ltd.	None	〃	500,000	28,150	0.54%	28,150	
	Co-Tech Development Corp.	None	〃	800,000	61,680	0.32%	61,680	
	Asia Cement Corporation	None	〃	500,000	22,150	0.01%	22,150	
	Nan Ya Plastics Corporation	None	〃	100,000	8,540	0.00%	8,540	
	Evergreen Marine Corporation	None	〃	700,000	99,750	0.01%	99,750	
					$ 744,787		$ 744,787	
Kuo Yang Construction Co., Ltd.	Unlisted stocks - United Real Estate Management Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	1,494,794	$ 20,278	4.43%	$ 20,278	
〃	Hanshin Asset Management Co., Ltd.	Note 4	〃	4,946,472	140,975	2.29%	140,975	
〃	Grand Hi-Lai Hotel Co., Ltd.	〃	〃	5,401,471	73,132	18.00%	73,132	
Shen Yang Construction Co., Ltd.	Unlisted stocks - Han Chi Technology Co., Ltd.	None	〃	450,000	7,961	9.00%	7,961	
Shang Yang International Asset Management Co., Ltd.	Unlisted stocks - Kaohsiung Arena Development Corporation	Note 4	〃	12,500,000	157,750	5.00%	157,750	
〃	SE Security Corp.	None	〃	1,526,170	26,036	15.26%	26,036	
					$ 426,132		$ 426,132	

Note 1: Leave the column blank if the issuer of marketable securities is non-related party.
Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.
Note 3: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.
Note 4: The securities issuer is an affiliate of the Group.

Kuo Yang Construction Co., Ltd. and Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of paid-in capital or more:

January 1 to December 31, 2021

Table 3

Unit: NT$1,000

(Unless specified otherwise)

					Opening		Purchased (Note 3)		Sold (Note 3)				End of period	
Buying/selling company	Type and name of marketable securities (Note 1)	General ledger account	Transaction counterparty (Note 2)	Relationship (Note 2)	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book cost	Gain (loss) on disposal	Number of shares	Amount
Shen Yang Construction Co., Ltd.	Listed stocks - Yang Ming Marine Transport Corporation	Current financial assets at fair value through other comprehensive income	-	-	-	$ -	1,900,000	$ 285,172	1,900,000	$ 316,692	$ 285,172	$ 31,520	-	$ -

Note 1: Securities in the Table refer to stocks, bonds, certificates of beneficial interest, and securities derived from such items.
Note 2: The two fields are required for securities investments accounted for using equity method but exempted for others.
Note 3: The cumulative purchase and sales amount shall be calculated separately based on the market price to determine whether it reaches NT$300 million or 20% of the paid-in capital.
Note 4: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares are issued without face value or where the face value does not equal to NT$10, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders in the balance sheet.

Kuo Yang Construction Co., Ltd. and Subsidiaries

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

January 1 to December 31, 2021

Table 4

Unit: NT$1,000

(Unless specified otherwise)

							Prior transaction of related counterparty						
Company that acquired real property	Name of property	Transaction date	Transaction amount	Payment status	Transaction counterparty	Relationship	Owner	Relationship with issuer	Transfer date	Amount	Basis of reference for price determination	Purpose of acquisition and status of usage	Miscellaneous
Kuo Yang Construction Co., Ltd.	Inventories - land awaiting construction (Land on Zhongxing Section, Sanchong)	2021/7/12	$ 944,338	$ 944,132	Yung I Industrial Co., Ltd. and Hwa Yang International Distribution Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Hung Pang Real Estate Appraisers Firm and appraisal report from Zhe Yu Real Estate Appraisers Firm	Land for construction	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - land awaiting construction (Land on Zhongyi Section, Tucheng)	2021/1/18 2021/7/12	$ 1,053,000	$ 1,053,000	B and Chen Chang Industrial Co.	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Zhe Yu Real Estate Appraisers Firm and appraisal report from Ho Yang Real Estate Appraisers Firm	Land for construction	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - land under construction (Land on Jiuzong Section, Neihu)	2020/11/09 2020/12/30	$ 1,520,458	$ 1,520,458 (Note 1)	10 individuals including A and Po Kai Development Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Zhe Yu Real Estate Appraisers Firm, appraisal report from Hung Pang Real Estate Appraisers Firm, and Chih Wei Real Estate Appraisers Firm	Land for construction	Not applicable
Shen Yang Construction Co., Ltd.	Inventories - land awaiting construction (Land in Fengshan District, Kaohsiung)	2020/12/16	$ 566,190	$ 566,190 (Note 2)	Land Administration Bureau, Kaohsiung City Government	None	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Land for construction	Not applicable

Note 1: The Group has paid $1,050,595 in 2020 and paid $469,863 in this period in accordance with contracts. All payments were completed.
Note 2: The Group did not make payments in 2020 and paid $566,190 in this period. All payments were completed.
Note 3: Where an appraisal is required for an acquired asset, specify the appraisal results in the "reference for price determination".
Note 4: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares are issued without face value or where the face value does not equal to NT$10, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders in the balance sheet.
Note 5: The date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board meeting resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

Kuo Yang Construction Co., Ltd. and Subsidiaries

Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more

January 1 to December 31, 2021

Table 5

Unit: NT$1,000

(Unless specified otherwise)

Company that disposed of real property	Name of property	Transaction date	Acquisition date	Carrying amount	Transaction amount	Payment collection status	Gain (loss) on disposal	Transaction counterparty	Relationship	Purpose of disposal	Basis of reference for price determination	Miscellaneous
Kuo Yang Construction Co., Ltd.	Inventories - houses and land held for sale	2021/1/12	Not applicable for houses and land held for sale	Not applicable	$ 222,443	$222,443 already collected in accordance with contracts $222,443	Not applicable	Good Way Technology Co., Ltd.	None	Gains	Appraisal report from Chih Wei Real Estate Appraisers Firm	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - houses and land under construction	2020/6/24	Not applicable for pre-sale properties	Not applicable	$ 113,935	$113,935 already collected in accordance with contracts $113,935 (Note 1)	Not applicable	A	None	Gains	Appraisal report from Hung Pang Real Estate Appraisers Firm	Not applicable

Note 1: The Group has collected $19,369 in 2020 and collected $94,566 in this period in accordance with contracts. All payment collections were completed.

Note 2: The transaction amount and payment collection status shall be disclosed in accordance with the project shareholding ratio.

Note 3: Where an appraisal is required for a disposed asset, specify the appraisal results in the "reference for price determination".

Note 4: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares are issued without face value or where the face value does not equal to NT$10, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders in the balance sheet.

Note 5: The date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board meeting resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier;

Kuo Yang Construction Co., Ltd. and Subsidiaries

The business relationship and significant transactions between the parent company and its subsidiaries

January 1 to December 31, 2021

Table 6 Unit: NT$1,000

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction status: General ledger account	Transaction status: Amount	Transaction status: Transaction terms	Transaction status: Percentage of consolidated total operating revenues or total assets (Note 3)
0	Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	1	Other receivables - related parties	$ 60,975	Note 4	0.35%
0	Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	1	Rental/leasing revenue	203	Note 4	0.00%
0	Kuo Yang Construction Co., Ltd.	Shang Yang International Asset Management Co., Ltd.	1	Rental/leasing revenue	186	Note 4	0.00%
0	Kuo Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	1	Rental/leasing revenue	186	Note 4	0.00%
1	Shang Yang International Asset Management Co., Ltd.	Shadwell Limited.	3	Interest payable	425	Note 4	0.00%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is "0".
2. The subsidiaries are numbered in order starting from "1".

Note 2: Relationships are categorized into the following three types. Please specify the type:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: There is no major difference in transaction conditions between sales between parent company and subsidiaries and regular sales, other transaction conditions for other trades have no relevant examples to follow and the transaction conditions are determined in accordance with mutual agreements.

Kuo Yang Construction Co., Ltd. and Subsidiaries

Names, locations and other information of investee companies (excluding the investees in Mainland China)

January 1 to December 31, 2021

Table 7

Unit: NT$1,000

(Unless specified otherwise)

Name of investment company	Investee	Location	Main business activities	Initial investment amount: End of the period	Initial investment amount: End of last year	Holdings at the end of period: Number of shares	Holdings at the end of period: Percentage	Holdings at the end of period: Carrying amount	Net profit (loss) of investee for the current period	Investment income (loss) recognized by the Company for the current period	Remarks
Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	Taiwan	Real estate investment, development, and rental and leasing	$ 1,600,000	$ 1,600,000	160,000,000	100%	$ 1,535,932	$ 72,692	$ 88,498	Subsidiary (Note 2)
〃	Shang Yang International Asset Management Co., Ltd.	Taiwan	Residence and buildings lease construction and development	631,098	631,098	61,800,000	100%	649,447	29,375	29,610	Subsidiary (Note 2)
〃	Shadwell Limited	British Virgin Islands	Investment in real estate property	4,742	4,742	200,000	100%	2,140	(57)	(57)	Subsidiary (Note 2)
〃	Hanshin Shopping Plaza Co., Ltd.	Taiwan	Department store	480,000	480,000	10,005,000	20%	898,024	948,013	170,156	Affiliate enterprise (Note 3)
〃	Sweet Me Hot Spring Resort Co., Ltd.	Taiwan	General hotel industry and restaurant management	22,000	22,000	2,200,000	20%	11,775	(5,553)	(1,158)	Affiliate enterprise
〃	Hanshin Department Store Co., Ltd.	Taiwan	Department store	300,926	-	-	-	-	71,978	6,710	Affiliate enterprise (Note 3)
Shen Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	Taiwan	Horticulture services and afforestation	2,500	2,500	250,000	100%	1,462	(226)	(226)	Sub-subsidiary (Note 2)
〃	Chi Yang Construction Co., Ltd.	Taiwan	Residence and buildings lease construction and development	136,000	136,000	13,600,000	80%	135,649	(69)	(55)	Sub-subsidiary (Note 2)
Shang Yang International Asset Management Co., Ltd.	Chi Yang Construction Co., Ltd.	Taiwan	Residence and buildings lease construction and development	31,500	31,500	3,150,000	45%	61,024	66,092	29,742	Affiliate enterprise
〃	Century Rainbow Limited	Seychelles	Investment company	103,163 (USD 3,727 thousand)	103,163 (USD 3,727 thousand)	2,718,138	100%	756	(40)	(40)	Sub-subsidiary (Note 1.2)
Century Rainbow Limited	Celestial Talent Limited	Seychelles	Investment company	75,483 (USD 2,727 thousand)	75,483 (USD 2,727 thousand)	1,988,828	100%	(92)	-	-	Sub-subsidiary (Note 1.2)
Century Rainbow Limited	Charm Merit Limited	Hong Kong	Investment company	27,680 (USD 1,000 thousand)	27,680 (USD 1,000 thousand)	1,000,000	100%	941	(40)	(40)	Sub-subsidiary (Note 1.2)
Charm Merit Limited	Good Fame Limited	Samoa	Investment company	27,680 (USD 1,000 thousand)	27,680 (USD 1,000 thousand)	1,000,000	40%	1,009	(100)	(41)	Affiliate enterprise (Note 1)

Note 1: Calculated based on the exchange rate of the foreign currency on , December 31, 2021.
Note 2: All the transactions were consolidated and written off in the preparation of the consolidated financial statements.
Note 3: Hanshin Shopping Plaza merged Hanshin Department Store through a share conversion on September 1, 2021 and acquired 100% of its shares. Refer to Note 6 (7).

Kuo Yang Construction Co., Ltd. and Subsidiaries

Information on investments in Mainland China - basic information

January 1 to December 31, 2021

Table 8

Unit: NT$1,000

(Unless specified otherwise)

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Opening balance of accumulated fund transfer from Taiwan	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period: Remitted back to Taiwan	Ending balance of accumulated fund transfer from Taiwan	Net profit (loss) of investee for the current period	Ownership held directly or indirectly by the Company	Investment income (loss) recognized by the Company in the current period (Note 2 (2). B)	Ending investment book value	Investment revenue transferred back to Taiwan as of the end of the period	Remarks
Guopan Investment Consultancy Co., Ltd.	Business investment consulting and enterprise management consulting	$ 83,040 (USD 3,000 thousand)	(2)	$ 27,680 (USD 1,000 thousand)	$ -	$ -	$ 27,680 (USD 1,000 thousand)	($ 100)	40%	($ 40)	$ 1,079	$ -	

Company name	Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on investment authorized by MOEAIC
The Company	$102,637 (USD 3,708 thousand)	$ 102,637	$ 5,557,988

Note 1: The methods for engaging in investment in Mainland China are categorized into the following three types. Please specify the type:

(1) The Company remits its own funds directly to the investee companies located in Mainland China.

(2) The Company invests in Mainland China through a company in a third region. The Company invests in Good Fame Limited which invests in Guopan Investment Consultancy Co., Ltd.

(3) Other methods.

Note 2: Investment income (loss) recognized by the Company in the current period:

(1) If the company is in preparation status and no investment loss and profit has occurred, it shall be noted.

(2) The three types of recognition of income on investment are as follows shall be noted.

A. Certified financial report audited by CPA firms in the Republic of China which have partnership with international CPA firms.

B. Financial report audited by CPA firm of Taiwan's parent company.

C. Others - Evaluations and disclosures of financial reports not yet audited by the CPA.

Note 3: Related numbers in this table shall be expressed in NTD.

Note 4: The Company has applied for the cancellation of unimplemented investments totaling USD 2,292 thousand in its investee company in Mainland China, Xi'an Hanshin Department Store Co., Ltd., in which it directly holds 12.89% of shares (non-material influence) in this period and the application was approved.

The investment amount approved by the Investment Commission of the Ministry of Economic Affairs as of the end of the period included the Company's investee company in Mainland China, Xi'an Hanshin Department Store Co., Ltd., in which it invested NT$74,957 thousand (USD 2,708 thousand) and directly holds 12.89% of shares (non-material influence). The amount remitted at the end of the period was the same.

Kuo Yang Construction Co., Ltd. and Subsidiaries

Information on major shareholders

December 31, 2021

Table 9

Shareholder's name	Shares	
	Number of shares held	Shareholding ratio
Han Shen Investment Co., Ltd.	35,985,223	9.46%
Chung Shen Development Co., Ltd.	27,709,048	7.29%
Morta Enterprise Co., Ltd.	24,795,785	6.52%
Cheng Chi Co., Ltd.	23,124,570	6.08%
Wei Li International Development Co., Ltd.	19,320,488	5.08%

V.ndividual financial statements of the most recent year

Independent Auditor's Report

(2022) Cai-Shen-Bao-Zi No. 21004857

To Kuo Yang Construction Co., Ltd.:

Audit Opinions

The Individual Balance Sheet of Kuo Yang Construction Co., Ltd. as of December 31, 2021 and 2020 and the Individual Statement of Comprehensive Income, Individual Statement of Changes in Equity, Individual Cash Flow Statement, and Notes to the Individual Financial Statements (including a summary of material accounting policies) from January 1 to December 31, 2021 and 2020 have been audited by the CPA.

In our opinion and based on our audits and reports of other CPAs (refer to Other matters), the Individual Financial Statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" in all material respects, and present fairly the individual financial position of Kuo Yang Construction as of December 31, 2021 and 2020, and its individual financial performance and its individual cash flow from January 1 to December 31, 2021 and 2020.

Basis of Audit Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards in the Republic of China. Our responsibility based on these standards will be explained in greater detail in the section on our responsibilities for the review of the Individual Financial Statements. The personnel of the CPA firm who are governed by regulations on independence have acted according to the ROC CPA Code of Professional Ethics and remained independent of Kuo Yang Construction when fulfilling other obligations set forth in the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters pertain to the most important items of Kuo Yang Construction's 2021 Individual Financial Statements as per the professional judgment of the CPA. These matters were addressed in the context of our audit of the Individual Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Individual Financial Statements of Kuo Yang Construction for 2021 are as follows:

Appropriateness of the period in which income from the sales of houses and land is recognized

Description

Refer to Note 4 (26) in the Individual Financial Statements for accounting policies on operating revenue from construction, and refer to Note 6 (17) for the explanation of accounting items.

The revenue from the sales of houses and land in the construction business is recognized when the ownership of the real estate is transferred and the property inspection certificate is delivered to the customer. As the houses and land of a construction business are sold to many customers, the CPA is required to review all information on the transfer of ownership before recognizing sales revenue. The process generally involves a high amount of manual labor to determine the accuracy of the timing for recognizing sales revenue. Therefore, the CPA regarded the appropriateness of the period in which income from the sales of houses and land is recognized as one of the most important items in the audit.

Corresponding auditing procedures

The CPA has compiled the following corresponding procedures that were executed for the specific levels described in the aforementioned key audit matters:

- We interviewed the management to understand and review the procedures for recognizing sales revenue from the sales of houses and land and verify whether the procedures have been consistently adopted in the period of the Financial Statements.
- We assessed and tested the appropriateness of the period in which income from the sales of houses and land is recognized by the management within a certain period after the end of the period, including the information on the transfer of ownership of the land and houses and related dates to verify the accuracy of the timing for recognizing sales revenue.

Inventories valuation - land for construction

Description

Refer to Note 4 (12) of the Individual Financial Statements for accounting policies on construction land valuation. Refer to Note 5 of the Individual Financial Report for accounting estimates and uncertainties of assumptions for inventory valuation. Refer to Note 6 (5) of the Individual Financial Report for description of accounting items.

The inventory valuation of Kuo Yang Construction is measured based on the cost and net realizable value (NRV), whichever is lower. The houses and land held for sale and houses and land under construction are compared with the most recent transaction prices in the vicinity of the sites or the Company's recent sales contracts. As it is difficult to obtain comparable sales prices for construction land, the valuation of the net realizable value of construction land requires the judgment or estimate of the management. Therefore, we consider the valuation of the net realizable value of a construction site as one of the most important items in the audit.

Corresponding auditing procedures

- Understand and assess the internal operating procedures and accounting procedures for the valuation of land for construction by the Company's management.
- Obtain data for the assessment of the net realizable value, confirm the reasonableness of the data sources, assumptions, or methods employed, and test the content of the data to confirm the reasonableness of the construction land valuation.

Other matters - Reference to audits of other CPAs

We did not audit certain investments accounted for through the equity method in the financial statements of Kuo Yang Construction for 2021 and 2020. Those financial statements were audited by other CPAs. As such, our opinions in the aforementioned Individual Financial Statements on the amounts included in the aforementioned financial statements and related information disclosed in Note 13 were based on audit reports of other CPAs. The investment on equity method totaling NT$970,823 thousand and NT$564,559 thousand as of December 31, 2021 and 2020 accounted for 5.93% and 2.94% of the total assets, respectively. The comprehensive income recognized for 2021 and 2020 was NT$168,898 thousand and NT$34,168 thousand, which accounted for 23.05% and 0.64% of the total comprehensive income for the period, respectively.

Responsibilities of the management and the governing bodies for the Individual Financial Statements

The responsibility of the management was to prepare the individual financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" to properly indicate the company's financial status and to maintain necessary internal control with regard to establishment of individual financial statements to ensure such financial statements did not contain any false contents as a result of fraudulence or mistakes.

When the Individual Financial Statements were in the process of preparation, the responsibility of the management also included assessment of the capacity of Kuo Yang Construction to continue operation, disclosure of related matters and the accounting approaches to be adopted when the company continued to operate unless the management intended to liquidate or suspend the business of Kuo Yang Construction if there was not any other option except liquidation or suspension of the company's business.

The governance units (including the Audit Committee) of Kuo Yang Construction are responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Individual Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an independent auditor's report. Reasonably reliable means highly reliable. However, auditing work carried out in accordance with the Generally Accepted Auditing Standards of the ROC cannot guarantee detection of significant misrepresentations in the Individual Financial Statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

When conducting the auditing work according to the Generally Accepted Auditing Standards of the ROC, we exercised our professional judgment and remained professionally skeptical. We also execute the following tasks:

1. Identified and evaluated the risk of material misstatement due to fraud or error in the Individual Financial Statements. Designed and carried out appropriate countermeasures for the evaluated risks; Obtained sufficient and appropriate evidence as the basis for the audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or violations of internal controls, the risks of material misstatements due to fraud are greater than those caused by errors.
2. Acquired necessary understanding about internal control which matters to audit and provide appropriate audit procedure under such circumstances. However, the purpose of such understanding is not for providing any opinion on the effectiveness of internal control of Kuo Yang Construction.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Concluded on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Kuo Yang Construction's ability to continue as a going concern. If we consider that material uncertainty exists in these matters or conditions, we are required to remind the users of the Individual Financial Statements to pay attention to relevant disclosure in the statements in their audit report, or revise the audit opinions when such disclosure is inappropriate. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Kuo Yang Construction to cease to continue as a going concern.
5. Evaluated the overall expression, structure and content of the Individual Financial Statements (including related notes) and if these statements present fairly the related transactions and events.
6. Obtained sufficient and appropriate proof for audit on the finances of the individual entities in Kuo Yang Construction to state our opinion on the Individual Financial Statements. We are responsible for the direction, supervision and performance of the individual audit. We remain solely responsible for the audit opinions of the Individual Financial Statements.

The CPAs' communications with the governance units include the planned scope and period of the audit and material finding in the audit (including significant defects identified in the internal control during auditing procedures).

We provided governance units with a statement assuring the personnel of our accounting firm who are subject to independent regulations had acted according to the ROC CPA Code of Professional Ethics to remain neutral and communicated with them about the all relations and other matters (including related preventive measures) that could affect the independence of the CPA.

From the matters communicated with those charged with governance, the CPA determines matters that were of most significance in the audit of the 2021 Individual Financial Statements of Kuo Yang Construction for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taiwan
Chun-Yuan Hsiao
CPA

Fang-Yu Wang

Former Securities and Futures Bureau, Financial Supervisory Commission
No. of Approval Document: Jin-Guan-Zheng-6 No. 0960042326
Financial Supervisory Commission
No. of Approval Document: Jin-Guan-Zheng-Shen No. 1030027246

March 21, 2022

Kuo Yang Construction Co., Ltd.

Individual Balance Sheet

December 31, 2021 and 2020

Unit: NT$1,000

	Assets	Notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets					
1100	Cash and cash equivalents	VI(I)	$ 2,082,508	13	$ 4,611,385	24
1110	Current financial assets at fair value through profit or loss	VI(II)	14,803	-	20,608	-
1120	Current financial assets at fair value through other comprehensive income	VI(III)	309,592	2	378,534	2
1150	Notes receivable, net	VI(IV)	50,628	-	41,072	-
1170	Accounts receivable, net	VI(IV)	453,191	3	224,982	1
1200	Other receivables		280,408	2	424,171	2
1210	Other receivables - related parties	VII	60,975	-	154,395	1
1220	Current income tax assets	VI(XXIV)	11,628	-	332	-
130X	Inventories	VI(V)(VI) and VIII	9,111,433	56	8,807,578	46
1410	Prepayments		213,841	1	516,132	3
1476	Other financial assets - current	VIII	1,209	-	187,750	1
1479	Other current assets - other		37,093	-	67,428	-
11XX	**Total current assets**		12,627,309	77	15,434,367	80
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	VI(III)	234,385	2	800,164	4
1550	Investments recognized under the equity method	VI(VII)	3,097,318	19	2,584,005	14
1600	Property, plant and equipment	VIII	30,459	-	34,250	-
1755	Right-of-use assets	VI(VIII)	58,747	-	78,330	-
1760	Investment properties, net	VI(IX) and VIII	61,672	1	62,821	-
1840	Deferred income tax assets	VI(XXIV)	13,737	-	-	-
1920	Refundable deposits		139,653	1	79,938	1
1980	Other financial assets - non current	VIII	48,335	-	48,334	-
1990	Other non-current assets - other		54,383	-	102,655	1
15XX	**Total non-current assets**		3,738,689	23	3,790,497	20
1XXX	**Total assets**		$ 16,365,998	100	$ 19,224,864	100

(Continued)

Kuo Yang Construction Co., Ltd.
Individual Balance Sheet
December 31, 2021 and 2020

Unit: NT$1,000

	Liabilities and Equity	Notes	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities					
2100	Short-term borrowings	VI(X)	$ 4,125,766	25	$ 3,193,962	17
2110	Short-term notes and bills payable	VI (X1)	954,728	6	1,318,768	7
2130	Contract liabilities - current	VI (X7)	868,648	6	952,160	5
2150	Notes payable		244,653	2	58,281	-
2170	Accounts payable		369, 164	2	808,296	4
2219	Other payables - other	VI (X3)	212,621	1	3,434,106	18
2230	Current income tax liabilities	VI (XX4)	210,648	1	33,004	-
2280	Lease liabilities - current		20,523	-	20,348	-
2399	Other current liabilities - other		82,955	1	83,316	1
21XX	**Total current liabilities**		7,089,706	44	9,902,241	52
	Non-current liabilities					
2580	Lease liabilities - non-current		43,212	-	63,147	-
2645	Deposits received		2,458	-	1,613	-
2670	Other non-current liabilities - other		1,220	-	1,195	-
25XX	**Total non-current liabilities**		46,890	-	65,955	-
2XXX	**Total liabilities**		7,136,596	44	9,968,196	52
	Equity					
	Share capital	VI (X3)				
3110	Capital stock - common		3,800,000	23	3,800,000	20
	Capital surplus	VI (X4)				
3200	Capital surplus		627,683	4	627,683	3
	Retained earnings	VI (X5)				
3310	Legal reserve		988,010	6	856,070	4
3350	Undistributed earnings		3,823,726	23	3,456,890	18
	Other equity	VI(XVI)				
3400	Other equity		(10,017)	-	516,025	3
3XXX	**Total equity**		9,229,402	56	9,256,668	48
	Commitment and contingencies	9				
	Significant events after the balance sheet date	X1				
3X2X	**Total liabilities and equity**		$ 16,365,998	100	$ 19,224,864	100

The accompanying notes are an integral part of these individual financial statements.

Chairman: Tzu-Kuan Lin Manager: Shao-Ling Peng Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd.
Individual Statements of Comprehensive Income
December 31, 2021 and 2020

Unit: NT$1,000
(Except earnings per share which is expressed in NT$)

	Item	Notes	2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating revenue	VI(XVII)	$ 4,527,439	100	$ 13,789,342	100
5000	Operating costs	VI(XXII) (XXIII)	(3,317,388)	(73)	(8,155,708)	(59)
5900	Operating profit		1,210,051	27	5,633,634	41
	Operating expenses	VI(XXII) (XXIII)				
6100	Promotion expenses		(123,520)	(3)	(149,249)	(1)
6200	Administrative expenses		(229,471)	(5)	(289,919)	(3)
6000	Total operating expenses		(352,991)	(8)	(439,168)	(4)
6900	Operating profit		857,060	19	5,194,466	37
	Non-operating income and expenses					
7100	Interest income	VI(XVIII)	6,273	-	54,577	-
7010	Other income	VI(XIX)	43,781	1	59,362	1
7020	Other profits and losses	VI(XX)	(11,956)	-	743	-
7050	Finance costs	VI(XXI)	(32,084)	(1)	(41,767)	-
7070	Share of profit or loss of subsidiaries, affiliates, and joint ventures recognized under the equity method	VI(VII)	293,759	7	(107,719)	(1)
7000	**Total non-operating income and expenses**		299,773	7	(34,804)	-
7900	**Pre-tax profit**		1,156,833	26	5,159,662	37
7950	Income tax expenses	VI(XXIV)	(174,682)	(4)	(216,523)	(1)
8200	**Net profit of the term**		$ 982,151	22	$ 4,943,139	36
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurements of defined benefit plan	VI(XII)	$ -	-	$ 578	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(232,204)	(5)	445,523	3
8330	Share of other comprehensive profit or loss of subsidiaries, affiliates, and joint ventures recognized under the equity method - components that will not be reclassified to profit or loss		(17,131)	(1)	(8,697)	-
8310	Total components of other comprehensive income that will not be reclassified to profit or loss		(249,335)	(6)	437,404	3
	Components that may be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements		(113)	-	(156)	-
8380	Share of other comprehensive profit or loss of subsidiaries, affiliates, and joint ventures recognized under the equity method - components that may be reclassified to profit or loss		31	-	6	-
8360	Total components that may be reclassified to profit or loss		(82)	-	(150)	-
8500	**Total comprehensive income**		$ 732,734	16	$ 5,380,393	39
	Basic earnings per share	VI(XXV)				
9750	Basic earnings per share		$	2.58	$	7.58
	Diluted earnings per share	VI(XXV)				
9850	Diluted earnings per share		$	2.58	$	7.57

The accompanying notes are an integral part of these individual financial statements.

Chairman: Tzu-Kuan Lin Manager: Shao-Ling Peng Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd.
Individual Statements of Changes in Equity
January 1 to December 31, 2021 and 2020

Unit: NT$1,000

	Notes	Capital stock - common	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Undistributed earnings	Other equity: Exchange differences on translation of foreign financial statements	Other equity: Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
2020								
Balance as of January 1, 2020		$ 6,965,825	$ 627,683	$ 372,395	$ 130,048	$ 22,266	$ 73,244	$ 8,191,461
Net profit of the term		-	-	-	4,943,139	-	-	4,943,139
Other comprehensive income for the period	VI(XVI)	-	-	-	578	(150)	436,826	437,254
Total comprehensive income		-	-	-	4,943,717	(150)	436,826	5,380,393
Earnings appropriation and distribution:	VI(XV)							
Allocation to legal reserve		-	-	483,675	(483,675)	-	-	-
Cash dividends		-	-	-	(1,149,361)	-	-	(1,149,361)
Cash refunded in capital reduction	VI(XIII)	(3,165,825)	-	-	-	-	-	(3,165,825)
Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss		-	-	-	16,161	-	(16,161)	-
Balance as of December 31, 2020		$ 3,800,000	$ 627,683	$ 856,070	$ 3,456,890	$ 22,116	$ 493,909	$ 9,256,668
2021								
Balance as of January 1, 2021		$ 3,800,000	$ 627,683	$ 856,070	$ 3,456,890	$ 22,116	$ 493,909	$ 9,256,668
Net profit of the term		-	-	-	982,151	-	-	982,151
Other comprehensive income for the period	VI(XVI)	-	-	-	-	(82)	(249,335)	(249,417)
Total comprehensive income		-	-	-	982,151	(82)	(249,335)	732,734
Earnings appropriation and distribution:	VI(XV)							
Allocation to legal reserve		-	-	131,940	(131,940)	-	-	-
Cash dividends		-	-	-	(760,000)	-	-	(760,000)
Disposal of equity instruments in other comprehensive income measured at fair value through profit and loss	VI(III)	-	-	-	276,625	-	(276,625)	-
Balance as of December 31, 2021		$ 3,800,000	$ 627,683	$ 988,010	$ 3,823,726	$ 22,034	($ 32,051)	$ 9,229,402

The accompanying notes are an integral part of these individual financial statements.

Chairman: Tzu-Kuan Lin　　Manager: Shao-Ling Peng　　Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd.

Individual Cash Flow Statement

January 1 to December 31, 2021 and 2020

Unit: NT$1,000

	Notes	2021	2020
Cash Flows from Operating Activities			
Net profit before tax of the current period		$ 1,156,833	$ 5,159,662
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	VI(XXII)	24,523	24,142
Amortization cost	VI(XXII)	234	178
Interest expenses	VI(XXI)	32,084	41,767
Interest income	VI(XIX)	(6,273)	(54,577)
Dividend income	VI(XIX)	(26,209)	(40,055)
Share of profit (loss) of affiliates and joint ventures recognized under the equity method	VI(VII)	(293,759)	107,719
Net gains on financial assets at fair value through profit or loss	VI(XX)	(703)	(555)
Gains on disposal of investments	VI(XX)	-	(358)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(9,556)	20,676
Accounts receivable, net		(228,209)	(209,174)
Other receivables		143,763	(72,205)
Other receivables - related parties		93,419	9,798
Inventories		(241,065)	3,917,914
Prepayments		289,300	(241,295)
Other current assets		216,876	113,272
Intangible assets		(245)	(177)
Net defined benefit assets		-	6,854
Other non-current assets		48,282	3,810
Changes in operating liabilities			
Contract liabilities		(83,512)	(35,142)
Notes payable		186,372	(570)
Other payables		(34,478)	195,787
Accounts payable		(439,132)	342,144
Other current liabilities		(361)	59,475
Cash inflow generated from operations		828,184	9,349,090
Interest received		6,273	54,577
Interest paid		(116,031)	(129,617)
Dividends received		90,369	40,055
Income tax paid		(9,079)	(183,141)
Net cash from operating activities		799,716	9,130,964
Cash Flows from Investing Activities			
Acquisition of current financial assets at fair value through profit or loss		(25,000)	(10,000)
Disposal of current financial assets at fair value through profit or loss		31,508	15,358
Acquisition of current financial assets at fair value through other comprehensive income		(397,605)	(851,638)
Disposal of current financial assets at fair value through other comprehensive income		521,651	528,140
Acquisition of payments for investments recognized under the equity method - subsidiaries	VII	-	(700,000)
Acquisition of payments for investments recognized under the equity method - affiliates	VII	(22,456)	(480,000)
Acquisition of property, plant and equipment		-	(2,853)
Decrease (or increase) in guarantee deposits		(59,715)	28,580
Acquisition of non-current financial assets at fair value through other comprehensive income		-	(183,765)
Net cash inflow (outflow) from investing activities		48,383	(1,656,178)
Cash Flows from Financing Activities			
Increase (decrease) in short-term loans	VI(XXVI)	931,804	(2,135,752)
Decrease in short-term notes and bills payable	VI(XXVI)	(364,040)	(711,356)
Repayments of lease liabilities	VI(XXVI)	(19,760)	(19,362)
Increase (decrease) in guarantee deposits received	VI(XXVI)	845	(1,647)
Cash dividends paid	VI(XV)(XXVI)	(760,000)	(1,149,361)
Cash refunded in capital reduction	VI(XIII)	(3,165,825)	-
Net cash outflow from financing activities		(3,376,976)	(4,017,478)
(Decrease) increase in cash and cash equivalents for the current period		(2,528,877)	3,457,308
Cash and cash equivalents at beginning of period		4,611,385	1,154,077
Cash and cash equivalents at end of period		$ 2,082,508	$ 4,611,385

The accompanying notes are an integral part of these individual financial statements.

Chairman: Tzu-Kuan Lin　　Manager: Shao-Ling Peng　　Accounting Manager: Cheng-I Wang

Kuo Yang Construction Co., Ltd.
Notes to Individual Financial Statements
2021 and 2020

Unit: NT$1,000
(Unless specified otherwise)

I. Company history

Kuo Yang Construction Co., Ltd. (hereinafter referred to as the "Company") was established in June 1972. The Company is engaged in the construction of public housing and the lease and sales of commercial residential buildings, industrial plants, and commercial buildings. The Company has been listed on the Taiwan Stock Exchange since November 14, 1979.

II. Date and procedures of approval of the financial statements

The Individual Financial Report was released with the approval of the Board of Directors on March 21, 2022.

III. Application of new standards, amendments and interpretations

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards as endorsed by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

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

New, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	January 01, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IAS 16, "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendments to IFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021"	April 1, 2021 (Note)

Note: The FSC approved advanced adoption starting from January 1, 2021.

2. The above standards and interpretations have no significant impact to the Company's financial position and financial performance based on the Company's assessment.

(II) Effects of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

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

New, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board
Amendments to IFRS 3, "Conceptual Framework"	January 1, 2022
Amendments to IAS 16, "Property, Plant and Equipment — Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37, "Onerous Contracts — Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRSs 2018-2020 Cycle	January 1, 2022

2.The above standards and interpretations have no significant impact to the Company's financial position and financial performance based on the Company's assessment.

(III) IFRSs issued by International Accounting Standards Board (IASB) but not yet endorsed by the FSC

1.New, revised, and amended IFRSs and interpretations issued by IASB but not yet endorsed by the FSC are as follows:

New, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17, "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendment to IAS 1, "Accounting Policy Disclosure"	January 1, 2023
Amendments to IAS 8, "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

2. The above standards and interpretations have no significant impact to the Company's financial position and financial performance based on the Company's assessment.

IV. Summary of significant accounting policies

The material accounting policies applied in the preparation of the Individual Financial Report are summarized as follows: Except as stated otherwise, such policies have been consistently applied to all the periods presented.

(I) Statement of compliance

The individual financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(II) Basis of preparation

1. Except for the following items, these individual financial statements have been prepared under the historical cost convention:
   (1) Financial assets at fair value through profit or loss.
   (2) Financial assets at fair value through other comprehensive income.
2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the individual financial statements are disclosed in Note 5.

(III) Foreign currency translation

Items included in the individual financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e., the "functional currency"). The Individual Financial Report is presented in NTD which is the Company's functional currency.

1. Foreign currency transactions and balances
   (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(2) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss in the period in which they arise.

(3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(4) All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses" based on the nature of the transactions.

2.Translation of foreign operations

(1) The operating results and financial position of the Company, subsidiaries, and affiliates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

C. All resulting exchange differences are recognized in other comprehensive income.

(2) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(IV) <u>Classification of current and non-current items</u>

The Company engages in commissioned construction of buildings or plants for sale with business cycles which are generally more than 1 year. Assets and liabilities related to the construction business are classified as current or non-current based on the business cycle.

The standards for the classification of current and non-current accounts are as follows:

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

(1)Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(2)Liabilities arising mainly from trading activities;

(3)Assets that are expected to be realized within twelve months from the balance sheet date; or

(4)Cash, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Assets not meeting the above criteria are classified by the Company as non-current assets.

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

(1) Liabilities that are expected to be paid off within the normal operating cycle;

(2) Liabilities arising mainly from trading activities;

(3) Liabilities that are to be paid off within twelve months from the balance sheet date; or

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities not meeting the above criteria are classified by the Company as non-current assets.

(V) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(VI) Financial assets at fair value through profit or loss

1.Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

2.On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using transaction date accounting.

3.Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently measured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

4.The Company recognizes the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

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

1. The Company may make irrevocable election at initial recognition to recognize the changes in fair value in other comprehensive income for the investments in equity instruments that are not held for trading.
2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive profit or loss are recognized and derecognized using transaction date accounting.
3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

   The changes in fair value of equity instruments are recognized in other comprehensive income. The cumulative gain or loss previously recognized in other comprehensive income shall be recorded to retained earnings and not be reclassified to profit or loss upon the derecognition. The Company recognizes the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(VIII) Accounts and notes receivable

1. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(IX) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost at each balance sheet date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information (including forecasts). On the other hand, the Company recognizes the impairment provision for lifetime ECLs for accounts receivable or contract assets containing a significant financing component.

(X) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(XI) Lease transaction as a lessor - rent receivable/operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XII) Inventories

1. Inventories include construction land, houses and land under construction, and houses and land to be sold which are initially recorded at cost. Construction profit and loss is recognized based on the completed-contract method. Construction land is listed as houses and land under construction when they are under active development. The related interest expenses are capitalized in the period from active development or commencement of construction till the completion of construction.
2. Inventories at the end of the period is measured based on the cost and net realizable value, whichever is lower. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable expenses.

(XIII) Investments/subsidiaries and affiliates recognized under the equity method

1. "Subsidiaries" are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Inter-company transactions, balances and unrealized gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its affiliates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary, the Company shall continue to recognize losses based on the shareholding percentage.
4. Affiliates are all entities over which the Company has significant influence but not control. In

general, it is presumed that an investor has significant influence if the investor holds, directly or indirectly, 20% or more of the voting rights of the investee. Investments in affiliates are accounted for through the equity method and are initially recognized at cost.

5. The Company's share of its affiliates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an affiliate equals or exceeds its interest in the affiliate, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the affiliate.
6. When changes in an affiliate's equity do not arise from profit or loss or other comprehensive income of the affiliate and such changes do not affect the Company's ownership percentage of the affiliate, the Company recognizes change in ownership interests in the affiliate in "capital surplus" in proportion to its ownership.
7. Unrealized gains on transactions between the Company and its affiliates are eliminated to the extent of the Company's interest in the affiliates. Unrealized losses are also eliminated unless evidence of an impairment of the asset transferred in the transaction is provided. Accounting policies of affiliates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
8. When the Company disposes its investment in an affiliate and loses significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss, on the same basis as would be required if the Company directly disposed of relevant assets or liabilities. It means that profit or loss previously recognized in other consolidated profit or loss shall be reclassified as profit or loss when related assets or liabilities are disposed of. When the Company loses material influence over this affiliate, the profit and loss shall be transferred from equity and reclassified as profit or loss. If it retains significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
9. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the current-period profit and loss and other consolidated profit or loss in the individual financial statements shall be the same as the current profit or loss in the individual financial

statements and the amortized amount in the other consolidated profit or loss attributable to owners of parent company. The equity attributable to owners of the Company in the individual financial statements shall be equal to the equity attributable to owners of the parent company in the consolidated financial statements.

(XIV) Joint operations

With regard to equity in joint operations, the Company recognizes the direct rights (and its share) of the assets, liabilities, income, and expenses from joint operations, and has included them in the applicable accounts of the Financial Report.

(XV) Property, plant and equipment

1. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting policies, changes in accounting estimates and errors", from the date of the change. The estimated useful life of real property is 50 years and the useful life of other assets is 3-5 years.

(XVI) Lease transaction as a lessee - right-of-use assets/lease liabilities

1. The Company recognizes lease assets as right-of-use assets and lease liabilities at the commencement date of the lease. For short-term leases or leases of low value assets, lease

payments are recognized as expenses using the straight-line method during the lease term.

2.On the commencement date, the Company measures lease liabilities by the present value of outstanding lease payments, using the Company's incremental borrowing rate. Lease payments include

(1) Fixed payments less any lease incentives receivable; and

(2) Variable lease payments determined by changes in an index or rate.

In subsequent periods, the Company measures lease liabilities at amortized cost using the effective interest method and recognizes interest expense during the lease term. If the lease term or lease payment is changed due to reasons other than amendments to the lease contracts, the Company will remeasure the lease liabilities. The remeasurement amount is then recognized as an adjustment to the right-of-use assets.

3.Lease liabilities are recognized at cost on the starting date of the lease. The cost includes:

(1) The original measurement amount of the lease liabilities;

(2) Any lease payments made on or before the commencement date;

(3) Any original direct cost incurred; and

(4) Estimated cost for the dismantling and removal of the asset and the restoration of its location, or the estimated cost for the restoration of conditions specified in the lease criteria and conditions.

The right-of-use assets are subsequently measured by adopting the cost model. The Company depreciates the right-of-use assets at the earlier of the right-of-use assets' useful life or the end of lease term. When a lease liability is reassessed, the right-of-use asset is adjusted for any remeasurements of the lease liability.

(XVII) Investment properties

An investment property is measured initially at its cost and subsequently measured under the cost approach. Except for land, the depreciation is recognized on a straight-line basis over a useful life of 30 to 60 years.

(XVIII) Intangible assets

Intangible assets include computer software which is recognized at acquisition cost and amortized on a straight-line basis over its estimated useful life of 3 years.

(XIX) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there are any impairment indications. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use.

When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XX) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(XXI) Accounts and notes payable

1. Accounts payable are the liabilities for purchases of raw materials, goods, or services, and notes payable generated from operations and those not generated from operations.
2. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XXII) Financial guarantee contracts

Financial guarantee contracts are contracts for which the Company must pay specific benefits to reimburse the holder of debt instruments for losses incurred when a specific debtor is unable to repay its debts upon maturity in accordance with the terms of the original or modified debt instrument. At initial recognition, the Company measures the financial guarantee contracts at fair value. The Company subsequently measures them based on the impairment provision for the expected credit losses and recognized cumulative earnings, whichever is higher.

(XXIII) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for that service, and shall be recognized as expenses when the employees have rendered service.

2. Pension

   Defined contribution plans

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

3.Employees’ remuneration and directors' remuneration

Employees’ remuneration and directors’ remuneration are recognized as expense and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' remuneration is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the Board of Directors' resolution.

(XXIV) Income tax

1.The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2.The current income tax expense is calculated on the basis of the tax laws enacted as of the balance sheet date in the countries where the Company operates and generates taxable income. The income tax is levied on the unappropriated retained earnings and is recorded as income tax expense for the year after the shareholders' meeting passes the earnings distribution proposal in the following year.

3.Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the individual balance sheet. The deferred income tax is not accounted if it arises from initial recognition of an asset or liability in a transaction (excluding business mergers) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and affiliates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXV) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(XXVI) Revenue recognition

Land development and real property sales

1. The Company operates land development and real property sales. Revenue is recognized when the control of the real property is transferred to customers. For contracts for the sale of residential properties, the real property has no other use to the Company due to contract restrictions. However, the Company has an enforceable right to the contract payments only when the legal title or use of the real estate is transferred to the customer. Therefore, revenue is recognized when the legal title or use is transferred to the customer.

2. Some of the Company's sales contracts include variable consideration for price reduction and the Company uses the expected or most probable amount as the appropriate estimated value for variable consideration.

3. The Company has included customers' advance payments in the contracts for pre-sales houses, and the period between the advanced payment and the transfer of the control of the product is longer than one year. According to IFRS 15, if the Company determines

that there are material financial compositions in the individual contracts for pre-sales houses, it is required to adjust the pledged consideration and recognize interest expenses. IFRS 15 also states that companies should consider the materiality of financial components only at the level of the contract and not at the level of the portfolio when determining whether a financial loan is material.

V. Significant accounting judgments, estimates and main uncertainty assumptions

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Refer to the explanation on significant accounting judgments, estimates, and uncertainty assumptions below. Such assumptions and estimates have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(I) Critical judgments in applying accounting policies

None.

(II) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgments and estimates. The management of the Company mainly uses past experience and estimates of future market sales value as the basis for estimation. Therefore, there may be significant changes.

The Company's inventory information as of December 31, 2021 is detailed in Note 6 (5).

VI. Details of significant accounts

(I) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and working capital	$ 3,802	$ 66,581
Demand deposits	2,073,687	4,544,725
Cheque deposits	79	79
Time deposits	4,940	-
	$ 2,082,508	$ 4,611,385

1.The Company transacts with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

2. The Company's revenue from pre-sales placed in a trust account is limited in use and the limitations are recognized in "other financial assets". Please refer to Note 8.

(II) Current financial assets at fair value through profit or loss

	December 31, 2021	December 31, 2020
Mandatory measurement of financial assets at fair value through profit or loss		
Beneficiary certificates	$ 15,000	$ 20,000
Valuation adjustment	(197)	608
	$ 14,803	$ 20,608

1. The Company recognized net gain (loss) of $703 and $913 within financial assets at fair value through profit or loss for 2021 and 2020 based on the financial assets at fair value through profit or loss.

2. The Company has no financial assets at fair value through profit or loss pledged to others.

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

	December 31, 2021	December 31, 2020
Current items		
Listed stocks	$ 354,064	$ 425,638
Valuation adjustment	(44,472)	(47,104)
	$ 309,592	$ 378,534
Non-current items		
Stocks no listed on the TWSE, TPEx, or emerging stocks	$ 198,276	$ 334,622
Valuation adjustment	36,109	465,542
	$ 234,385	$ 800,164

1. The Company opted to classify strategic investments and investments in equity instruments with stable dividend payments as financial assets at fair value through profit or loss. The fair value of such investments as of December 31, 2021 and 2020 were $543,977 and $1,178,698, respectively.

2. Based on the Company's financial plans for 2021 and 2020, the Company disposed of shares of listed companies with a fair value of $521,651 and $528,140 in 2020. The cumulative gains from disposal totaled $52,472 and $16,161.

3. The Company acquired the shares of Hanshin Department Store Co., Ltd. (hereinafter referred to as "Hanshin Department Store") from a related party in January 2021. As the Company's cumulative shareholding in the company has exceeded 20% and it gains significant influence over said company, the investment is recognized as an investment on equity method based on its fair value, and the cumulative profits are recognized as retained earnings. Please refer to Note 6 (7) and Note 7 (2) 8.

4. Amounts recognized in other comprehensive income in relation to the financial assets at fair value in income and other comprehensive income are listed below:

	2021	2020
Changes in fair value recognized in other comprehensive income		
Changes in fair value recognized in other comprehensive income	($ 232,204)	$ 445,523
Cumulative gains (losses) converted to retained earnings due to derecognition	$ 256,092	$ 16,161

5. The Company has no financial assets at fair value through other comprehensive profit or loss pledged to others.

(IV) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ 50,628	$ 41,072
Accounts receivable	453,191	224,982
Minus: Allowance for doubtful accounts	-	-
	$ 503,819	$ 266,054

1. The Company has no notes and accounts receivable pledged to others.

2. As of December 31, 2021, December 31, 2020 and January 1, 2020, the balance of the Company's accounts receivable (including notes receivable) were $503,395, $266,027, and $76,558, respectively.

3. If the collaterals held or other credit enhancement tools are disregarded, the amount that best represents the Company's maximum exposure to credit risk for notes and accounts receivable as of December 31, 2021 and 2020 is the carrying amount of the notes and accounts receivable in

each period.

4. The aforementioned notes and accounts receivable are notes and accounts that are not past due or impaired.

5. Please refer to Note 12 (2) for relevant credit risk information.

(V) Inventories

	December 31, 2021	December 31, 2020
Houses and land held for sale		
Beautiful Tree Hall	$ 910	$ 910
Tien Chen	-	9,741
Kuo Yan Project	1,291,935	1,416,430
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	1,351,048	2,587,146
South Manor Project (Wenshan Gongxun Section Project)	10,083	156,625
Kuo Yang Silicon Valley (Xizhi Gongjian Section Project)	1,262	-
Good morning, Kuo Yang Phase 1 (Keelung Tiaohe Section Project)	1,684,924	-
	4,340,162	4,170,852
Minus: Allowance for valuation losses	(422,723)	(573,205)
	3,917,439	3,597,647
Houses and land under construction		
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	43,940	42,180
Kuo Yang Silicon Valley (Xizhi Gongjian Section Project)	-	1,445,665
Good morning, Kuo Yang Phase 2 (Keelung Tiaohe Section Project)	318,249	-
Good morning, Kuo Yang Phase 1 (Keelung Tiaohe Section Project)	-	1,601,961
Neihu Jiuzong Section	1,596,699	1,074,684
	1,958,888	4,164,490
Minus: Allowance for valuation losses	-	(1,267)
	1,958,888	4,163,223

	December 31, 2021	December 31, 2020
Land for construction and others		

Zhudong Project	$ 251,872	$ 251,872
Beitou Guangming Section	12,633	12,633
Minquan East Road Project	273,821	273,821
Jilin Urban Renewal Project	148,180	123,182
Jingmei Section	40,174	40,174
Ren'ai Urban Renewal Project	9,844	4,820
Guanghua Section	12,500	12,500
Kaohsiung Yunwen Section	108,170	108,170
Tucheng Section	1,216,210	-
Sanchong Section	963,175	-
Other	28,055	26,663
	3,064,634	853,835
Minus: Allowance for valuation losses	(183,604)	(161,203)
	2,881,030	692,632
Prepayments for houses and land and others		
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	354,076	354,076
	$ 9,111,433	$ 8,807,578

1. On April 9, 2020, the Company's Board of Directors passed a resolution to sell land on two sections on Yucheng Section, Nangang District, Taipei City (Greater Nangang Project) with other landowners in a public auction. The bids in the auction were opened on May 7, 2020 and the winning bidder was Fubon Life Insurance Co., Ltd. The Company completed the transfer of ownership on June 4, 2020 and has collected all payments.
2. The Company recognized cost of inventories as expenses totaling $3,317,388 and $8,155,708 in 2021 and 2020, respectively. They included the inventory loss and (gain on reversal) recognized as a result of the recovery in net realizable value totaling ($129,348) and $565,167.
3. Please refer to Note 6 (8) 3 for a description of the transfer of right-of-use assets to inventories in this period.
4. In 2021 and 2020, the amount of inventory interest capitalization was $62,790 and $85,451, respectively. The interest capitalization rates ranged from 1.80% to 2.20% and 0.420% to 2.450%, respectively.
5. Please refer to Note 8 for detailed information on the Company's use of inventory as collateral.

(VI) Joint operations

1. The Company operates certain development projects through joint operations. With regard to equity in joint operations, the Company recognizes the direct rights (and its share) of the assets,

liabilities, income, and expenses from joint operations, and has included them in the applicable accounts of the Individual Financial Report.

2. The information on the joint operations held by the Company is as follows:

Project name	Percentage held	Landowner or joint builder	Description
Greater Nangang Project	40%	Six companies including Ho Hsin Cheng Co., Ltd.	Nangang District, Taipei City
Kuo Yang The Green Place	65%	Five companies including Wei Li International Development Co., Ltd.	Annan District, Tainan City
South Manor Project	100%	Note	Wenshan District, Taipei City
Kuo Yang Silicon Valley Project	35%	Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., Heng Jui Development Co., Ltd.	Xizhi District, New Taipei City
Good morning, Kuo Yang Project	55%	Chi Hsuan Construction Co., Ltd., Tsang Shan Development Co., Ltd.	Zhongzheng District, Keelung City
Neihu Jiuzong Section Project	50%	Five companies including Wei Li International Development Co., Ltd.	Neihu District, Taipei City
Tucheng Project	50%	Four companies including Wei Li International Development Co., Ltd.	Tucheng District, New Taipei City
Sanchong Project	50%	Four companies including Wei Li International Development Co., Ltd.	Sanchong District, New Taipei City

Note: The Company and "Sin Wei Jie Construction" signed a joint investment and development agreement on December 13, 2013 for 59 plots of land including the short section numbered 210-2 located at the Gongxun Section of Wenshan District, Taipei City. The shares of investment were 60% for the Company and 40% for "Sin Wei Jie Construction". The parties signed the "Joint Development Supplementary Agreement" on July 1, 2020 and Sin Wei Jie Construction withdrew from the project. The project returned the capital originally invested by Sin Wei Jie Construction. The Company's share of the investment was changed to 100%.

3. The information on the shares of joint operations held by the Company is compiled as follows:

	December 31, 2021

Balance Sheet	Greater Nangang Project	The Green Place Project	Other joint construction operations
Current assets			
Inventories	$ -	$ 1,394,983	$ 5,806,106
Other current assets	-	699,449	989,607
	-	2,094,432	6,795,713
Non-current assets	-	23,684	219,545
Total assets	$ -	$ 2,118,116	$ 7,015,258
Current liabilities			
Short-term borrowings	$ -	$ 559,938	$ 3,687,100
Contract liabilities	-	29,573	817,517
Other current liabilities	-	104,133	417,898
	-	693,644	4,922,515
Non-current liabilities	-	6	1,120
Total liabilities	$ -	$ 693,650	$ 4,923,635
Statement of Comprehensive Income			
Revenue	$ -	$ 1,490,917	$ 2,476,434
Cost	$ -	$ 1,248,472	$ 1,849,528
Fees	$ -	$ 58,137	$ 66,558

Balance Sheet	December 31, 2020		
	Greater Nangang Project	The Green Place Project	Other joint construction operations
Current assets			
Inventories	$ -	$ 2,629,321	$ 4,214,765
Other current assets	-	577,885	647,190
	-	3,207,206	4,861,955
Non-current assets	-	25,645	216,423
Total assets	$ -	$ 3,232,851	$ 5,078,378
Current liabilities			
Short-term borrowings	$ -	$ 1,348,636	$ 2,633,798
Contract liabilities	-	220,906	693,952
Other current liabilities	-	276,572	211,195
	-	1,846,114	3,538,945
Non-current liabilities	-	201	-
Total liabilities	$ -	$ 1,846,315	$ 3,538,945
Statement of Comprehensive Income			
Revenue	$ 9,634,552	$ 199,519	$ 587,581
Cost	$ 3,643,392	$ 178,637	$ 411,758

Fees	$ 2,277	$ 42,927	$ 53,804

(VII) Investments recognized under the equity method

	December 31, 2021	December 31, 2020	Shareholding ratio
Subsidiaries:			
Shen Yang Construction Co., Ltd.	$ 1,535,932	$ 1,384,417	100%
Shang Yang International Asset Management Co., Ltd.	649,447	664,003	100%
SHADWELL LIMITED	2,140	2,309	100%
Affiliate enterprises:			
Hanshin Shopping Plaza Co., Ltd.	898,024	520,343	20%
Sweet Me Hot Spring Resort Co., Ltd.	11,775	12,933	20%
	$ 3,097,318	$ 2,584,005	

1.Hanshin Shopping Plaza Co., Ltd. (hereinafter referred to as "Hanshin Shopping Plaza")

(1) The Company acquired the shares of Hanshin Department Store from a related party in January 2021. As the Company's cumulative shareholding in the company has exceeded 20%, the equity method is adopted for valuation. Please refer to Note 6 (3) and Note 7 (2) 8.

(2) Hanshin Shopping Plaza adopted September 9, 2021 as the baseline date for the stock conversion, and merged with Hanshin Department Store through a share conversion. According to the terms of the share conversion, the share exchange ratio was 1 common share of Hanshin Department Store exchanged to 0.25 common shares of Hanshin Shopping Plaza. After the share conversion, the Group holds 20% of the shares of Hanshin Shopping Plaza, and Hanshin Department Store became a wholly-owned subsidiary of Hanshin Shopping Plaza.

2.Refer to Note 4 (3) of the 2021 Consolidated Financial Statements for information on the Company's subsidiaries.

3.The carrying amounts of the Company's individual insignificant affiliates as of December 31, 2021 and 2020 are shown in the table above, and the results of operations are as follows:

	2021	2020
Net loss from continuing operations for the period	$ 175,708	$ 39,629
Other comprehensive income (net income after tax)	(36,552)	-

Total comprehensive income	$ 139,156	$ 39,629

4. The Company's aforementioned investment targets have no public quotations on the market. The share of profit/loss on equity-accounted investee companies in 2021 and 2020 was $293,759 and ($107,719), respectively. They were evaluated and disclosed based on the audited financial statements of each investee company for the same periods.

(VIII) Lease transaction - lessee

1. The assets leased by the Company include buildings and office equipment and the lease term is generally between 1 and 6 years. The lease contracts are negotiated individually and contain various terms and conditions without other restrictions except for the leased assets restricted to pledge to others.
2. The information of the carrying amount of the right-of-use assets and the recognition of depreciation expense are as follows:

	January 1, 2021	Depreciation	Disposal/outward transfer	December 31, 2021
Real estate rental and leasing				
Cost	$ 117,557	$ -	$ -	$ 117,557
Accumulated depreciation	(39,227)	(19,583)	-	(58,810)
	$ 78,330	($ 19,583)	$ -	$ 58,747

	January 1, 2020	Depreciation	Disposal/outward transfer	December 31, 2020
Real estate rental and leasing				
Cost	$ 117,557	$ -	$ -	$ 117,557
Accumulated depreciation	(19,645)	(19,582)	-	(39,227)
	$ 97,912	($ 19,582)	$ -	$ 78,330

3. The information on the lease contract affecting profit or loss is as follows:

	2021	2020
Items affecting current profit or loss		

Interest expense from lease liabilities	$ 1,531	$ 1,942
Rent expense of short-term leases	2,666	2,950
Income from lease of right-of-use assets	1,685	1,701

4. The cash flows used in the lease payments of the Company in 2021 and 2020 amounted to $23,957 and $24,254, respectively.

(IX) Investment properties

	Land	Buildings and structures	Total
January 1, 2021			
Cost	$ 65,657	$ 49,924	$ 115,581
Accumulated depreciation and impairment	(28,643)	(24,117)	(52,760)
	$ 37,014	$ 25,807	$ 62,821
2021			
January 1	$ 37,014	$ 25,807	$ 62,821
Depreciation	-	(1,149)	(1,149)
December 31	$ 37,014	$ 24,658	$ 61,672
December 31, 2021			
Cost	$ 65,657	$ 49,924	$ 115,581
Accumulated depreciation and impairment	(28,643)	(25,266)	(53,909)
	$ 37,014	$ 24,658	$ 61,672

	Land	Buildings and structures	Total
January 1, 2020			
Cost	$ 65,657	$ 49,924	$ 115,581
Accumulated depreciation and impairment	(28,643)	(22,968)	(51,611)
	$ 37,014	$ 26,956	$ 63,970
2020			
January 1	$ 37,014	$ 26,956	$ 63,970
Depreciation	-	(1,149)	(1,149)
December 31	$ 37,014	$ 25,807	$ 62,821
December 31, 2020			
Cost	$ 65,657	$ 49,924	$ 115,581

Accumulated depreciation and impairment	(28,643)	(24,117)	(52,760)
	$ 37,014	$ 25,807	$ 62,821

2.Rent income and direct operating expenses from investment properties:

	2021	2020
Rent income from investment properties	$ 1,989	$ 1,677
Direct operating expenses incurred by investment properties that generate rent income in the current period	($ 1,606)	($ 1,582)

3.The fair value of the investment properties held by the Company as of December 31, 2021 and 2020 was $118,104 and $116,918, respectively. They were determined based on comparisons with recent transaction prices of similar targets in the area of the investment properties. The fair value is determined based on property rights, regional factors, individual factors, and current conditions of the real estate market.

4.Please refer to Note 8 for detailed information on the Company's use of investment properties as collateral.

(X) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Secured loans	$ 4,125,766	1.80%~2.25%	Please refer to Note 8

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Secured loans	$ 3,193,962	1.80%~2.25%	Please refer to Note 8

(XI) Short-term notes and bills payable

	December 31, 2021	December 31, 2020
Commercial papers payable	$ 955,340	$ 1,319,160
Minus: Discounted short-term	(612)	(392)

notes and bills payable		
Net amount	$ 954,728	$ 1,318,768
Interest rate range	0.31%~0.90%	0.23%~1.162%

(XII) Pension

1. The Company has a defined benefit pension plan in accordance with the "Labor Standards Act", covering all regular employees' service years prior to the enforcement of the "Labor Pension Act" on July 1, 2005 and service years thereafter of employees who chose to continue the pension mechanism under the "Labor Standards Act" after the enforcement of the "Labor Pension Act". Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent Supervisory Committee of Labor Retirement Reserve Fund (the "Fund"). Before the end of each year, the Company assesses the balance in the aforementioned Fund. If the balance in the Fund is inadequate to pay the retirement benefits of employees who are eligible for retirement in the following year by the aforementioned method, the Company is required to fund the deficit in one appropriation before the end of next March.
   (1) The Company has settled accounts for the service years of employees under the old system, applied for the refund of the balance of the employee pension reserve fund, and closed the dedicated account on April 15, 2020.
   (2) The pension costs recognized by the Company in accordance with the above pension plan were $0 and $2,800 in 2021 and 2020.
2. Effective July 1, 2005, the Company has established a defined contribution pension plan (New Plan) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance for employees who opt for the pension system in the "Labor Pension Act". The contribution plan accrues dividends from an employee’s individual account and is paid monthly or in lump sum upon retirement of an employee. The pension costs recognized by

the Company in accordance with the above pension plan were $3,228 and $3,069 in 2021 and 2020.

(XIII) Share capital

1. As at December 31, 2021 and 2020, the Company's authorized capital was $7,000,000 and the paid-in capital was both $3,800,000. The par value per share is $10. The payment for all issued shares of the Company has been collected. Reconciliation between the beginning and the ending of the Company's ordinary shares outstanding is as follows:

	2021	2020
January 1	380,000,000	696,582,479
Cash refunded in capital reduction	-	(316,582,479)
December 31	380,000,000	380,000,000

2. On August, 3, 2020, the Company's Board of Directors resolved to reduce capital and return cash of $3,165,825 totaling 316,582 thousand shares. It was passed in the extraordinary shareholders meeting on September 18, 2020 and became effective after the approval of the Financial Supervisory Commission on October 27, 2020. The Company has completed the registration of changes. As of December 31, 2021, the capital reduction payments were listed under "other accounts payable". The capital reduction payments were distributed on January 12, 2021.

(XIV) Capital surplus

Item	December 31, 2021	December 31, 2020
Paid-in capital in excess of par value of common stock	$ 596,116	$ 596,116
Changes in subsidiary's equity	1,724	1,724
Gain on disposal of assets	3,323	3,323
Donations	17,652	17,652
Changes in net value of equity of affiliates and joint ventures recognized under the equity method	8,868	8,868
	$ 627,683	$ 627,683

According to the Company Act, capital surplus can only be used to offset losses. However, capital surplus arising from shares issued at premium (including the issuance of common shares at premium, capital stock premiums as a result of stock issuance due to a merger, and treasury stock transactions) and donations received may be used, in part or in whole, for the distribution of new shares or cash based on the shareholders' original shareholding ratio in accordance with a resolution of the shareholders' meeting when the Company does not have deficits. The Company may use capital surplus to offset losses only when the legal reserve cannot fully cover capital losses. The capital surplus recognized as long-term equity investments under the equity method cannot not be used for any purpose.

(XV) Retained earnings

1. According to the earnings distribution policy in the Articles of Incorporation of the Company, in the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as legal reserve. However, in the event that the accumulated legal reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. In addition, the Board of Directors may, after allocating or reversing special reserve pursuant to the laws or regulations of the competent authority, retain parts of the earnings and prepare an earnings distribution proposal along with undistributed earnings at the beginning of the period. Where the Company intends to distribute earnings by issuing new shares, it shall file a proposal to the shareholders' meeting and obtain approval in a resolution before the distribution. Where dividends are distributed in cash, the Board of Directors shall be authorized to determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two thirds of the Directors and it shall be reported at the shareholders' meeting.
2. The shareholders' meeting approved the amendment of the Articles of Incorporation in a resolution on June 10, 2020. According to the Company's earnings distribution policy in the Articles of Incorporation, the Company may proceed with the distribution of earnings of making up for losses at the end of each quarter in accordance with the Company Act. Before distributing earnings, the Company shall estimate and retain payable taxes, make up for losses, and allocate funds to legal reserve. However, the allocation of legal reserve does not apply when the Company's legal surplus reserve has reached its paid-in capital. Where the earnings are distributed in cash, they shall be processed in accordance with a resolution of the meeting of the Board of Directors and reported in the shareholders' meeting. Where the Company intends to distribute dividends by issuing new shares, it shall be processed in accordance with Article

240 of the Company Act based on a resolution of the shareholders' meeting.

3. The legal reserve may only be used for offsetting deficits and the distribution of new shares or cash based on the shareholders' original shareholding ratio. However, when new shares or cash dividends are distributed, the distribution shall be restricted to the legal reserve in excess of 25% of the paid-in capital.

4. When the Company distributes earnings, it shall first appropriate funds for the special reserve from the balance of other equities of borrowers as of the balance sheet date of the current year in accordance with laws and regulations. Once the balance of other equities of borrowers has been reversed, the reversed amount may be calculated as distributable earnings.

5. The Company's dividend policy is set up in accordance with the Company Act and the Articles of Incorporation and determined by the Company's financial structure, earnings, and long-term business plans to meet the development and transformation needs. The ratio of stock dividends to cash dividends shall be determined each year based on the requirements for working capital, provided that the cash dividends shall not be less than 20%. When the paid-in capital has reached NT$10 billion, the cash dividends shall not be less than 50%.

6. The appropriations of 2020 and 2019 earnings were approved by the shareholders' meeting on August 19, 2021 and June 10, 2020, respectively. Details are summarized as follows:

	2020		2019	
	Amount	Dividend per share (NT$)	Amount	Dividend per share (NT$)
Legal reserve	$ 495,988	$ -	$ 5,689	$ -
Cash dividends	1,424,874	2.50	104,487	0.15

7. The earnings distribution for 2021 and 2020 approved by the Board of Directors are summarized as follows:

	2021 Q3	2021 Q2	2021 Q1
Date of board resolution	November 8, 2021	August 9, 2021	May 10, 2021
Legal reserve	$ -	$ 65,908	$ 48,030
Cash dividends	-	190,000	190,000
Cash dividends per share	-	0.50	0.50

	2020 Q4	2020 Q3	2020 Q2
Date of board	April 19, 2021	December 21,	August 3, 2020

resolution		2020	
Legal reserve	$ 18,002	$ 23,162	$ 454,824
Cash dividends	380,000	-	1,044,874
Cash dividends per share	1.00	-	1.50

8.The 2021 earnings distribution proposal has not yet been approved by the Board of Directors as of March 21, 2022.

9.Please refer to Note 6 (22) for more information on employees' remuneration and Directors' remuneration.

(XVI) Other equity interests

	2021		
	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
January 1	$ 22,116	$ 493,909	$ 516,025
Valuation adjustment - the Company	-	(268,156)	(268,156)
Valuation adjustment - subsidiaries	-	18,821	18,821
Valuation adjustment transferred to retained earnings	-	(276,625)	(276,625)
Currency translation differences	(82)	-	(82)
December 31	$ 22,034	($ 32,051)	($ 10,017)

	2020		
	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
January 1	$ 22,266	$ 73,244	$ 95,510
Valuation	-	445,523	445,523

adjustment - the Company			
Valuation adjustment - subsidiaries	-	(8,697)	(8,697)
Valuation adjustment transferred to retained earnings	-	(16,161)	(16,161)
Currency translation differences	(150)	-	(150)
December 31	$ 22,116	$ 493,909	$ 516,025

(XVII) Operating revenue

	2021	2020
Revenue from contracts with customers	$ 4,513,859	$ 13,781,317
Other	13,580	8,025
	$ 4,527,439	$ 13,789,342

1.Detailed items of revenues from contracts with customers

The Company's revenue is derived from the transfer of product and services at certain points in time or gradual transfer as time progresses. Revenue by operation is further divided as follows:

2021	Sales of construction projects	Other	Total
Revenue recognition time			
- Revenue recognized at a certain point in time	$ 4,343,422	$ -	$ 4,343,422
- Revenue transferred gradually as time progresses	-	184,017	184,017
	$ 4,343,422	$ 184,017	$ 4,527,439

2020	Sales of construction projects	Other	Total
Revenue recognition time			
- Revenue recognized at a certain point in time	$ 13,741,545	$ -	$ 13,741,545
- Revenue transferred	-	47,797	47,797

gradually as time progresses	$ 13,741,545	$ 47,797	$ 13,789,342

2.The total amounts in the apportionment of the transactions and estimated year of revenue recognition for the Company's outstanding contract performance obligations for sales contracts signed as of December 31, 2021 are as follows:

Estimated year of revenue recognition		Amount in signed contracts
2022		$ 1,595,393

3.Contract assets and contract liabilities

The Company recognizes the following contract liabilities from contract revenue from customers:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities - current:			
Contract liabilities - advance receipt of land payment	$ 552,436	$ 436,101	$ 421,242
Contract liabilities - advance receipt of property payment	316,212	516,059	566,060
	$ 868,648	$ 952,160	$ 987,302

(1) The Company has included customers' advance payments in the contracts for pre-sales houses, and the period between the advanced payment and the transfer of the control of the product is longer than one year. The Group recognizes contract liabilities related to the pre-sales house contracts in accordance with IFRS 15.

(2) Opening contract liabilities recognized as income in the current period

	2021	2020
Opening balance of contract liabilities from construction project sales contracts recognized as income in the current period	$ 596,477	$ 352,793

(3) Contract modifications and variable consideration

In 2021, as the contract price the certain project development contracts for the operation and management service revenue was revised according to the joint venture supplementary agreement, and the Company's contract obligations are labor services that cannot be separated, the Company has considered the most appropriate estimate and recognized an accumulated catch-up adjustment to revenue of $170,437 based on the amended contracts.

(XVIII) Interest income

	2021	2020
Interest from bank deposits	$ 1,356	$ 3,954
Other interest income	4,917	50,623
	$ 6,273	$ 54,577

(XIX) Other income

	2021	2020
Dividend income	$ 26,209	$ 40,055
Income from default penalty of buyers	2,412	-
Other	15,160	19,307
	$ 43,781	$ 59,362

(XX) Other profits and losses

	2021	2020
Gains on disposal of investments	$ -	$ 358
Net gains (losses) on financial assets at fair value through profit or loss	703	555
Other	(12,659)	(170)
	($ 11,956)	$ 743

(XXI) Finance costs

	2021	2020
Interest expenses:		
Bank borrowings	$ 73,739	$ 96,616
Interest on short-term notes and bills payable	15,257	25,834
Other	5,878	4,768
	94,874	127,218

	2021	2020
Minus: Amount eligible for asset capitalization	(62,790)	(85,451)
Finance costs	$ 32,084	$ 41,767

(XXII) Additional information on expenses

	2021	2020
Construction cost in this period	$ 3,316,239	$ 8,154,559
Employee benefit expenses	107,372	160,187
Depreciation	24,523	24,142
Amortization of intangible assets	234	178
Tax expenses	15,639	18,716
Professional service expenses	42,520	12,530
Advertising expenses	13,803	41,802
Commission expenditures	91,045	87,124
Rent	2,666	2,950
Management fees	4,461	2,866
Other expenses	51,877	89,822
	$ 3,670,379	$ 8,594,876

(XXIII) Employee benefit expenses

	2021	2020
Salary expenses	$ 86,689	$ 129,225
Labor and health insurance fees	6,558	5,692
Pension expenses	3,228	5,869
Remuneration for Directors	3,410	3,927
Other benefit expenses	7,487	15,474
	$ 107,372	$ 160,187

1. The shareholders' meeting passed an amendment of the Articles of Incorporation in a resolution on June 10, 2020, which stated that if the Company has earnings in the current year, the Company's remuneration for employees and Directors shall be 0.5% to 5% and under 5% of the earnings before tax of the year and before deducting remuneration for employees and Directors. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses.
2. The Company's estimated amounts of employees' remuneration in 2021 and 2020 amounted to $5,843 and $26,059, respectively. The estimated amounts of Directors' remuneration are $5,843 and $26,059, respectively. All amounts are recognized as salary expenses.

The estimated amounts of employees' remuneration and Directors' remuneration based on the profitability in 2021 are 0.5% and 0.5%, respectively. The estimated amounts and the method of distribution of employees' remuneration were approved in a resolution of the Board of Directors on March 21, 2022.

Employees' remuneration and Directors' remuneration in the Board of Directors' resolution for 2020 were equal to the amount recognized in the financial statements for 2020.

Information on employees’ remuneration and directors’ remuneration of the Company for 2020 as resolved by the Board of Directors is posted in the "Market Observation Post System".

(XXIV) Income tax

1. Income tax expenses

(1) Components of income tax expenses:

	2021	2020
Current income tax		
Income tax arising in the current period	$ 78,031	$ 44,294
Surtax on undistributed earnings	132,951	-
Land value increment tax included in current income tax	8,746	171,852
Adjustments in respect of prior years	(44,300)	(5,407)
Total current income tax	175,428	210,739
Deferred income tax		
Origination and reversal of temporary differences	(746)	5,784
Income tax expenses	$ 174,682	$ 216,523

(2) The Company's income tax directly in other comprehensive income was $0 in both 2021 and 2020.

2. Relationship between income tax expenses and accounting profits:

	2021	2020
Income tax from net profit before tax calculated at the statutory tax rate	$ 231,378	$ 1,031,932
Surtax on undistributed earnings	132,951	-

Tax-exempt income based on tax laws	(80,871)	(1,112,818)
Temporary differences not recognized in deferred income tax assets	(61,570)	125,450
Tax losses in previous years not recognized in deferred income tax assets	(10,906)	-
Origination and reversal of temporary differences	(746)	5,784
Adjustments in respect of prior years	(44,300)	(5,407)
Land value increment tax included in current income tax, etc.	8,746	171,582
Income tax expenses	$ 174,682	$ 216,523

3. The deferred income tax assets or liabilities from temporary differences are as follows:

	2021			
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Unrealized expenses	$ -	$ 746	$ -	$ 746
Prepaid land value increment tax	-	12,991	-	12,991
	$ -	$ 13,737	$ -	$ 13,737

	2020			
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Unrealized expenses	$ 5,784	($ 5,784)	$ -	$ -

4. The Company's deductible temporary differences not recognized as deferred income tax assets as of December 31, 2021 and 2020 were both $0.

5. The Company’s profit-seeking enterprise income tax returns have been approved by the tax authorities up to 2018.

(XXV) EPS

	2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	EPS (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 982,151	380,000	$ 2.58
Assumed conversion of all dilutive potential ordinary shares of employee remuneration	-	440	
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	$ 982,151	380,440	$ 2.58

	2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	EPS (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 4,943,139	652,348	$ 7.58
Assumed conversion of all dilutive potential ordinary shares of employee remuneration	-	1,054	
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	$ 4,943,139	653,402	$ 7.57

(XXVI) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Deposits received	Dividends payable	Total
January 1, 2021	$ 3,193,962	$ 1,318,768	$ 83,495	$ 1,613	$ -	$ 4,597,838
Changes in cash flows from financing activities	931,804	(364,040)	(19,760)	845	(760,000)	(211,151)
Other non-cash changes	-	-	-	-	760,000	760,000
December 31, 2021	$ 4,125,766	$ 954,728	$ 63,735	$ 2,458	$ -	$ 5,146,687

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Deposits received	Dividends payable	Total
January 1, 2020	$ 5,329,714	$ 2,030,124	$ 102,857	$ 3,260	$ -	7,465,955
Changes in cash flows from financing activities	(2,135,752)	(711,356)	(19,362)	(1,647)	(1,149,361)	(4,017,478)
Other non-cash changes	-	-	-	-	1,149,361	1,149,361
December 31, 2020	$ 3,193,962	$ 1,318,768	$ 83,495	$ 1,613	$ -	$ 4,597,838

VII. Related-party transactions

(I) Name and relationship of related parties

Names of related parties	Relationship with the Company
Shen Yang Construction Co., Ltd. (Shen Yang)	Subsidiary
Shang Yang International Asset Management Co., Ltd. (Shang Yang)	Subsidiary
Che Yang Agricultural Technology Co., Ltd. (Che Yang)	Sub-subsidiary
Chi Yang Construction Co., Ltd. (Chi Yang)	Sub-subsidiary
Sweet Me Hot Spring Resort Co., Ltd. (Sweet Me)	The Company's affiliate enterprises:
Hanshin Asset Management Co., Ltd. (Hanshin Asset Management)	Other related party
Hanshin Department Store Co., Ltd. (Hanshin Department Store)	Other related party
Chi Hsuan Development Co., Ltd. (Chi Hsuan Development)	Other related party
Grand Hi-Lai Hotel Co., Ltd. (Grand Hi-Lai Hotel)	Other related party
Hi-Lai Foods Co., Ltd. (Hi-Lai Foods)	Other related party
Wei Li International Development Co., Ltd. (Wei Li)	Other related party
Hanshin Shopping Plaza Co., Ltd. (Hanshin Shopping Plaza)	Other related party
Wei Chun International Development Co., Ltd. (Wei Chun)	Other related party
Grand Hi-Lai International Property Management Consulting Co., Ltd. (Grand Hi-Lai International Property)	Other related party

(II) Major transactions with related parties

1. Operating revenue - income from management services

	2021	2020
Other related party - Wei Li	$ 591	$ 1,773

2. Operating revenue - rental income

	2021	2020
Subsidiary	$ 389	$ 389
Sub-subsidiary	186	186
Other related party	2,933	2,933
	$ 3,508	$ 3,508

3. Promotion expenses

	2021	2020
Other related party	$ 1,212	$ 1,207

4. Administrative expenses

	2021	2020
Other related party - Hi-Lai Foods	$ 4,268	$ 5,390
Other related party - Grand Hi-Lai International Property	1,371	-
Other related party - Others	922	68
	$ 6,561	$ 5,458

5. Other receivables

	December 31, 2021	December 31, 2020
Subsidiary - Shen Yang	$ 60,975	$ 104,529
Other related party - Wei Li	-	49,866
	$ 60,975	$ 154,395

The aforementioned accounts receivable from related parties consist mainly of the operating management income receivable recognized based on the letter of appointment for operating management signed by the Company for joint development and operation projects.

6. Other expenses payable

	December 31, 2021	December 31, 2020
Other related party - Hi-Lai Foods	$ 846	$ 319
Other related party - Grand Hi-Lai Hotel	108	-
	$ 954	$ 319

7. Other credit and debt transactions

(1) Refundable deposits

	December 31, 2021	December 31, 2020
Other related party	$ 24,597	$ 24,597

(2) Deposits received

	December 31, 2021	December 31, 2020
Other related party	$ 450	$ 450

8. Acquisition of financial assets

(1) The Company purchased shares from another related party, Wei Chun, on January 28, 2021. The Company has paid for the shares and completed stock transactions. Information on the Group's purchase is as follows:

Account	Number of shares traded	Object of transaction	2021 Acquisition price
Investments/affiliates recognized under the equity method	802 thousand shares	Hanshin Department Store - stocks	$ 22,456

Please refer to Note 6 (3) and Note 6 (7).

(2) The Company participated in the cash capital increase of related parties in 2020 and the information on the subscriptions of the Company is as follows:

Account	Number of shares traded	Object of transaction	2020 Acquisition price
Non-current financial assets at fair value through other comprehensive income	6,851 thousand shares	Hanshin Department Store - stocks	$ 102,765

	5,400 thousand shares	Grand Hi-Lai Hotel - stocks	81,000
			$ 183,765
Investments recognized under the equity method- subsidiary	70,000 thousand shares	Shen Yang - stocks	$ 700,000
- affiliate enterprise	8,000 thousand shares	Hanshin Shopping Plaza - stocks	$ 480,000

9.Endorsements and guarantees

	December 31, 2021	December 31, 2020
Subsidiary - Shen Yang	$ 634,500	$ 533,000
Other related party- Wei Li	6,838,730	5,048,675
- Chi Hsuan	558,000	558,000
- Hanshin Asset Management	-	798,000
	$ 8,031,230	$ 6,937,675

10. Other

(1) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Chuwa Wool Industry Co., (Taiwan) Ltd., Hanshin Asset Management Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 9 plots of land including plot 28 on Zhongxing Section, Sanchong District, New Taipei City with a total area of 1,828.28 pings on July 15, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 10% for Wei Li International Development Co., Ltd., 15% for Chuwa Wool Industry Co., (Taiwan) Ltd., 10% for Hanshin Asset Management Co., Ltd., and 15% for Grand Hi-Lai Hotel Co., Ltd.

(2) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Chuwa Wool Industry Co., (Taiwan) Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 4 plots of land including plot 83-1 on Jiuzhong Section, Neihu District, Taipei City with a total area of 2,127.33 pings on November 23, 2020. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies.

(3) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Chuwa Wool Industry Co., (Taiwan) Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 19 plots of land including plot 365 on Zhongyi Section, Tucheng District,

New Taipei City with a total area of 5,344.27 pings on January 28, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies. "Grand Hi-Lai Hotel Co., Ltd." later withdrew from the project on June 29, 2021. The shares it previously held were transferred to Hanshin Asset Management Co., Ltd. The investment ratio change became effective on July 1, 2021.

(4) The Company signed a joint investment and development agreement with Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Heng Jui Development Co., Ltd. for 19 plots of land including plot 162 on Gongjian Section, Xizhi District, New Taipei City with a total area of 17,051 square meters on November 25, 2016. According to the agreement, the Company serves as the manager of the Project. The investment ratio is 35% for the Company, 35% for Hanshin Asset Management Co., Ltd., 15% for Li Yang Agricultural Technology Co., Ltd., and 15% for Heng Jui Development Co., Ltd. The parties later signed the "Joint Development Supplementary Agreement" on December 29, 2017 for changing the investment ratio and settlement distribution to 35% for the Company, 35% for Hanshin Asset Management Co., Ltd., 25% for Li Yang Agricultural Technology Co., Ltd., and 5% for Heng Jui Development Co., Ltd.

(5) The Company signed a joint investment and development agreement with "Wei Li" land including plot 24 on Heguan Section, Annan District, Tainan City with a total area of 77,479.53 square meters on June 29, 2012 for joint construction of residential buildings. The parties later signed a letter of appointment for operating management which appointed the Company to take charge of overall development plans, building planning, and construction and sales of residential buildings. "Wei Li" represented the Project externally and executed the Project based on the contract signed with Taiwan Sugar Corporation. Wei Li became the main operator of the Project as well as the company responsible for selling the houses and land (the company issuing the sales invoice) and the company responsible for purchases products or services (the company with input documentary evidence). It is also responsible for the settlement of the project. The parties later signed the "Joint Development Supplementary Agreement" on March 15, 2016 for changing the investment ratio and settlement distribution to 60%, 6%, 1.5%, 4%, 13.5%, 10%, and 5%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", "Crowell Development", and "Han Lin Development". "Crowell Development" later withdrew from the project on July 15, 2019. "Wei Li" and the co-funders signed the "Joint Development Supplementary Agreement" for changing the investment ratio and settlement distribution to 65%, 6%, 1.5%, 4%, 13.5%, and 10%, respectively for the Company, "Wei Li", "Feminine", "Tsu Yan", "Hanshin Asset Management", and "Han Lin Development".

(III) Key management compensation

The Company's remuneration for Directors and key management:

	2021	2020
Short-term employee benefits	$ 13,940	$ 13,587

The remuneration to Directors and other key management is determined by the Remuneration Committee based on personal performance and market trends and submitted to the Board of Directors for resolution.

VIII. Pledged assets

The following assets of the Company have been provided as collateral for bank loans, performance bond, and warranty bond:

Assets	Book value December 31, 2021	Book value December 31, 2020	Purpose of collateral
Inventories	$ 8,139,182	$ 7,181,399	Short-term borrowings and commercial papers
Other financial assets - current (restricted deposits)	1,209	187,750	Trusts and reserve accounts
Property, plant and equipment	18,026	18,285	Commercial papers
Investment properties	42,182	42,750	Commercial papers
Other financial assets - non-current (time deposits)	48,335	48,334	Performance guarantee
	$ 8,248,934	$ 7,478,518	

IX. Significant contingent liabilities and unrecognized contractual commitments

As of December 31, 2021, the total construction contract price between the Company and non-related parties was $91,470 and the amount that has yet not been included in the estimation was $90,595.

X. Significant disaster loss

None.

XI. Significant events after the balance sheet date

The Company plans to acquire three plots of land on Lot 194, 196, and 197, Longzhong Section, Gushan District, Kaohsiung City based on a resolution of the Board of Directors on March 21, 2022. The project will be jointly developed with six companies with a total transaction amount of NT$2.593 billion. The Company's investment ratio is 50%.

XII. Other

(I) Capital management

The Company implements capital management to ensure sustainable development of the Company maximize the benefit for its shareholders by optimizing debts and equity. The Company's capital structure consists of equity attributable to owners of the Company (i.e., share capital, capital surplus, retained earnings, and other equity interests). In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debts. The Company adjusts loan amounts based on the construction progress and the funding required for operations.

(II) Financial instruments

1. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Current financial assets at fair value through profit or loss	$ 14,803	$ 20,608
Current financial assets at fair value through other comprehensive income	309,592	378,534
Non-current financial assets at fair value through other comprehensive income	234,385	800,164
	$ 558,780	$ 1,199,306
Financial assets at amortized cost		
Cash and cash equivalents	2,082,508	4,611,385
Notes receivable, net	50,628	41,072
Accounts receivable, net	453,191	224,982
Other receivables	280,408	424,171
Other financial assets - current	1,209	187,750
Other financial assets - non current	48,335	48,334
	$ 2,916,279	$ 5,537,694
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 4,125,766	$ 3,193,962
Short-term notes and bills payable	954,728	1,318,768
Notes payable	244,653	58,281
Accounts payable	369,164	808,296
Other payables - other	212,621	3,434,106
	$ 5,906,932	$ 8,813,413
Lease liabilities	$ 63,735	$ 83,495

2. Risk management policy

The objective of the Company's financial risk management is to manage the market risks, credit risks, and liquidity risks related to operating activities. The Company conducts the identification, valuation, and management of the aforementioned risks based on its policies and risk preferences.

The Company has set up appropriate policies, procedures, and internal control for the aforementioned financial risk management based on relevant standards. Significant financing activities must be reviewed by the Board of Directors in accordance with relevant standards and the internal control system. During implementations of financial management activities, the Company shall strictly abide by the regulations established for financial risk management.

3. Significant financial risks and degree of financial risks

(1) Market risks

Foreign exchange risks

The Company's main operating activities are in Taiwan and the main currency is the NTD. The impact of exchange rate fluctuations is minimal and we therefore expect no significant exchange rate risks.

Price risks

A. The Company's equity instruments exposed to price risks are financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risks of investments in equity instruments, the Company diversifies its investment portfolio in accordance with the limits set by the Company.

B. The Company's main investments consist of equity instruments issued by domestic companies and open-ended funds. The prices of such equity instruments are affected by the uncertainty of the future value of underlying investments. If the price of such equity instruments rises or falls by 1% and all other factors remain constant, the net profit after tax as a result of the profit or loss in the equity tools measured at fair value in 2021 and 2020 will increase or decrease by $148 and $206, respectively. The gain or loss on equity investments classified as equity instruments in other comprehensive income measured at fair value through profit and loss will increase or decrease by $3,096 and $3,785, respectively.

Interest rate risk for cash flow and fair value

A. The Company's interest rate risks mainly arise from short-term borrowings and short-term notes and bills payable. Borrowings at floating rates expose the Company to cash flow interest rate risks, which are partially offset by cash held at floating rates. Borrowings at fixed rates expose the Company to fair value interest rate risks. In 2021 and 2020, the Company's loans calculated based on floating interest rates were calculated in NTD.

B. The Company simulates various plans and analyzes interest rate risks, including considering plans for refinancing or renewal of existing positions and other available financing plans to calculate the impact of specific changes interest rates on profit or loss.

C. If all other factors remain constant, the maximum impact of a 1% change in interest rates on financial costs in 2021 and 2020 would result in an increase or decrease of $50,805 and $45,127, respectively.

(2) Credit risks

A. The Company's credit risks refer to the risks of financial loss to the Company arising from default by the clients or counterparties of financial instruments. The risks are mainly derived from the counterparty's failure to settle the accounts receivable based on payment collection terms.

B. The Company establishes credit risk management from the perspective of the Company. The Company has set a minimum independent credit rating of "A" for banks and financial institutions before they can be accepted as transaction counterparties.

C. The Company's main business activities are the lease and sales of residential buildings, industrial plants, and commercial buildings. Revenue from the sale of properties is recognized upon the full payment of the contract price, the completion of the transfer of ownership, and the actual delivery of the properties. Therefore, the amount of accounts receivable arising from the sale of properties is considered insignificant and the possibility of non-recovery is low. The Company manages receivables in special transactions on an individual basis and tracks such receivables on a regular basis. The amount of the Company's assessed credit impairment losses as of December 31, 2021 and 2020 was insignificant.

D. As of December 31, 2021 and 2020, there were no debts with recourse that were written off.

(3) Liquidity risks

A. Cash flow forecasting is performed by each Company department and aggregated by the Company treasury. The Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities.

B. The Company's non-derivative financial liabilities are grouped in the table below based on the maturity date and analyzed based on the remaining period at the balance sheet date to the contractual maturity date. The amount of undiscounted contract cash flows of notes payable and other payables is approximately equal to their carrying amounts and is due within one year. The amount of undiscounted contractual cash flows for other financial liabilities is described in the following table:

Non-derivative financial liabilities: December 31, 2021	Within 1 year	1 to 3 years	3 years or above
Short-term borrowings	$ 1,387,880	$ 1,437,312	$ 1,512,447
Short-term notes and bills payable	955,340	-	-
Accounts payable	369,164	-	-
Lease liabilities	21,917	43,833	-

Non-derivative financial liabilities: December 31, 2020	Within 1 year	1 to 3 years	3 years or above
Short-term borrowings	$ 2,459,936	$ 28,260	$ 797,659
Short-term notes and bills payable	1,319,160	-	-
Accounts payable	661,276	147,020	-
Lease liabilities	21,278	43,834	21,917

(III) Fair value information

1. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quotation (unadjusted) of the same asset or liability from an active market can be obtained on the measurement date. An active market refers to a market in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on a continuous basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liabilities.

2. Please refer to Note 6 (9) for information on the fair value of investment properties carried at cost.

3. The carrying amount of financial instruments not carried at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets - current, refundable deposits, short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, and deposit received, are reasonable approximations of the fair value.

4. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(1) The information on the Company's classification of assets by nature is as follows:

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 14,803	$ -	$ -	$ 14,803
Current financial assets at fair value through other comprehensive income	$ 309,592	$ -	$ -	$ 309,592
Non-current financial assets at fair value through other comprehensive income	$ -	$ -	$ 234,385	$ 234,385

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Assets				
Recurring fair value				

measurements				
Financial assets at fair value through profit or loss	$ 20,608	$ -	$ -	$ 20,608
Current financial assets at fair value through other comprehensive income	$ 378,534	$ -	$ -	$ 378,534
Non-current financial assets at fair value through other comprehensive income	$ -	$ -	$ 800,164	$ 800,164

(2) The methods and assumptions that the Company used to measure the fair value are as follows:

A. The instruments for which the Company used market quoted prices as their fair values (i.e., Level 1) are divided by the characteristics of the instruments as follows:

	Listed stocks	Open-end funds
Market quoted price	Closing price	Net worth

B.Except for the financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

5.There was no transfer between Level 1 and Level 2 in the Company in 2021 and 2020.

6.The Level-3 movements for 2021 and 2020 were as follows:

	2021	2020
January 1	$ 800,164	$ 134,499
Acquired in the current period	-	183,765
Disposed in the current period	(278,470)	-
Valuation adjustment	(287,309)	481,900
December 31	$ 234,385	$ 800,164

7.An independent appraiser appointed by the Company is in charge of valuation procedures for fair value measurements being categorized within Level 3. The appraiser submits a valuation report for the Finance Department to perform the fair value verification of financial instruments to ensure that the source of data is independent, reliable, and represented as the exercisable price.

8. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value as of December 31, 2021	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship between inputs and fair value
Equity instruments:					
Non-listed stocks	$ 214,106	Comparable public company analysis	Product of the number of shares multiplied by value	0.52~4.22	The higher the product of the number of shares multiplied by value, the higher the fair value
			Discount for lack of marketability	21.27%~30.00%	The higher the discount for lack of marketability, the lower the fair value
	$ 20,279	Net asset value approach	Not applicable	Not applicable	The higher the net asset value, the higher the fair value

	Fair value as of December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship between inputs and fair value
Equity instruments:					
Non-listed stocks	$ 780,313	Comparable public company analysis	Product of the number of shares multiplied by value	0.54~5.46	The higher the product of the number of shares multiplied by value, the higher the fair value
			Discount for lack of marketability	30.00%	The higher the discount for lack of marketability, the lower the fair value
	$ 19,851	Net asset value approach	Not applicable	Not applicable	The higher the net asset value, the higher the fair value

(IV) Other matters

Due to the outbreak of the COVID-19 pandemic in 2021 Q4, the Company has supported multiple epidemic prevention measures implemented by the government. While the construction period and handover of certain projects were affected due to delays in government administrative operations, other projects that were completed or not yet completed were handed over normally or proceeding based on the schedule. As the Company has sufficient working capital and the payment collection of sold projects remained normal, the operations of the Group were also functioning normally. According to assessments, the outbreak of the COVID-19 pandemic did not have a significant impact to the Company's financial position and financial performance in 2021 Q4.

XIII. Supplementary disclosures

(I) Significant transactions information

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: Please refer to Table 1.
3. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Please refer to Table 2.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of paid-in capital or more: Table 3.
5. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Table 4.
6. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: Table 5.
7. Purchase or sale of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.
8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.
9. Trading in derivatives: None.
10. The business relationship and significant transactions between the parent company and its subsidiaries: Please refer to Table 6.

(II) Information on investees

Names, locations and other information of investee companies (excluding the investees in Mainland China): Please refer to Table 7.

(III) Information on investments in Mainland China

1. Basic information: Please refer to Table 8.
2. Significant transactions with the investees in Mainland China either directly or indirectly

through other companies in the third areas: Please refer to Table 8.

(IV) Information on major shareholders

Information on major shareholders: Please refer to Table 9.

XIV. Segment information

Not applicable.

Kuo Yang Construction Co., Ltd.

Statement of Inventories

December 31, 2021

Unit: NT$1,000

Item	Amount		Remarks
	Cost	Market price (Note)	
Houses and land held for sale	$ 4,340,162	$ 5,011,312	
Minus: Allowance for price decline	(422,723)		
	$ 3,917,439		
Houses and land under construction			
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	43,940	43,940	
Kuo Yang Silicon Valley (Xizhi Gongjian Section Project)	318,249	318,249	
Neihu Jiuzong Section	1,596,699	1,596,699	
	1,958,888	1,958,888	
Minus: Allowance for price decline	-		
	1,958,888		
Land for construction			
Zhudong Section	251,872	113,816	
Beitou Guangming Section	12,633	-	
Minquan East Road Project	273,821	246,820	
Jilin Urban Renewal Project	148,180	-	
Jingmei Section	40,174	246,820	
Ren'ai Urban Renewal Project	9,844	148,180	
Guanghua Section	12,500	40,174	
Kaohsiung Yunwen Section	108,170	9,844	
Tucheng Section	1,216,210	12,500	
Sanchong Section	963,175	108,170	
Other	28,055	1,216,210	
	3,064,634	963,175	
Minus: Allowance for price decline	(183,604)	28,055	
	2,881,030	2,886,944	
Prepayments for houses and land and others			
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	354,076	354,076	
Total	$ 9,111,433	$10,211,220	

Note: Due to the nature of the construction industry, the market value of land under construction and land awaiting construction specified as the cost or net realizable value, whichever is lower.

Kuo Yang Construction Co., Ltd.

Statement of Changes in Houses and Land under Construction

From January 1, 2021 to December 31, 2021

Unit: NT$1,000

Project name	Opening balance	Increase in current period: Investment cost	Increase in current period: Capitalized interest	Transfer in current period: Inward transfer from land awaiting construction	Transfer in current period: Sold in this period	Outward transfer after construction completion	Ending balance	Remarks
Kuo Yang The Green Place Project (Taiwan Sugar Annan Project)	$ 42,180	$ 1,760	$ -	$ -	-	$ -	$ 43,940	Loan collateral already provided
Good morning, Kuo Yang Project (Keelung Tiaohe Section Project)	1,601,961	551,801	24,442	-	-	(1,859,955)	318,249	〃
Kuo Yang Silicon Valley (Xizhi Gongjian Section Project)	1,445,665	270,093	5,094	-	-	(1,720,852)	-	None
Neihu Jiuzong Section	1,074,684	502,493	19,522	-	-	-	1,596,699	Loan collateral already provided
	$4,164,490	$1,326,147	$ 49,058	$ -	$ -	($3,580,807)	$1,958,888	

Kuo Yang Construction Co., Ltd.

Statement of Changes in Investments Accounted for Using Equity Method

From January 1, 2021 to December 31, 2021

Unit: NT$1,000

	Opening balance		Increase in current period		Decrease in current period			Ending balance			Net equity		
Name	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Other adjustments (Note)	Number of shares	Shareholding ratio	Amount	Unit price (NTD)	Total price	Provision of collateral or pledges
Shen Yang Construction Co., Ltd.	160,000,000	$1,384,417	-	$ 88,498	-	$ -	$ 63,017	160,000,000	100%	$1,535,932	$ 9.76	$1,561,788	None
Shang Yang International Asset Management Co., Ltd.	61,800,000	664,003	-	29,610	-	-	(44,166)	61,800,000	100%	649,447	10.51	649,447	None
Shadwell Limited	200,000	2,309	-	(56)	-	-	(113)	200,000	100%	2,140	10.70	2,140	None
Hanshin Shopping Plaza Co., Ltd.	8,000,000	520,343	2,005,000	424,046	-	-	(46,365)	10,005,000	20%	898,024	32.94	329,561	None
Sweet Me Hot Spring Resort Co., Ltd.	2,200,000	12,933	-	(1,158)	-	-	-	2,200,000	20%	11,775	5.35	11,775	None
Hanshin Department Store Co., Ltd.	-	-	8,020,000	307,637	(8,020,000)	(317,450)	9,813	-	-	-	-	-	
		$2,584,005		$ 848,577		($ 317,450)	($ 17,814)			$3,097,318			

Note: Other adjustments represent translation differences in the financial statements of foreign operations and valuation adjustments on financial assets at fair value through other comprehensive income.

Kuo Yang Construction Co., Ltd.

Statement of Short-term Notes and Bills Payable

December 31, 2021

Unit: NT$1,000

Item	Financial institution	Contract period	Coupon rate	Amount: Issuance amount	Amount: Discounted unamortized short-term notes and bills payable	Amount: Book value	Collateral
Commercial papers payable	Mega Bills Finance	2021/10/20~2022/01/18	0.850%	$ 28,080	($ 126)	$ 27,954	Houses and land held for sale
	China Bills Finance	2021/11/16~2022/02/14	0.31%~0.33%	496,050	(80)	495,970	〃
	International Bills Finance	2021/12/06~2022/02/14	0.750%	88,010	(303)	87,707	〃
	International Bills Finance	2021/12/29~2022/02/17	0.900%	256,300	(103)	256,197	〃
	International Bills Finance	2021/12/29~2022/02/17	0.900%	86,900	-	86,900	Property, plant and equipment, investment property, and land for construction
				$ 955,340	($ 612)	$ 954,728	

Kuo Yang Construction Co., Ltd.

Statement of Operating Revenue

From January 1, 2021 to December 31, 2021

Unit: NT$1,000

Item	Summary	Amount
Revenue from sale of properties		
Revenue from land		$ 2,231,379
Revenue from houses		2,124,268
Other		170,437
Sales discount		(12,225)
		4,513,859
Rental income		13,580
		$ 4,527,439

Kuo Yang Construction Co., Ltd.

Statement of Operating Cost

From January 1, 2021 to December 31, 2021

Unit: NT$1,000

Item	Amount	
	Subtotal	Total
Opening inventory		
Houses and land held for sale	$ 4,170,852	
Houses and land under construction	4,164,490	
Land for construction	853,835	
Prepayments for land and others	354,076	$ 9,543,253
Plus: Purchases in this period		3,304,042
Expenses for investments in construction in the current period		155,930
Interest capitalization		62,790
Cost of leases		1,149
Operation and management service fees		97,332
Other		-
Minus: Closing inventory		
Houses and land held for sale	(4,340,162)	
Houses and land under construction	(1,958,888)	
Land for construction	(3,064,634)	
Prepayments for houses and land and others	(354,076)	(9,717,760)
Allowance for price decline (gain on recovery)		(129,348)
Construction cost		$ 3,317,388

Kuo Yang Construction Co., Ltd.

Statement of Operating Expenses

From January 1, 2021 to December 31, 2021

Unit: NT$1,000

Item	Amount	Remarks
Promotion expenses		
Transferred deferred promotion expenses recognized based on full completion	$ 91,045	
Advertising expenses	3,879	
Sales expenses	9,658	
Administrative expenses	1,776	
Other expenses	17,162	
	123,520	
Administrative expenses		
Salary expenses	75,312	
Tax	14,168	
Rent expenditures	1,466	
Insurance premiums	6,559	
Professional service expenses	39,492	
Other expenses	92,474	
	229,471	
Total	$ 352,991	

Kuo Yang Construction Co., Ltd.

Summary Table of Employee Benefit, Depreciation, Depletion and Amortization Expenses for the Current Year

From January 1, 2021 to December 31, 2021

Unit: NT$1,000

	2021			2020		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses						
Salary expenses	$ -	$ 86,689	$ 86,689	$ -	$ 129,225	$ 129,225
Labor and health insurance fees	-	6,558	6,558	-	5,692	5,692
Pension expenses	-	3,228	3,228	-	5,869	5,869
Remuneration for Directors	-	3,410	3,410	-	3,927	3,927
Other employee benefit expenses	-	7,487	7,487	-	15,474	15,474
	$ -	$ 107,372	$ 107,372	$ -	$ 160,187	$ 160,187
Depreciation	$ -	$ 24,523	$ 24,523	$ -	$ 24,142	$ 24,142
Deduction expenses	$ -	$ -	$ -	$ -	$ -	$ -
Amortization cost	$ -	$ 234	$ 234	$ -	$ 178	$ 178

1. As of December 31, 2021 and 2020, the Company's average number of employees were 73 and 70, respectively. There were 8 and 8 Directors who do not serve concurrently as employees.
2. The Company discloses the following information in accordance with the table above:
   (1) The average employee benefit expenses in 2021 and 2020 amounted to $1,599 and $2,520, respectively.
   (2) The average employee salary expenses in 2021 and 2020 amounted to $1,334 and $2,084, respectively.
   (3) The adjustment of the average employee salary expenses in 2021 was (36.036)%.
3. The Company’s salary policy is as follows:
   (1) Remuneration for Directors: The Board of Directors is authorized to determine the remuneration paid to Directors based on their participation in the Company's operations, the value of their contributions, and prevailing rates in the industry.
   (2) Manager: The Company pays reasonable compensation to the manager based on his/her rank, position, experience, local living standard, consumer price index, contribution to the Company, and team leadership skills.
   (3) Employees: The remuneration for employees includes fixed salaries and bonuses. The fixed salary is paid each month and bonuses include the year-end bonuses, employees' remuneration, and bonuses for Dragon Boat Festival and Mid-Autumn Festival.
      (a) Fixed salary: The fixed salary is based on the individual's key core competencies and professional skills, and is paid based on the rank, position, and experience specified in the "Rank and Salary Range Table".
      (b) Year-end bonus: The year-end bonus is based on the Company's business operations and performance in

the current year and is calculated on an annual basis.

(c) Employees' remuneration: In the event of profit in the year, the Company shall appropriate 0.5% to 5% of the pre-tax earnings (excluding remuneration for Directors and employees) as remuneration for employees. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance to make up for losses. The remuneration for employees is determined by the Board of Directors which shall resolve to distribute the remuneration in stocks or cash.

4. The Company has established an Audit Committee and therefore does not pay remuneration to supervisors.

Kuo Yang Construction Co., Ltd.
Provision of endorsements and guarantees to others
January 1 to December 31, 2021

Table 1

Unit: NT$1,000
(Unless specified otherwise)

No. (Note 1)	Name of company providing endorsement or guarantee	Entity for which the endorsement/guarantee is made		Limit on endorsements/guarantees to a single enterprise (Note 3)	Maximum outstanding balance of endorsements/guarantees during the current period (Note 4)	Ending balance of endorsements/guarantees (Note 5)	Actual amount drawn down (Note 6)	Endorsed/Guaranteed amount with property as collateral	Cumulative endorsed/guaranteed amount as a percentage of the net value in the most recent financial statements	Maximum endorsed/guaranteed amount (Note 3)	Parent company to subsidiary (Note 7)	Subsidiary to parent company (Note 7)	Endorsements and guarantees for entities in Mainland China (Note 7)	Remarks
			Relationship (Note 2)											
0	Kuo Yang Construction Co., Ltd.	Wei Li International Development Co., Ltd.	5	$ 18,458,804	$ 10,504,655	$ 6,838,730	$ 6,262,170	$ -	74.10%	$ 36,917,608	N	N	N	
0	〃	Tsang Shan Development Co., Ltd.	5	18,458,804	558,000	279,000	279,000	-	3.02%	36,917,608	N	N	N	
0	〃	Chi Hsuan Development Co., Ltd.	5	18,458,804	1,116,000	558,000	558,000	-	6.05%	36,917,608	N	N	N	
0	〃	Shen Yang Construction Co., Ltd.	2	18,458,804	634,500	634,500	131,500	-	6.87%	36,917,608	Y	Y	Y	
0	〃	Hanshin Asset Management Co., Ltd.	5	18,458,804	798,000	-	-	-	0.00%	36,917,608	N	N	N	
0	〃	Li Yang Agricultural Technology Co., Ltd.	5	18,458,804	665,000	-	-	-	0.00%	36,917,608	N	N	N	
0	〃	Heng Jui Development Co., Ltd.	5	18,458,804	266,000	-	-	-	0.00%	36,917,608	N	N	N	
0	〃	Ta Yuan Construction Co., Ltd.	5	18,458,804	522,616	202,616	202,616	-	2.20%	36,917,608	N	N	N	
1	Shen Yang Construction Co., Ltd.	Chi Yang Construction Co., Ltd.	2	3,123,576	2,415,000	2,282,500	130,300	-	146.15%	6,247,152	N	N	N	
1	〃	Tsang Hsin Construction Co., Ltd.	5	3,123,576	368,000	368,000	311,350	-	23.56%	6,247,152	N	N	N	

Note 1: The explanation for filling out numbers is as follows: 1. The issuer shall fill out numbers of 02. Investees are numbered in order starting from "1".
Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following six categories (simply specify the respective category):

1. Companies in a business relationship with the Company.
2. Subsidiaries in which the Company directly holds more than 50% of its total outstanding ordinary shares.
3. Investees in which parent company and subsidiary hold more than 50% of total outstanding ordinary shares combined.
4. Parent company in which the Company directly or indirectly (along with subsidiary) holds more than 50% of its total outstanding ordinary shares.
5. Companies providing mutual endorsements/guarantees for industry peers for purposes of undertaking a construction project.
6. Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: The procedures in which the Company provides endorsements/guarantees for others, the maximum endorsements/guarantees for each entity, and the total limit of endorsements/guarantees shall be filled in. The individual entity receiving endorsements/guarantees and the calculation method for the total limit amount shall be specified in the "Remarks" column.

1. The total endorsements and guarantees provided by the Company shall not exceed the net value of the Company's most recent financial statements; the endorsements and guarantees provided for an individual enterprise may not exceed 20% of the net value of the Company's most recent financial statements.
2. Where the Company fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for a construction project, where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, where companies in the same industry provide joint guarantee for contract performance for pre-sale property contracts in accordance with the Consumer Protection Act, or where the Company directly or indirectly holds 100% of the voting shares and provides endorsements and guarantees, the restrictions in the preceding paragraph shall not apply and the endorsements and guarantees can still be provided. However, such endorsements and guarantees shall not exceed 400% of the net value of the most recent financial statements; the total endorsements and guarantees provided for an individual enterprise may not exceed 200% of the net value of the most recent financial statements.
3. Where Shen Yang Construction fulfills its contractual obligations by providing mutual endorsements and guarantees for another company in the same industry or for joint builders for a construction project, where all capital contributing shareholders make endorsements and guarantees for their jointly invested company in proportion to their shareholding percentages, where companies in the same industry provide joint guarantee for contract performance for pre-sale property contracts in accordance with the Consumer Protection Act, or where the Company directly or indirectly holds 100% of the voting shares and provides endorsements and guarantees, such endorsements and guarantees shall not exceed 400% of the net value of the most recent financial statements; the total endorsements and guarantees provided for an individual enterprise may not exceed 200% of the net value of the most recent financial statements.

Note 4: Highest balance of endorsements/guarantees to others for the year.

Note 5: Endorsement/guarantee liabilities are assumed when the amount of the endorsement/guarantee contracts or bills signed with the bank by the Company is approved as of the end of the year. Other matters related to endorsements/guarantees shall be included in the endorsement/guarantee balance.

Note 6: Enter the actual amount drawn down by the companies for which the endorsements/guarantees are made within the range of endorsement/guarantee balance.

Note 7: Endorsements/guarantees made by TWSE/TPEx listed parent company for subsidiary, endorsements/guarantees made by subsidiary for TWSE/TPEx listed parent company, and endorsements/guarantees made in Mainland China are must be indicated with "Y".

Kuo Yang Construction Co., Ltd.
Holding of marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures)
December 31, 2021

Table 2

Unit: NT$1,000
(Unless specified otherwise)

Securities held by	Type and name of marketable securities	Relationship with securities issuer	General ledger account	End of period				Remarks
				Number of shares	Carrying amount	Shareholding ratio	Fair value	
Kuo Yang Construction Co., Ltd.	Nomura Global High Yield Bond Fund	None	Current financial assets at fair value through profit or loss	689,047	$ 4,843	-	$ 4,843	
″	TCB Global Healthcare M-A Income Fund	None	″	1,000,000	9,960	-	9,960	
Shang Yang International Asset Management Co., Ltd.	O-Bank No. 1 Real Estate Investment Trust	None	″	617,000	5,621	-	5,621	
					$ 20,424		$ 20,424	
Kuo Yang Construction Co., Ltd.	Non-listed stocks - Tai Ho Construction Co., Ltd.	None	Non-current financial assets at fair value through profit or loss	2,400,000	$ -	17.14%	$ -	
Celestial Talent Limited	Cultivate Wealth Limited	None	″	20.1	-	0.11%	-	
					$ -		$ -	
Kuo Yang Construction Co., Ltd.	Listed stocks - Fu I Industrial Co., Ltd.	None	Current financial assets at fair value through other comprehensive income	1,755,429	$ 94,792	1.83%	$ 94,792	
″	Chuwa Wool Industry Co., (Taiwan) Ltd.	Note 4	″	3,108,000	72,883	3.38%	72,883	
″	Hi-Lai Foods Co., Ltd.	″	″	332,237	37,211	0.78%	37,211	
″	Hsin Kuang Steel Co., Ltd.	None	″	330,000	19,206	0.10%	19,206	
	Evergreen Marine Corporation	None	″	600,000	85,500	0.01%	85,500	
Shen Yang Construction Co., Ltd.	Listed stocks - Hi-Lai Foods Co., Ltd.	Note 4	″	22,149	2,481	0.05%	2,481	
″	China Development Financial Holding Co., Ltd.	None	″	3,000,000	52,500	0.02%	52,500	
	Taiwan Cement Corporation	None	″	2,553,000	122,544	0.04%	122,544	
	Winbond Electronics Corporation	None	″	1,100,000	37,400	0.03%	37,400	
	Hotron Precision Electronic Industrial Co., Ltd.	None	″	500,000	28,150	0.54%	28,150	
	Co-Tech Development Corp.	None	″	800,000	61,680	0.32%	61,680	
	Asia Cement Corporation	None	″	500,000	22,150	0.01%	22,150	
	Nan Ya Plastics Corporation	None	″	100,000	8,540	0.00%	8,540	
	Evergreen Marine Corporation	None	″	700,000	99,750	0.01%	99,750	
					$ 744,787		$ 744,787	
Kuo Yang Construction Co., Ltd.	Non-listed stocks - United Real Estate Management Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	1,494,794	$ 20,278	4.43%	$ 20,278	
″	Hanshin Asset Management Co., Ltd.	Note 4	″	4,946,472	140,975	2.29%	140,975	

″		Grand Hi-Lai Hotel Co., Ltd.	″	″	5,401,471	73,132	18.00%	73,132
Shen Yang Construction Co., Ltd.	Non-listed stocks -	Han Chi Technology Co., Ltd.	None	″	450,000	7,961	9.00%	7,961
Shang Yang International Asset Management Co., Ltd.	Non-listed stocks -	Kaohsiung Arena Development Corporation	Note 4	″	12,500,000	157,750	5.00%	157,750
″		SE Security Corp.	None	″	1,526,170	26,036	15.26%	26,036
						$ 426,132		$ 426,132

Kuo Yang Construction Co., Ltd.
Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of paid-in capital or more:
January 1 to December 31, 2021

Table 3

Unit: NT$1,000
(Unless specified otherwise)

Buying/selling company	Type and name of marketable securities] (Note 1)	General ledger account	Transaction counterparty (Note 2)	Relationship (Note 2)	Opening		Purchased (Note 3)		Sold (Note 3)				End of period	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book cost	Gain (loss) on disposal	Number of shares	Amount
Shen Yang Construction Co., Ltd.	Listed stocks - Yang Ming Marine Transport Corporation	Current financial assets at fair value through other comprehensive income	-	-	-	$ -	1,900,000	$ 285,172	1,900,000	$ 316,692	$ 285,172	$ 31,520	-	$ -

Note 1: Securities in the Table refer to stocks, bonds, certificates of beneficial interest, and securities derived from such items.
Note 2: The two fields are required for securities investments accounted for using equity method but exempted for others.
Note 3: The cumulative purchase and sales amount shall be calculated separately based on the market price to determine whether it reaches NT$300 million or 20% of the paid-in capital.
Note 4: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares are issued without face value or where the face value does not equal to NT$10, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders in the balance sheet.

Kuo Yang Construction Co., Ltd.
Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more
January 1 to December 31, 2021

Table 4

Unit: NT$1,000
(Unless specified otherwise)

Company that acquired real property	Name of property	Transaction date	Transaction amount	Payment status	Transaction counterparty	Relationship	Prior transaction of related counterparty: Owner	Prior transaction of related counterparty: Relationship with issuer	Prior transaction of related counterparty: Transfer date	Prior transaction of related counterparty: Amount	Basis of reference for price determination	Purpose of acquisition and status of usage	Miscellaneous
Kuo Yang Construction Co., Ltd.	Inventories - land awaiting construction (Land on Zhongxing Section, Sanchong)	2021/7/12	$ 944,338	$ 944,132	Yung I Industrial Co., Ltd. and Hwa Yang International Distribution Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Hung Pang Real Estate Appraisers Firm and appraisal report from Zhe Yu Real Estate Appraisers Firm	Land for construction	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - land awaiting construction (Land on Zhongyi Section, Tucheng)	2021/1/18 2021/7/12	$ 1,053,000	$ 1,053,000	B and Chen Chang Industrial Co.	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Zhe Yu Real Estate Appraisers Firm and appraisal report from Ho Yang Real Estate Appraisers Firm	Land for construction	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - land under construction (Land on Jiuzong Section, Neihu)	2020/11/09 2020/12/30	$ 1,520,458	$ 1,520,458 (Note 1)	10 individuals including A and Po Kai Development Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report from Zhe Yu Real Estate Appraisers Firm, appraisal report from Hung Pang Real Estate Appraisers Firm, and Chih Wei Real Estate Appraisers Firm	Land for construction	Not applicable
Shen Yang Construction Co., Ltd.	Inventories - land awaiting construction (Land in Fengshan District, Kaohsiung)	2020/12/16	$ 566,190	$ 566,190 (Note 2)	Land Administration Bureau, Kaohsiung City Government	None	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Land for construction	Not applicable

Note 1: The Group has paid $1,050,595 in 2020 and paid $469,863 in this period in accordance with contracts. All payments were completed.
Note 2: The Group did not make payments in 2020 and paid $566,190 in this period. All payments were completed.
Note 3: Where an appraisal is required for an acquired asset, specify the appraisal results in the "reference for price determination".
Note 4: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares are issued without face value or where the face value does not equal to NT$10, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders in the balance sheet.
Note 5: The date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board meeting resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier

Kuo Yang Construction Co., Ltd.
Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more
January 1 to December 31, 2021

Table 5

Unit: NT$1,000
(Unless specified otherwise)

Company that disposed of real property	Name of property	Transaction date	Acquisition date	Carrying amount	Transaction amount	Payment collection status	Gain (loss) on disposal	Transaction counterparty	Relationship	Purpose of disposal	Basis of reference for price determination	Miscellaneous
Kuo Yang Construction Co., Ltd.	Inventories - houses and land held for sale	2021/1/12	Not applicable for houses and land held for sale	Not applicable	$ 222,443	$222,443 already collected in accordance with contracts $222,443	Not applicable	Good Way Technology Co., Ltd.	None	Gains	Appraisal report from Chih Wei Real Estate Appraisers Firm	Not applicable
Kuo Yang Construction Co., Ltd.	Inventories - houses and land under construction	2020/6/24	Not applicable for pre-sale properties	Not applicable	$ 113,935	$113,935 already collected in accordance with contracts $113,935 (Note 1)	Not applicable	A	None	Gains	Appraisal report from Hung Pang Real Estate Appraisers Firm	Not applicable

Note 1: The Group has collected $19,369 in 2020 and collected $94,566 in this period in accordance with contracts. All payment collections were completed.
Note 2: The transaction amount and payment collection status shall be disclosed in accordance with the project shareholding ratio.
Note 3: Where an appraisal is required for a disposed asset, specify the appraisal results in the "reference for price determination".
Note 4: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares are issued without face value or where the face value does not equal to NT$10, the 20% requirement on paid-up capital shall be calculated instead at 10% of equity attributable to parent company shareholders in the balance sheet.
Note 5: The date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board meeting resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier;

Kuo Yang Construction Co., Ltd.
The business relationship and significant transactions between the parent company and its subsidiaries
January 1 to December 31, 2021

Table 6

Unit: NT$1,000

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction status: General ledger account	Transaction status: Amount	Transaction status: Transaction terms	Transaction status: Percentage of consolidated total operating revenues or total assets (Note 3)
0	Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	1	Other receivables - related parties	$ 60,975	Note 4	0.35%
0	Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	1	Rental/leasing revenue	203	Note 4	0.00%
0	Kuo Yang Construction Co., Ltd.	Shang Yang International Asset Management Co., Ltd.	1	Rental/leasing revenue	186	Note 4	0.00%
0	Kuo Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	1	Rental/leasing revenue	186	Note 4	0.00%
1	Shang Yang International Asset Management Co., Ltd.	Shadwell Limited.	3	Interest payable	425	Note 4	0.00%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is "0".
2. The subsidiaries are numbered in order starting from "1".

Note 2: Relationships are categorized into the following three types. Please specify the type:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: There is no major difference in transaction conditions between sales between parent company and subsidiaries and regular sales, other transaction conditions for other trades have no relevant examples to follow and the transaction conditions are determined in accordance with mutual agreements.

Kuo Yang Construction Co., Ltd.
Names, locations and other information of investee companies (excluding the investees in Mainland China)
January 1 to December 31, 2021

Table 7

Unit: NT$1,000
(Unless specified otherwise)

Name of investment company	Investee	Location	Main business activities	Initial investment amount: End of the period	Initial investment amount: End of last year	Holdings at the end of period: Number of shares	Holdings at the end of period: Percentage	Holdings at the end of period: Carrying amount	Net profit (loss) of investee for the current period	Investment income (loss) recognized by the Company for the current period	Remarks
Kuo Yang Construction Co., Ltd.	Shen Yang Construction Co., Ltd.	Taiwan	Real estate investment, development, and rental and leasing	$ 1,600,000	$ 1,600,000	160,000,000	100%	$1,535,932	$ 72,692	$ 88,498	Subsidiary (Note 2)
〃	Shang Yang International Asset Management Co., Ltd.	Taiwan	Residence and buildings lease construction and development	631,098	631,098	61,800,000	100%	649,447	29,375	29,610	Subsidiary (Note 2)
〃	Shadwell Limited	British Virgin Islands	Investment in real estate property	4,742	4,742	200,000	100%	2,140	(57)	(57)	Subsidiary (Note 2)
〃	Hanshin Shopping Plaza Co., Ltd.	Taiwan	Department store	480,000	480,000	10,005,000	20%	898,024	948,013	170,156	Affiliate enterprise (Note 3)
〃	Sweet Me Hot Spring Resort Co., Ltd.	Taiwan	General hotel industry and restaurant management	22,000	22,000	2,200,000	20%	11,775	(5,553)	(1,158)	Affiliate enterprise
〃	Hanshin Department Store Co., Ltd.	Taiwan	Department store	300,926	-	-	-	-	71,978	6,710	Affiliate enterprise (Note 3)
Shen Yang Construction Co., Ltd.	Che Yang Agricultural Technology Co., Ltd.	Taiwan	Horticulture services and afforestation	2,500	2,500	250,000	100%	1,462	(226)	(226)	Sub-subsidiary (Note 2)
〃	Chi Yang Construction Co., Ltd.	Taiwan	Residence and buildings lease construction and development	136,000	136,000	13,600,000	80%	135,649	(69)	(55)	Sub-subsidiary (Note 2)
Shang Yang International Asset Management Co., Ltd.	Chi Yang Construction Co., Ltd.	Taiwan	Residence and buildings lease construction and development	31,500	31,500	3,150,000	45%	61,024	66,092	29,742	Affiliate enterprise
〃	Century Rainbow Limited	Seychelles	Investment company	103,163 (USD 3,727	103,163 (USD 3,727	2,718,138	100%	756	(40)	(40)	Sub-subsidiary (Note 1.2)

				thousand)	thousand)						
Century Rainbow Limited	Celestial Talent Limited	Seychelles	Investment company	75,483 (USD 2,727 thousand)	75,483 (USD 2,727 thousand)	1,988,828	100%	(92)	-	-	Sub-subsidiary (Note 1.2)
Century Rainbow Limited	Charm Merit Limited	Hong Kong	Investment company	27,680 (USD 1,000 thousand)	27,680 (USD 1,000 thousand)	1,000,000	100%	941	(40)	(40)	Sub-subsidiary (Note 1.2)
Charm Merit Limited	Good Fame Limited	Samoa	Investment company	27,680 (USD 1,000 thousand)	27,680 (USD 1,000 thousand)	1,000,000	40%	1,009	(100)	(41)	Affiliate enterprise (Note 1)

Note 1: Calculated based on the exchange rate of the foreign currency on December 31, 2021.
Note 2: All the transactions were consolidated and written off in the preparation of the consolidated financial statements.
Note 3: Hanshin Shopping Plaza merged Hanshin Department Store through a share conversion on September 1, 2021 and acquired 100% of its shares. Refer to Note 6 (7).

Kuo Yang Construction Co., Ltd.
Information on investments in Mainland China - basic information
January 1 to December 31, 2021

Table 8

Unit: NT$1,000
(Unless specified otherwise)

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Opening balance of accumulated fund transfer from Taiwan	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current period: Remitted back to Taiwan	Ending balance of accumulated fund transfer from Taiwan	Net profit (loss) of investee for the current period	Ownership held directly or indirectly by the Company	Investment income (loss) recognized by the Company in the current period (Note 2(2). B)	Ending investment book value	Investment revenue transferred back to Taiwan as of the end of the period	Remarks
Guopan Investment Consultancy Co., Ltd.	Business investment consulting and enterprise management consulting	$ 83,040 (USD 3,000 thousand)	(2)	$ 27,680 (USD 1,000 thousand)	$ -	$ -	$ 27,680 (USD 1,000 thousand)	($ 100)	40%	($ 40)	$ 1,079	$ -	

Company name	Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on investment authorized by MOEAIC
The Company	$ 102,637 (USD 3,708 thousand)	$ 102,637	$ 5,557,988

Note 1: The methods for engaging in investment in Mainland China are categorized into the following three types. Please specify the type:
(1) The Company remits its own funds directly to the investee companies located in Mainland China.
(2) The Company invests in Mainland China through a company in a third region. The Company invests in Good Fame Limited which invests in Guopan Investment Consultancy Co., Ltd.
(3) Other methods.

Note 2: Investment income (loss) recognized by the Company in the current period:
(1) If the company is in preparation status and no investment loss and profit has occurred, it shall be noted.
(2) The three types of recognition of income on investment are as follows shall be noted.
A. Certified financial report audited by CPA firms in the Republic of China which have partnership with international CPA firms.
B. Financial report audited by CPA firm of Taiwan's parent company.
C. Others - Evaluations and disclosures of financial reports not yet audited by the CPA.

Note 3: Related numbers in this table shall be expressed in NTD.

Note 4: The Company has applied for the cancellation of unimplemented investments totaling USD 2,292 thousand in its investee company in Mainland China, Xi'an Hanshin Department Store Co., Ltd., in which it directly holds 12.89% of shares (non-material influence) in this period and the application was approved.

The investment amount approved by the Investment Commission of the Ministry of Economic Affairs as of the end of the period included the Company's investee company in Mainland China, Xi'an Hanshin Department Store Co., Ltd., in which it invested NT$74,957 thousand (USD 2,708 thousand) and directly holds 12.89% of shares (non-material influence). The amount remitted at the end of the period was the same.

Kuo Yang Construction Co., Ltd.

Information on major shareholders

December 31, 2021

Table 9

Shareholder's name	Shares	
	Number of shares held	Shareholding ratio
Han Shen Investment Co., Ltd.	35,985,223	9.46%
Chung Shen Development Co., Ltd.	27,709,048	7.29%
Morta Enterprise Co., Ltd.	24,795,785	6.52%
Cheng Chi Co., Ltd.	23,124,570	6.08%
Wei Li International Development Co., Ltd.	19,320,488	5.08%

VI. Impact on the Company's financial status due to financial difficulties experienced by the Company and its affiliates during the last fiscal year up to the publication date of the Annual Report: None

Chapter 7Review, Analysis, and Risks of Financial Conditions and Performance

I. Financial Conditions:

Unit: NT$1,000

Item \ Year	2021	2020	Difference	
			Amount	%
Current assets	15,242,832	17,737,237	2,494,405	(14.06%)
Non-current financial assets at fair value through other comprehensive income	426,132	1,024,216	(598,084)	(58.39%)
Investments recognized under the equity method	971,832	565,612	406,220	71.82%
Property, plant and equipment	78,942	86,325	(7,383)	(8.55%)
Right-of-use assets	61,412	358,860	(297,448)	(82.89%)
Other assets	568,425	536,836	31,589	5.88%
Total assets	17,349,575	20,309,086	(2,959,511)	(14.57%)
Current liabilities	8,038,095	10,951,154	(2,913,059)	(26.60%)
Non-current liabilities	48,166	67,338	(19,172)	(28.47%)
Total liabilities	8,086,261	11,018,492	(2,932,231)	(26.61%)
Equity attributable to owners of parent company	9,229,402	9,256,668	(27,266)	(0.29%)
Share capital	3,800,000	3,800,000	-	-
Capital surplus	627,683	627,683	-	-
Retained earnings	4,811,736	4,312,960	498,776	11.56%
Other equity	(10,017)	516,025	(526,042)	(101.94%)
Non-controlling interest	33,912	33,926	(14)	(0.04%)
Total equity	9,263,314	9,290,594	(27,280)	(0.29%)

The Company shall describe the main reasons and impact of any material change in the company's assets, liabilities, or shareholders' equity during the past two fiscal years (changes that exceed 20%between periods and a value of NT$10 million) and future response plans.

I. Main reasons and impact of any material changes:

(1) Decrease in non-current financial assets at fair value through other comprehensive income: Mainly due to certain investments which were reclassified to investments recognized under the equity method based on their nature.

(2) Increase in investments recognized under the equity method: Mainly due to the increase in investment (financial assets at fair value through other comprehensive income - reclassified from non-current financial assets) and recognition of income on investment in affiliates in 2021.

(3) Decrease in right-of-use assets: Mainly due to the transfer of land use superficies are transferred to inventories in accordance with IFRSs in 2021.

(4) Decrease in current liabilities: Mainly due to the decrease in other payables as a resolution of the Board of Directors in 2020 approved the cash capital reduction, returned the stock capital, and completed the registration of the change. The capital reduction payments were distributed in January 2021.

(5) Decrease in non-current liabilities: Mainly due to the payment of rent for the office and offset of lease liabilities in 2021.

(6) Decrease in total liabilities: Mainly due to the decrease in both current liabilities and non-current liabilities in 2021.

(7) Decrease in other equity: Mainly due to the adjustment in the appraisal of financial assets at fair value through other comprehensive income in 2021.

II. Impact of material changes and future response plans:

There are currently no material discrepancies in the Company's overall performance and no response plan is required.

II. Financial Performance:

(I) Comparative analysis of operational performance:

Item \ Year	2021	2020	Increase(decrease)amount	Percentage of change
Operating revenue	5,124,284	14,277,915	(9,153,631)	(64.11%)
Operating costs	(3,762,094)	(8,752,481)	4,990,387	(57.02%)
Operating profit	1,362,190	5,525,434	(4,163,244)	(75.35%)
Operating expenses	(421,957)	(521,605)	99,648	(19.10%)
Operating profit	940,233	5,003,829	(4,063,596)	(81.21%)
Non-operating income and expenses	225,397	155,761	69,636	44.71%
Pre-tax profit	1,165,630	5,159,590	(3,993,960)	(77.41%)
Income tax expenses	(183,493)	(216,523)	33,030	(15.25%)
Net profit of the term	982,137	4,943,067	(3,960,930)	(80.13%)
Other comprehensive income(net)	(249,417)	437,254	(686,671)	(157.04%)
Total comprehensive income	732,720	5,380,321	(4,647,601)	(86.38%)

The main reasons and impact of changes that exceed 20%between periods and a value of NT$10 million are analyzed as follows:

(1) Decrease in operating revenue, operating costs, and gross profit:

In 2021, the Company recognized income totaling NT$5,124,284 thousand from the completion and transfer of "Kuo Yang Silicon Valley", "Kanazawa Area of The Green Place", and "Phase 1 of Good morning, Kuo Yang", and the sales of remaining units of "Kuo Yan" and "The Green Place", and income from "Smile Era" by the subsidiary Shen Yang.

In 2020, the Company recognized income totaling NT$14,277,915 thousand from the sale of valuable land in the "Greater Nangang" project, the completion and transfer of "South Manor", and the sales of remaining units of "Kuo Yan", "The Green Place", "Zhongxiao Courtyard", and "Smile Era" by the subsidiary Shen Yang.

As the operating revenue in 2021 decreased from the same period in the previous year, the operating costs and gross profit also decreased.

(2) Increase in non-operating income and expenses: Mainly due to the increase in the investment proceeds from affiliates recognized under the equity method in 2021.

(3) Decrease in other comprehensive income(net): Mainly due to the appraisal of certain financial assets at fair value through other comprehensive income which were reclassified to investments recognized under the equity method based on their nature, and all valuation gains were reversed in 2021.

(II) Expected sales and its basis, and the possible impact on the Company's future financial operations and response plans:

The Company estimated the revenue and profitability targets for 2022 based on the development schedule, sales, project progress, and operation assumptions for the current projects of the companies of the Group. Based on the estimates, the revenue from the construction of Phase 1 of Good morning, Kuo Yang and sales of remaining units (The Green Place, Kuo Yan, and Smile Era) will be the main source of revenue in 2022.

III. Cash flow:

(I) Liquidity analysis of the most recent two years: Unit: NT$1,000

Item \ Year	December 31, 2021	December 31, 2020	Change(%)
Cash flow ratio	7.20%	82.79%	(91.30%)
Cash flow adequacy ratio	222.15%	200.72%	10.68%
Cash reinvestment ratio	-	84.30%	(100.00%)
Explanation of ratio variations: The net cash inflow from operating activities in 2021 was lower than the same period in the previous year. Therefore, the cash flow ratio and cash reinvestment ratio were also relatively low. Net cash flows from operating activities from 2020 to 2021 were net inflows, which increased the cash flow adequacy ratio at the end of 2021.			

(II) Improvement plan for insufficient liquidity: There were no instances of insufficient liquidity.

(III) Cash flow analysis for the following year: Not applicable.

IV. Effect of major capital spending on financial position and business operation in the most recent year

(I) Review and analysis of the use and source of funds of major capital expenditures:

1. Use and source of funds of major capital expenditures:

   The Company's main businesses are the construction and the lease and sales of residential buildings, industrial plants, and commercial buildings. This item is therefore not applicable.

2. Expected benefits

   (1) Expected production and sales volume, value, and gross profit: Not applicable

   (2) Explanation of other benefits: Not applicable

–

V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the following year:

Unit: NT$1,000

Investee company	Accounting procedures	Cost of investment	Book value	Return on investments in 2021: Income on investment	Return on investments in 2021: Stock dividends	Policy	Main reason for profit or loss	Improvement plan	Other future investment plans
Shadwell Ltd.	Equity method	4,742	2,140	(57)	-	Investment in real estate property	-	-	-
Shang Yang International Asset Management Co., Ltd.	Equity method	631,098	649,447	29,610	-	Residence and buildings lease construction and development	Recognition of investment proceeds from affiliates	-	-
Chi Yang Construction Co., Ltd.	Equity method	31,500	61,024	29,742	-	Residence and buildings lease construction and development	Delivery after construction completion of project	-	-
Sweet Me Hot Spring Resort Co., Ltd.	Equity method	22,000	11,775	(1,158)	-	General hotel industry and restaurant management	Losses in main business due to the impact of the epidemic	-	-
Shen Yang Construction Co., Ltd.	Equity method	1,600,000	1,535,932	88,498	-	Real estate investment, development, and rental and leasing	Profits from the sales of remaining units	-	-
Hanshin Shopping Plaza Co., Ltd.	Equity method	480,000	898,024	170,156	-	Department store and retail	Department store main business operating profit	-	-
Hanshin Department Store Co., Ltd.	Equity method	300,926	-	6,710	64,160	Department store and retail	Department store main business operating profit		
Che Yang Agricultural Technology Co., Ltd.	Equity method	2,500	1,462	(226)	-	Horticulture services and afforestation	-	-	-
Chi Yang Construction Co., Ltd.	Equity method	136,000	135,649	(55)	-	Residence and buildings lease construction and	Early stages of operations	-	-

						development			
Century Rainbow Ltd.	Equity method	103,163	756	(40)	-	Investment company	Income on investment	-	-
Celestial Talent Ltd.	Equity method	75,483	(92)	-	-	Investment company	Income on investment	-	-
Charm Merit Ltd.	Equity method	27,680	941	(40)	-	Investment company	Income on investment	-	-
Good Fame Ltd.	Equity method	27,680	1,009	(41)	-	Investment company	Income on investment	-	-
Culivate Wealth.Ltd.	Fair value method	60,535	-	-	-	Investment company	-	-	-
Tai Ho Construction Co., Ltd.	Fair value method	4,000	-	-	-	Establishment of a strategic alliance	-	-	-
United Real Estate Management Co., Ltd.	Fair value method	7,834	20,278	-	1,121	Establishment of a strategic alliance	-	-	-
Hanshin Asset Management Co., Ltd.	Fair value method	109,442	140,975	-	17,352	Establishment of a strategic alliance	-	-	-
Grand Hi-Lai Hotel Co., Ltd.	Fair value method	81,000	73,132	-	-	Establishment of a strategic alliance	-	-	-
Han Chi Technology Co., Ltd.	Fair value method	9,000	7,961	-	-	Establishment of a strategic alliance	-	-	-
Kaohsiung Arena Development Corporation	Fair value method	125,000	157,750	-	5,000	Public works construction and investment and real estate rental and leasing	-	-	-
SE Security Corp.	Fair value method	14,580	26,036	-	1,970	Establishment of a strategic alliance	-	-	-

Source: The Company's 2021 audited financial statements.

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VI. Risk matters required for analysis in the most recent year and up to the publication date of the Annual Report:

(I) Impact of changes in interest rate, exchange rate, and inflation on the Company's profits and losses and future response measures:

1. Impact of changes in interest rate on the Company's profits and losses and future response measures:

Unit: NT$1,000

Item/Year	2021	2020
Short-term borrowings	5,809,753	5,402,212
Interest expenses(1)	46,674	70,441
Net operating profit(2)	940,233	5,003,829
Percentage(1)/(2)	4.96%	1.41%

Source: Consolidated financial report audited and certified by the CPA

The Company's main source of the net operating profit in 2021 was the revenue recognized for the sales of remaining units and transfer of completed construction projects. Interest expenses accounted for 4.96% of the net operating profit.

The main source of the net operating profit in 2020 was the sales of land of the Greater Nangang Project. As the land was acquired at an earlier date, the gross profit margin was higher than that of regular sales and the net operating profit was also higher. Therefore, the interest expenses only amounted to 1.41% of the net operating profit.

The Central Bank announced an increase in interest rate of 0.25% on March 17, 2022. The rediscount rate, secured financing interest rate, and short-term financing interest rate were adjusted to 1.375%, 1.75%, and 3.625%, respectively. The Company shall pay close attention to changes in interest rates, maintain close communication with banks, and use financing tools available in the capital market to reduce the cost of funding and reliance on banks.

2. Impact of changes in exchange rate on the Company's profits and losses and future response measures:

The Company's main functional currency is the NTD. The impact of exchange rate fluctuations is minimal and we therefore expect no significant exchange rate risks.

3. Impact of inflation on the Company's profits and losses and future response measures:

According to the statistics of the Directorate-General of Budget, Accounting, and Statistics of the Executive Yuan, the annual growth rate of the Consumer Price Index was 1.96% in 2021. As Taiwan's government closely monitors changes in consumer prices and implements response policies, and the real estate market has a relatively high resistance to inflation, there has been no significant impact of inflation on the Company.

(II) Policies of engaging in high-risk, high-leverage investments, loans to others, providing endorsements/guarantees and derivatives transactions, main reasons for the profits and losses generated thereby and future response measures:

1. Policies of engaging in high-risk and high-leverage investments, main reasons for the profits and losses generated thereby and future response measures:

   The Company focuses on its core businesses and does not engage in any high-risk or high-leverage investments.

2. Policies of engaging in loans to others, providing endorsements/guarantees and derivatives transactions, main reasons for the profits and losses generated thereby and future response measures:

   The Company does not engage in derivatives transactions and all loans to others, endorsements, and guarantees are implemented in accordance with the Company's "Procedures for Extending Loans to Others" and "Procedures for Endorsements and Guarantees".

(III) Future R&D projects and estimated R&D expenditures:

The Company engages in the construction of real estate businesses and currently does not have individual R&D departments or R&D expenditures (expenditures are listed under the development departments and construction departments).

(IV) Impact of changes in important domestic and foreign policies and regulations on the Company's finance and business, and response measures:

The Company closely monitors domestic and international political and economic developments as well as changes in regulations, and maintains adequate response capabilities. As of the most recent year and the publication date of the 2021 Annual Report for the shareholders' meeting, domestic and foreign policies and regulations have had no significant impact on Company's finance and business.

(V) Impact of recent technological and market changes on the Company's finance and business, and response measures:

The Company is a construction company. In response to returning Taiwanese businesses in recent years, the Company will shift the focus of our development to the plants and offices of tech companies, and the Company will seek diverse development for its future construction projects. For instance, the Company shall take part in urban renewal projects, land replotting, joint construction for separate sales or joint construction for separate use, and incentive construction projects for public housing to increase the Company's competitiveness and profitability.

(VI) Impact of changes in corporate image on corporate risk management and response measures:

Integrity is critical for maintaining the corporate image. Although the Company previously suffered a financial crisis which damaged its image, the Company upheld the basic principles of integrity and implemented improvements which have significantly improved its image. The Company had previously received the Golden Stone and First Platinum Award for Outstanding Brand Enterprise and the Urban Renewal Construction Excellence Award for Kuo Yang Tianmu. It also received the Outstanding Building Planning and Design Gold Stone Award for Kuo Yang Silicon Valley in 2021 and the Outstanding Building Planning and Design Gold Stone Award and First Platinum Award for South Manor with rare achievements.

The Company actively sells remaining units and launches construction projects in popular areas. We will continue to focus on our main business to protect the rights and interests of shareholders.

(VII) Expected benefits and possible risks of mergers and acquisitions and response measures: Not applicable

(VIII) Expected benefits and potential risks of capacity expansion and response measures: Not applicable

(IX) Risks associated with over-concentration in purchase or sale and response measures:

1. Procurements

The Company's main procurements consist of the acquisition of land for construction and subcontracting of construction. The acquisition of land for construction is based on the Company's project launch strategy and we select land with development value. As for subcontracting, the Company carefully selects and evaluates contractors and all major construction projects are given to construction companies with Grade A Construction Engineering License with whom we have long-term partnerships. Therefore, the Company does not face risks in concentrated procurements.

2. Sales

Customers who buy houses from the Company are general consumers. The Company therefore does not face risks in concentrated sales.

(X) Impacts and risks arising from major exchange or transfer of shares by directors or shareholders with over 10%of shares in the Company: Not applicable

(XI) Impacts and risks arising from changes in management rights of the Company and response measures: There has been no change in management rights of the Company.

(XII) Litigation or non-litigation events: None

(XIII) Other significant risks and response measures:

Information security risk analysis:

The current information security strategy focuses on reducing the exposure of critical data in a high-risk environment such as the Company's official website. Therefore, critical data are separated from the Company's system and we rent bandwidth and space for storage from external sources.

Other critical data can only be access through the local network. Branch offices or construction sites can only access the data via VPN, and employees of the Company must adhere to rigorous password regulations for logging into the system.

The Company focuses on five main items for the information risk assessment:

1. Anti-virus: Employees must install anti-virus software and use legal software to avoid creating vulnerabilities.
2. Anti-hacking: The Company allocates firewall and anti-virus software maintenance budgets every year to ensure coverage provided in the latest updates.
3. Network security: The system can only be operated in LAN, and a VPN connection is required for connections from external sources. If an employee enters the wrong login password 3 times, the account will be locked for 20 minutes.
4. File security: Implement joint file access control and create differential backups at all times to save and recover data deleted within a specific period of time.
5. Prevention of unlawful activities: Prevent employees from using illegal software and deliberate leaks of important data in computers by requiring them to sign software usage and confidentiality agreements.

VII. Other important matters:

(I) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Chuwa Wool Industry Co., (Taiwan) Ltd., Hanshin Asset Management Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 9 plots of land including Plot 28 on Zhongxing Section, Sanchong District, New Taipei City with a total area of 1,828.28 pings on July 15, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company, 10% for Wei Li International Development Co., Ltd., 15% for Chuwa Wool Industry Co., (Taiwan) Ltd., 10% for Hanshin Asset Management Co., Ltd., and 15% for Grand Hi-Lai Hotel Co., Ltd.

(II) The Company signed a joint investment and development contract with Wei Li

International Development Co., Ltd., Chuwa Wool Industry Co.,(Taiwan)Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 4 plots of land including plot 83-1 on Jiuzhong Section, Neihu District, Taipei City with a total area of 2,127.33 pings on November 23, 2020. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50%for the Company and 10%for each of the other 5 companies

(III) The Company signed a joint investment and development contract with Wei Li International Development Co., Ltd., Chuwa Wool Industry Co., (Taiwan) Ltd., Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Grand Hi-Lai Hotel Co., Ltd. for 19 plots of land including Plot 365 on Zhongyi Section, Tucheng District, New Taipei City with a total area of 5,344.27 pings on January 28, 2021. According to the contract, the Company serves as the manager of the Project. The investment ratio is 50% for the Company and 10% for each of the other 5 companies. "Grand Hi-Lai Hotel Co., Ltd." later withdrew from the project on June 29, 2021. The shares it previously held were transferred to Hanshin Asset Management Co., Ltd. The investment ratio change became effective on July 1, 2021.

(IV) The Company signed a joint investment and development agreement with Hanshin Asset Management Co., Ltd., Li Yang Agricultural Technology Co., Ltd., and Heng Jui Development Co., Ltd. for 19 plots of land including plot 162 on Gongjian Section, Xizhi District, New Taipei City with a total area of 17,051 square meters on November 25, 2016. According to the agreement, the Company serves as the manager of the Project. The investment ratio is 35%for the Company, 35%for Hanshin Asset Management Co., Ltd., 15%for Li Yang Agricultural Technology Co., Ltd., and 15%for Heng Jui Development Co., Ltd. The parties later signed the"Joint Development Supplementary Agreement"on December 29, 2017 for changing the investment ratio and settlement distribution to 35%for the Company, 35%for Hanshin Asset Management Co., Ltd., 25%for Li Yang Agricultural Technology Co., Ltd., and 5%for Heng Jui Development Co., Ltd.

(V) The Company signed a joint investment and development agreement with"Wei Li"land including plot 24 on Heguan Section, Annan District, Tainan City with a total area of 77,479.53 square meters on June 29, 2012 for joint construction of residential buildings. The parties later signed a letter of appointment for operating management which appointed the Company to take charge of overall development plans, building planning, and construction and sales of residential buildings."Wei Li"represented the Project externally and executed the Project based on the contract signed with Taiwan Sugar Corporation. Wei Li became the main operator of the Project as well as the company responsible for selling the houses and land(the company issuing the sales invoice)and the company responsible for purchases products or services(the company with input documentary evidence). It is also responsible for the settlement of the project. The

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parties later signed the"Joint Development Supplementary Agreement"on March 15, 2016 for changing the investment ratio and settlement distribution to 60%, 6%, 1.5%, 4%, 13.5%, 10%, and 5%, respectively for the Company,"Wei Li","Feminine","Tsu Yan","Hanshin Asset Management","Crowell Development", and"Han Lin Development"."Crowell Development"later withdrew from the project on July 15, 2019."Wei Li"and the co-funders signed the"Joint Development Supplementary Agreement"for changing the investment ratio and settlement distribution to 65%, 6%, 1.5%, 4%, 13.5%, and 10%, respectively for the Company,"Wei Li","Feminine","Tsu Yan","Hanshin Asset Management", and"Han Lin Development".

Chapter 8 Special Disclosures

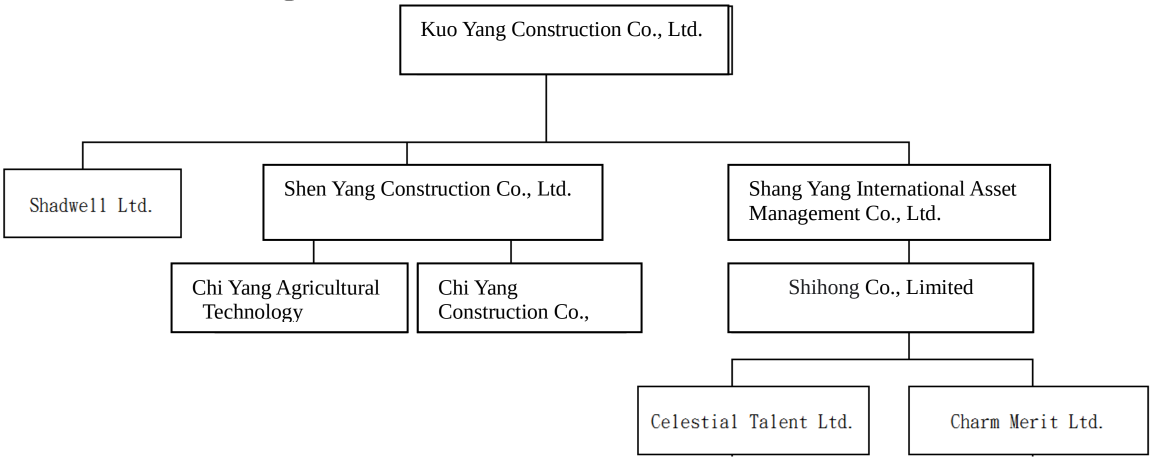
I. Information on Affiliates

(I) Consolidated Affiliate Business Report

1. Overview of affiliates

(1) Organization chart of affiliates

Kuo Yang Construction Co., Ltd.
Organization chart of affiliates



(2) Basic information of affiliates

Basic information of affiliates

Unit: NT$1,000

Company name	Date of establishment	Address	Paid-in capital	Main business or products
Shadwell Ltd.	1992.01.10	British Virgin Islands	4,742 (USD200,000)	Investment in real estate property
Shang Yang International Asset Management Co., Ltd.	2003.01.10	18F, No. 555-1, Section 4, Zhongxiao East Road, Xinyi District Taipei City	618,000	1. Residence and buildings lease construction and development 2. Real estate rental and leasing 3. General hotel industry
Shen Yang Construction Co., Ltd.	2013.11.21	18F, No. 557, Section 4, Zhongxiao East Road, Xinyi District Taipei City	1,600,000	1. Residence and buildings lease construction and development 2. Real estate rental and leasing 3. General hotel industry
Che Yang Agricultural Technology Co., Ltd.	2014.05.09	18F, No. 557-1, Section 4, Zhongxiao East Road, Xinyi District Taipei City	2,500	Horticulture services and afforestation
Chi Yang Construction Co., Ltd.	2019.09.23	18F, No. 557, Section 4, Zhongxiao East Road, Xinyi District Taipei City	170,000	Residence and buildings lease construction and development
Century Rainbow Ltd.	2013.06.03	Seychelles	75,238 (USD2,718,138)	Investment company
Celestial Talent Ltd.	2013.06.17	Seychelles	55,051 (USD1,988,828)	Investment company
Charm Merit Ltd.	2013.06.18	Hong Kong	27,680 (USD1,000,000)	Investment company
Good Fame Ltd.	2011.03.15	Samoa	69,200 (USD2,500,000)	Investment company

Note: The USD-NTD exchange rate on December 31, 2021 was approximately 1:27.68.

(3) Information on shareholders deemed to have control and subordinate relationship: None.

(4) Businesses covered by the affiliates'overall operations

Businesses operated by the Company and its affiliated companies include: Construction, horticulture services, afforestation, and investment.

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(5) Information on directors, supervisors, and presidents of affiliates

Information on directors, supervisors, and presidents of affiliates

Unit: shares,%

Company name	Job title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Shadwell Ltd.	Director	Kuo Yang Construction Co., Ltd.-Tzu-Kuan Lin	200,000	100.00%
Shang Yang International Asset Management Co., Ltd.	Director Supervisor	Kuo Yang Construction Co., Ltd.-Tzu-Kuan Lin, Shao-Ling Peng, Cheng-Hsiung Hsieh Kuo Yang Construction Co., Ltd.-Cheng-I Wang	61,800,000	100.00%
Shen Yang Construction Co., Ltd.	Director Supervisor	Kuo Yang Construction Co., Ltd.-Tzu-Kuan Lin, Shao-Ling Peng, Cheng-Hsiung Hsieh Kuo Yang Construction Co., Ltd.-Cheng-I Wang	160,000,000	100.00%
Che Yang Agricultural Technology Co., Ltd.	Director Supervisor	Shen Yang Construction Co., Ltd.-Tzu-Kuan Lin, Shao-Ling Peng, Cheng-Hsiung Hsieh Shen Yang Construction Co., Ltd.-Cheng-I Wang	250,000	100.00%
Chi Yang Construction Co., Ltd.	Director Supervisor	Shen Yang Construction Co., Ltd.-Tzu-Kuan Lin, Shao-Ling Peng, Cheng-Hsiung Hsieh, Chia-Chi Hou Tsung Hang Construction Co., Ltd.-Jui-Chang Huang Cheng-I Wang	13,600,000	80%
Century Rainbow Ltd.	Director	Kuo Yang Construction Co., Ltd.-Shao-Ling Peng	2,718,138	100.00%
Celestial Talent Ltd.	Director	Kuo Yang Construction Co., Ltd.-Shao-Ling Peng	1,988,828	100.00%
Charm Merit Ltd.	Director	Kuo Yang Construction Co., Ltd.-Shao-Ling Peng	1,000,000	100.00%
Good Fame Ltd.	Director	Kuo Yang Construction Co., Ltd.-Shao-Ling Peng	1,000,000	40.00%

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2. Status of operations of affiliates

Status of operations of affiliates

Unit: NT$1,000

Company name	Paid-in capital	Total value of assets	Total liabilities	Net worth	Operating revenue	Operating profit and loss	Current profit and loss(after tax)
Shadwell Ltd.	4,742	2,168	28	2,140	–	(57)	(57)
Shang Yang International Asset Management Co., Ltd.	618,000	650,033	586	649,447	–	(7,119)	29,375
Shen Yang Construction Co., Ltd.	1,600,000	2,440,924	879,135	1,561,789	597,420	74,855	72,692
Che Yang Agricultural Technology Co., Ltd.	2,500	1,511	49	1,462	–	(226)	(226)
Chi Yang Construction Co., Ltd.	170,000	300,069	130,508	169,561	–	(86)	(69)
Century Rainbow Ltd.	28,236	1,075	319	756	–	–	(40)
Celestial Talent Ltd.	556	283	375	(92)	–	–	–
Charm Merit Ltd.	27,680	1,292	351	941	–	–	(40)

Note: The data from foreign companies have been converted to NTD based on the exchange rate on the report date.

(II) Consolidated financial statement of affiliates: Not applicable

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Kuo Yang Construction Co., Ltd.

Consolidated Financial Statement of Affiliates

Companies what should be included in the consolidated financial statement of affiliates as provided in"Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliates"are all the same as what should be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards(IFRS)10 in 2021(from January 1, 2021 to December 31, 2021)and the relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. The Company shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declared by

Company Name: Kuo Yang Construction Co., Ltd.

Legal Representative: Tzu-Kuan Lin

March 21, 2022

(III) Affiliation Report: None

II. 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. Status of company shareholding or handling by a subsidiary company for the recent year up to the publication date of this annual report: None

IV. Other necessary supplemental information: None

Chapter 9 Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36, Paragraph 2, Subparagraph 2 of Securities and Exchange Act in the past year and up to the date of report: None