Stock Code：5512

Rich Development Co., Ltd.

Individual Financial Statements and Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

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Independent Auditors' Report

The Board of Directors and Shareholders of Rich Development Co., Ltd.

Audit Opinions

We have audited the Individual Balance Sheets of Rich Development Co., Ltd. as of December 31, 2021 and 2020, the Individual Statements of Comprehensive Income, Individual Statements of Changes in Equity, Individual Statements of Cash Flows, and Notes to Individual Financial Statements (including Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2021 and 2020.

In our opinion, the aforementioned Individual Financial Statements present fairly, in all material respects, the Individual financial position of Rich Development Co., Ltd. as of December 31, 2021 and 2020, and its individual financial performance and Individual cash flows for the annual periods ended December 31, 2021 and 2020 in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis for Opinion

We conducted our audits of the financial statements in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibility under the above-mentioned regulations will be further explained in the section titled "The Accountants' Responsibility in Auditing of Individual Financial Statements." We are independent of Rich Development Co., Ltd. as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the norm. We believe that we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 individual financial statements of Rich Development Co., Ltd. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The accountant judged that the key audit items that should be communicated in the audit report are as follows:

1. Inventory evaluation

For the accounting policies for inventory evaluation, please refer to Note 4 (7) Inventories in the individual financial report; for the assumptions and estimated uncertainties involved in inventory evaluation, please refer to Note 5; For inventory-related disclosures, please refer to Note 6 (4) Inventories.

Description of key audit matters:

Rich Development Co., Ltd.’s inventory is an important asset for operations, and its amount accounts for approximately 62% of the total assets; inventory evaluation is computed in accordance with International Accounting Standards No. 2, and because the net realizable value of Rich Development Co., Ltd.’s inventory is based on the management’s future sales price and the estimation of construction costs, and is easily affected by the political and economic environment; if the net realized value is not properly assessed, it will cause false financial statements. Therefore, the inventory evaluation test is one of the important evaluation items for the accountant to perform the review of the individual financial report of Rich Development Co., Ltd.

To respond to this key matter, the audit procedures we performed were:

We obtained information on the net realizable value of inventories of Rich Development Co., Ltd., and tested the aforementioned data on a sample basis to check with the consumable contracts, referring to the latest real estate price registration announced by the Ministry of the Interior or obtaining the concluded price of houses nearby and converting the average selling price into the net realizable value of the inventory of houses for sale; for the net realizable value of construction land, land and houses under construction, we obtained samples and checked the Company's investment return analysis, comparing the investment return analysis data with market average, and when necessary obtained the external appraisal report to assess whether the net realized value of the inventory is fairly presented.

Responsibilities of Management and those charged with governance for the individual financial statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the Corporation's financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance in Rich Development Co., Ltd., including the audit committee, are responsible for overseeing the Corporation's 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 misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual financial statements.

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

1. Identify and assess the risks of material misstatement of the individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Rich Development Co., Ltd.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Rich Development Co., Ltd. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the individual financial statements, including the disclosures, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of subsidiaries accounted for using equity method to express an opinion on the individual financial statements. We are responsible for the direction, supervision, and performance of the Corporation audit. We remain solely responsible for our audit opinion of Rich Development Co., Ltd.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are

KPMG Taipei, Taiwan
CPA:
CHIH, SHIH-CHIN
CHEN, CHUNG-CHE
Approval number by the Securities Authority Agency-FSC- No. 1020000737
Approval number by the Securities Authority Agency-FSC- No. 1000011652
March 25, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions.The standards, procedures and practices to audit such consolidated financial statements are those

generally applied in the Republic of China.For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shallprevai.

Rich Development Co., Ltd.

BALANCE SHEET

December 31, 2021 and 2020

Unit: NT$ Thousands

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current Assets：				
1100	Cash and cash equivalent (Note 6(1))	$ 291,617	1	249,524	1
1110	Financial assets at fair value through profit or loss- current (Note 6(2))	25,252	-	37,753	-
1150	Account receivables, net (Note 6(18) and 7)	16,502	-	1,093	-
1172	Account receivables, net (Note 6(18) and 7)	3,182	-	3,803	-
1320	Inventory (applicable to construction industry) (Note 6(4),7 and 8)	15,540,629	62	15,898,086	63
1476	Other financial assets－current (Note 7, 8, and 9)	935,352	4	258,566	1
1479	Other current assets－others	14,610	-	31,449	-
1480	Incremental costs of obtaining a contract- current	18,676	-	1,876	-
		16,845,820	67	16,482,150	65
	Non-current Assets：				
1510	Financial assets at fair value through profit or loss- non-current (Note 6(2))	15,357	-	13,734	-
1517	Financial assets at fair value through other comprehensive income－non-current (Note 6(3))	228,349	-	72,123	-
1550	Investments accounted for using equity method (Note 6(5) (6) and 7)	6,291,836	25	6,685,409	26
1600	Property, plant and equipment (Note 6(8))	2,294	-	3,440	-
1755	Right-of-use assets	7,736	-	27,307	-
1760	Investment property (Note 6(9) and 8)	1,371,597	5	1,857,898	7
1780	Intangible Assets	585	-	819	-
1840	Deferred Tax Assets (Note 6(15))	33,046	-	33,856	-
1980	Other financial assets－non-current(Note 8)	556,265	2	556,575	2
		8,507,065	33	9,251,161	35
	Total Assets	**$ 25,352,885**	**100**	**25,733,311**	**100**

Rich Development Co., Ltd.
BALANCE SHEET (CONTINUED)
December 31, 2021 and 2020

Unit: NT$ Thousands

		December 31, 2021		December 31, 2020	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current Liabilities：				
2100	Short-term bank loans (Note 6(10))	$ 7,020,611	28	6,724,611	26
2110	Short-term notes and bills payable (Note 6(11))	1,234,900	5	1,582,700	6
2130	Contract liabilities－current (Note 6(18))	357,252	1	87,435	-
2150	Notes payable (Note 7)	70,275	-	28,576	-
2170	Account payable (Note 7)	28,208	-	38,056	-
2200	Other account payable (Not 6(19) and 7)	79,358	-	59,314	-
2230	Current tax liabilities	2,335	-	9,910	-
2280	Lease liabilities－current (Note 7)	4,471	-	9,896	-
2322	Long-term liabilities, current portion (Note 6(12))	286,818	1	692,448	3
2399	Other current liabilities－others	45,516	-	42,402	-
		9,129,744	35	9,275,348	35
	Non-current liabilities：				
2530	Corporate bond payable (Note 6(13))	1,995,830	9	1,994,756	8
2541	Long-term bank loans (Note 6(12))	623,871	3	900,524	3
2580	Lease liabilities－non-current (Note 7)	3,541	-	18,016	-
2640	Net defined benefit liability－non-current	30,373	-	32,823	-
2645	Refundable deposits (Note 7)	72,153	-	88,010	1
		2,725,768	12	3,034,129	12
	Total liabilities	11,855,512	47	12,309,477	47
	Equity (Note 6(16))：				
3110	Common shares	7,439,927	29	7,439,927	29
3200	Capital surplus	667,993	3	608,543	2
3310	Legal reserve	1,277,806	5	1,267,283	5
3320	Special reserve	113,043	-	261,872	1
3350	Unappropriated retained earning	4,234,583	17	4,025,452	16
3400	Other equity	(137,784)	(1)	(81,048)	-
3500	Treasury stocks	(98,195)	-	(98,195)	-
	Total equity	13,497,373	53	13,423,834	53
	Total liabilities and equity	**$ 25,352,885**	**100**	**25,733,311**	**100**

The accompanying notes are an integral part of the financial statements

Chairperson: Shu-Chen Kuo Manager: Chi-Kang Kuo Accounting Manager: Hien-Jen Ke

Rich Development Co., Ltd.
STATEMENTS OF COMPREHENSIVE INCOME
December 31, 2021 and 2020

Unit: NT$ Thousands

		2021		2020	
		Amount	**%**	**Amount**	**%**
4000	**SALES(Note 6(14),(18) and 7)**	$ 1,208,417	100	1,663,348	100
5000	**COST OF GOOD SOLD(Note 6(4),(14),(19) and 7)**	869,757	72	1,369,157	82
	GROSS PROFIT	338,660	28	294,191	18
	OPERATING EXPENSES：(Note 6(14),(19) and 7)				
6100	Selling and marketing expenses	52,689	4	71,415	4
6200	General and administration expenses	116,248	10	90,691	5
		168,937	14	162,106	9
6500	OTHER NON-OPERATING INCOME AND EXPENSES(Note 6(20) and 7)	306,815	25	-	-
	PROFIT FROM OPERATIONS	476,538	39	132,085	9
	NON-OPERATING INCOME AND EXPENSES(Note 6(5),(6),(7),(21) and 7)：				
7100	Interest income	454	-	1,182	1
7190	Other income	17,729	1	34,802	2
7020	Other gains and losses	(744)	-	4,878	-
7050	Financial cost	(82,144)	(7)	(99,100)	(6)
7070	Share of profit of subsidiaries and associates accounted for using the equity method	(67,290)	(6)	78,357	5
		(131,995)	(12)	20,119	2
7900	**PROFIT BEFORE INCOME TAX**	344,543	27	152,204	11
7950	**LESS: INCOME TAX EXPENSES (Note 6(15))**	37,853	3	48,226	3
	NET PROFIT FOR THE YEAR	306,690	24	103,978	8
8300	**OTHER COMPREHENSIVE INCOME:**				
8310	**Items that will not be reclassified to profit or loss**				
8311	Remeasurement of defined benefit plans	2,033	-	1,249	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	36,335	3	(10,011)	(1)
8330	Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method－Items that will not be reclassified to profit or loss	(87,767)	(7)	162,261	10
8349	Less: Income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-
		(49,399)	(4)	153,499	9
8360	**Items that may be reclassified subsequently to profit or loss**				
8380	Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method - Items that may be reclassified to profit or loss	3,481	-	(3,106)	-
8399	Less: Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total of items that may be reclassified subsequently to profit or loss	3,481	-	(3,106)	-
8300	TOTAL OTHERCOMPREHENSIVE INCOME FOR THE YEAR	(45,918)	(4)	150,393	9
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**$ 260,772**	**20**	**254,371**	**17**
	EARNINGS PER SHARE (Note 6(17))				
9750	**Basic** EARNINGS PER SHARE **(NT$)**	**$**	**0.42**		**0.14**
9850	**Diluted** EARNINGS PER SHARE**(NT$)**	**$**	**0.42**		**0.14**

The accompanying notes are an integral part of the financial statements

Chairman: Shu-Chen Kuo Manager: Chi-Kang Kuo Accounting Manager: Hien-Jen Ke

Rich Development Co., Ltd.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
December 31, 2021 and 2020

Unit: NT$ Thousands

	Common shares	Capital Surplus	Retained Earnings			Other equity		Treasury stocks	Total equity
			Legal reserve	Special reserve	Unappropriated earnings	Exchanges differences on translating the financial statements of foreign operation	Unrealized Gain (loss) on fair value changes of financial assets at fair value through profit or loss		
BALANCE AT JANUARY 1, 2020	$ 7,439,927	606,478	1,184,325	159,847	4,551,604	(2,078)	(228,114)	(98,195)	13,613,794
Net profit for the year	-	-	-	-	103,978	-	-	-	103,978
Total other comprehensive profit and loss for the year	-	-	-	-	1,249	(3,106)	152,250	-	103,978
Total comprehensive profit and loss for the year	-	-	-	-	105,227	(3,106)	152,250	-	150,393
Appropriation and distribution of Earnings:									
Appropriated as legal reserve	-	-	82,958	-	(82,958)	-	-	-	-
Appropriated as special reserve	-	-	-	102,025	(102,025)	-	-	-	-
Cash dividend on common shares	-	-	-	-	(446,396)	-	-	-	(446,396)
Change in percentage of ownership interest in subsidiaries	-	2,053	-	-	-	-	-	-	2,053
Changes in equity of associates accounted for using the equity method	-	12	-	-	-	-	-	-	12
BALANCE AT DECEMBER 31, 2020	7,439,927	608,543	1,267,283	261,872	4,025,452	(5,184)	(75,864)	(98,195)	13,423,834
Net profit for the year	-	-	-	-	306,690	-	-	-	306,690
Total other comprehensive profit and loss for the year	-	-	-	-	2,033	3,481	(51,432)	-	(45,918)
Total comprehensive profit and loss for the year	-	-	-	-	308,723	3,481	(51,432)	-	260,772
Appropriation and distribution of Earnings:									
Appropriated as legal reserve	-	-	10,523	-	(10,523)	-	-	-	-
Appropriated as special reserve	-	-	-	(148,829)	148,829	-	-	-	-
Cash dividend on common shares	-	-	-	-	(245,518)	-	-	-	(245,518)
Changes in equity of associates accounted for using the equity method	-	-	-	-	(858)	-	-	-	(858)
Change in percentage of ownership interest in subsidiaries	-	36,401	-	-	(307)	-	-	-	36,094
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	23,049	-	-	-	-	-	-	23,049
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	8,785	-	(8,785)	-	-
BALANCE AT DECEMBER 31, 2021	**$ 7,439,927**	**667,993**	**1,277,806**	**113,043**	**4,234,583**	**(1,703)**	**(136,081)**	**(98,195)**	**13,497,373**

The accompanying notes are an integral part of the financial statements.

Chairperson: Shu-Chen Kuo Manager: Chi-Kang Kuo Accounting Manager: Hien-Jen Ke

Rich Development Co., Ltd.
STATEMENTS OF CASH FLOWS
December 31, 2021 and 2020

Unit: NT$ Thousands

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES：		
Profit before income tax	$ 344,543	152,204
Adjustments for：		
Adjustments to reconcile profit (loss)		
Depreciation expense	44,299	45,992
Amortization expense	234	321
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	9,213	(1,976)
Interest expense	82,144	99,100
Interest income	(454)	(1,182)
Dividend income	(155)	(150)
Share of profit (loss) of subsidiaries and associates accounted for using the equity method	67,290	(78,357)
Gains on disposals of investment property	(306,815)	-
Gain on bargain purchase transaction	-	(27,394)
Gain on disposal of equity investment accounted for using equity method	(24,152)	(4,585)
Impairment loss on financial assets	14,821	-
Gain on lease surrender	(324)	-
Total adjustments to reconcile profit (loss)	113,899	31,769
Changes in operating assets and liabilities：		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	1,665	4,320
Notes receivable	(15,409)	12,260
Accounts receivable	621	5,345
Inventory	506,472	327,861
Other current assets	16,839	21,312
Other financial assets	(658,786)	(24,560)
Incremental costs of obtaining contracts	(16,800)	(246)
Total changes in operating assets	(165,398)	346,292
Changes in operating liabilities：		
Contract liabilities	269,817	(30,521)
Notes payable	41,699	(24,426)
Account payable	(9,848)	(97,337)
Other payables	21,976	(26,205)
Other current liabilities	3,114	(7,071)
Net defined benefit liability	(417)	(1.905)
Changes in operating liabilities	326,341	(187,465)
Total Changes in operating assets and liabilities	160,943	158,827
Total adjustments	47,044	190,596
Cash inflow (outflow) generated from operations	391,587	342,800
Interest received	454	1,182
Dividends received	185,748	141,899
Interest paid	(232,017)	(260,401)
Income tax paid	(44,618)	(38,316)
Net cash generated from operating activities	301,154	187,164

Rich Development Co., Ltd.

STATEMENTS OF CASH FLOWS(CONTINUED)

December 31, 2021 and 2020

Unit: NT$ Thousands

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES：		
Acquisition of financial assets at fair value through other comprehensive income	(32,214)	(16,583)
Disposal of financial assets measured at fair value through other comprehensive income	16,843	-
Acquisition of investment accounted for using equity method	(382,500)	(237,000)
Disposal of investments accounted for using equity method	402,000	-
Acquisition of property, plant and equipment	-	(2,100)
Acquisition of investment properties	(14)	(15)
Disposal of investment properties	759,410	-
(Increase) Decrease in other financial assets	(17,690)	254,960
Net cash provided by (used in) investing activities	745,835	(738)
CASH FLOWS FROM FINANCING ACTIVITIES：		
Increase in short-term bank loans	296,000	673,720
Decrease in short-term notes and bills payable	(347,800)	(316,300)
Issuance of corporate bonds payable	-	2,000,0000
Repayment of corporate bonds payable	-	(2,000,000)
Borrowing of long-term loans	658,000	316,000
Repayments of long-term loans	(1,340,283)	(302,688)
Decrease in guaranteed deposit received	(15,857)	(17,061)
Repayments of principal portion of lease liabilities	(9,438)	(10,034)
Cash dividends paid	(245,518)	(446,396)
Net cash used in financing activities	(1,004,896)	(102,759)
Net increase (decrease) in cash and cash equivalents	42,093	83,667
Cash and cash equivalents at beginning of period	249,524	165,857
Cash and cash equivalents at end of period	**$ 291,617**	**249,524**

The accompanying notes are an integral part of the financial statements.

Chairperson: Shu-Chen Kuo Manager: Chi-Kang Kuo Accounting Manager: Hien-Jen Ke

Rich Development Co., Ltd.
Notes to Individual Financial Statements
2021 and 2020
Expressed in thousands of NTD (Except as otherwise noted)

I. Company History

Rich Development Co., Ltd. (hereinafter referred to as the "Company") was established on July 30, 1992 with the approval of the Ministry of Economic Affairs. The registered address is 8th Floor, No. 99, Jilin Road, Taipei City. The Company's main business items include commissioning manufacturers to build commercial buildings and lease and sale of public housing; commissioned by government industrial authorities to handle the development, leasing and management of industrial areas; interior decoration business, trading business of various building materials and construction machinery and acting as an agent for quoting, bidding and distributing business of related products as aforementioned.

II. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

The individual financial statements were approved by the Board of Directors on March 25, 2022.

III. Application of New, Amended and Revised Standards and Interpretations

a. The impact of the newly issued and revised standards and interpretations endorsed by the Financial Supervisory Commission (FSC) which have been adopted

The company has applied the following newly revised International Financial Reporting Standards (IFRS) since January 1, 2021 and has not had a significant impact on individual financial reporting.

- Amendment to IFRS No. 4 "Extension of the Temporary Exemption from Applying IFRS 9".
- Amendments to IFRS No. 9, International Accounting Standards (IAS) No. 39 and IFRS No. 7, IFRS No. 4 and IFRS No. 16 "Interest Rate Benchmark Reform – Phase 2"

Effective April 1, 2021, the Company adopted the following newly amended IFRSs, which did not have a significant impact on individual financial statements.

- Amendment to IFRS No. 16 "Covid-19-related rent concessions beyond 30 June 2021".

b. The impact of having not yet adopted the newly issued and revised standards and interpretations endorsed by the FSC.

The company assesses that the following newly revised IFRS that have issued into effect since January 1, 2022 will not have a significant impact on individual financial reporting.

- Amendments to IFRS 16 – "Property, Plant and Equipment: Proceeds before Intended Use ".
- Amendment to IFRS 37 – "Onerous Contracts—Cost of Fulfilling a Contract".
- Annual Improvements to IFRSs 2018-2020 Cycle.
- Amendment to IFRS 3 "References to Conceptual Framework".

c. Newly issued and revised standards and interpretations that have not yet been endorsed by the FSC

The standards and interpretations that have been issued and revised by the IASB but have not yet been endorsed by the FSC that may be relevant to the Company are as follows:

Newly Issued and Revised Standards	Main content of amendments	Effective Date Announced by IASB
Amendments to IFRS No. 1- "Classification of Liabilities as Current or Non-Current"	The amendments aim to promote consistency in applying the requirement by helping the corporations to determine whether, in the statements of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within a year) or non-current are to assist the corporations to judge clarify the requirements on determining if a liability is current or non-current. The amendments include clarifying the classification requirements for a debt a company might settle by converting it into equity.	Jan 01, 2023

The Company is continuously evaluating the impact of initial application of the abovementioned **standards and interpretations on the Company's financial position and financial performance,** and the related impact will be disclosed upon completion of the evaluation.

The Company expects that other newly issued and revised standards that are yet endorsed would not have material impact on individual financial reports.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations").

b. Basis of preparation

1.Basis of measurement

Except for the following material items in the balance sheets, the individual financial statements have been prepared under the historical cost basis:

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

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

(3) Defined benefit liabilities (or assets) are recognized as the fair value of pension fund assets less the present value of the defined benefit obligation.

2. Functional currency and presentation currency

The Company's functional currency is the currency used in the primary economic environment in which it operates. The individual financial statements are presented in New

Taiwan Dollar, the Company's functional currency. All the financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

c. Foreign currency

1. Foreign currency transaction

Transactions in foreign currencies are translated into functional currencies at the exchanges rates at the dates of the transactions. At the end of each subsequent reporting period (hereafter the reporting date), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at the date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was denominated. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate of the transaction.

Foreign differences are generally recognized in profit or loss, except for the differences relating to the following, which are recognized in other comprehensive income:

(1) an investment in equity securities designated as at fair value through other comprehensive income;

(2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(3) qualifying cash flow hedges to the extent that the hedges are effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the Company's functional currency at the exchange rates at the reporting date. Th income and expenses of foreign operations are translated into the Company's functional currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that the control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss. When the Company disposed of partial investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reattributed to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in foreign operation are recognized in other comprehensive income.

d. Criteria for classification of current and non-current assets and liabilities

The company is mainly engaged in the contracting business of construction and civil engineering. Its business cycle is usually longer than one year. The criteria used to divide assets and liabilities related to construction projects into current or non-current are based on the business cycle of 3 to 5 years. The criteria for classification of other current and non-current assets and liabilities subjects are as follows:

Assets that meet one of the following conditions are classified as current assets, and all other assets that are not current assets are classified as non-current assets:

1. Assets that are expected to be realized during the Company's normal business cycle (for the master construction and project construction, it is normally longer than a year) or intended to be sold or consumed.

2. Assets that are held primarily for trading purposes;

3. Assets that are expected to be realized within 12 months after the reporting date; or

4. Assets that are cash and cash equivalents, excluding those that are restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Liabilities that meet one of the following conditions are classified as current liabilities, and all other assets that are not current liabilities are classified as non-current liabilities:

1. Liabilities that are expected to be settled within the Company's regular business cycle (for the master construction and project construction, it is normally longer than a year);
2. Liabilities that are held primarily for trading purposes;
3. Liabilities that are due to be settled within 12 months after the reporting date; or
4. The Company has no unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

e. Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are assets that are readily convertible to known amounts of cash and are high-liquidity investments that are subject to an insignificant risk of changes in their fair value. Time deposits are accounted under cash and cash equivalents if they are accord with the definition aforementioned and are held for the purpose of meeting short-term cash commitment rather than for investment or other purpose.

f. Financial instruments

Account receivables and corporate bonds are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI); or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL：

– it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

– it is contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL：

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established (normally Ex-dividend date).

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes its loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets), investments in debt instruments measured at fair value through other comprehensive income or loss and contract assets.

The Company measures its loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL：

– debt securities that are determined to have low credit risk at the reporting date；and

– other debt securities and bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment, as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade (Standard & Poor's investment grade BBB, Moody's investment grade Baa3, or China Credit Ratings investment grade twA, or higher).

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 121 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 271 days past due or the debtor is unlikely to fully pay its credit obligations to the Company.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs resulting from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data：

– significant financial difficulty of the borrower or issuer；

– a breach of contract such as a default or being more than 271 days past due；

– the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；

– it is probable that the borrower will enter bankruptcy or other financial reorganization；or

– the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company's policy based on the past recovery experience of similar assets, when overdue exceeds 271 days, the total book amount is written off. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

2. Financial liabilities and equity instrument

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

7) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair value and, if not designated as at FVYPL and do not arise from a transfer of an asset, are measured subsequently at the higher of: (a) the amount of the loss allowance determined in accordance with IFRS 9; and (b) the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out below.

g. Inventories

The original cost of inventory is the necessary expenditure incurred to get the inventory to the place where it is available for sale. The development cost of the premises includes construction costs, land costs, borrowing costs and project costs incurred during the development period. Upon completion, the real estate under construction is carried forward to the real estate for sale, and the operating cost is carried forward according to the sales proportion of the development cost of the real estate. Subsequently, based on the lower of cost and net realizable value, when the cost of inventory is higher than the net realizable value, the cost should be offset to the NRV, and the offset should be recognized as the cost of goods sold in the current period. The method for determining the net realizable value is as follows:

1. Land for construction:
   The NRV is calculated based on the replacement cost or estimated selling price (according to the prevailing market conditions) minus estimated selling expenses.
2. Buildings under construction:
   The NRV is calculated based on the estimated selling price (according to the prevailing market conditions) minus the costs that might incur until completion and sales expenses.
3. Premises for sale:
   The NRV is calculated based on the estimated selling price (according to the prevailing market conditions) minus the estimated selling expenses.

h. Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Company uses equity method to account for investment in associates. Under the equity method, an investment is initially recognized at cost and the investment cost includes transaction cost. The book value of the investment in the associates includes the goodwill identified at the time of the original investment less any accumulated impairment losses.

The individual financial report recognizes the profit and loss of each investment related company and the amount of other comprehensive gains and losses based on the proportion of equity from the date of significant impact to the date of loss of significant impact after adjustments are made for consistency with the Company's accounting policies, When a non-profit and loss and other comprehensive gains and losses occur in the equity changes of the associates and do not affect the proportion of the Company's shareholding, the Company will recognize the equity change attributable to the Company under the share of the

associates as capital surplus according to the shareholding ratio.

The unrealized gains and losses arising from transactions between the Company and the associates are only recognized in the financial statements of the company within the scope of the non-affiliated investor's interests in the associates.

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

i. Investment in subsidiaries

When preparing the individual financial statement, the Company uses the equity method to account for the invested company that is controlled by the Company. Under the equity method, the current profit and loss and other comprehensive gains and losses of the individual financial report are the same as the current profit and loss and other comprehensive gains and losses attributable to owners of parent in the individual financial report. And the equity in the individual financial report is the same as the equity attributable to the owners of the parent in the individual financial report.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing of control over the subsidiary are accounted for as equity transaction.

j. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation not a property for normal business sale, for production, provision of goods or labor, or for administrative management purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment. Its depreciation method, useful lives and residual values refer to accounting treatment of property, plant, and equipment.

The profit or loss after the disposal of investment property (the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss).

The lease income of investment property is recognized as operating revenue using the straight-line method during lease period. The incentive provided to lease it is recognized as part of the lease income during the lease period.

k. Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2. Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Company.

3. Depreciation

Depreciation is calculated on the cost of an asset, less its residual value and is recognized in

profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings and constructions	10 ~50 years
2) Transportation equipment	3 ~ 5 years
3) Other equipment	3~5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

4. Reclassification to investment property

When the property for self-use is changed to investment property, the property is reclassified as investment property based on the book value at the time of the change of use.

l. Leases

The Company assesses whether a contract is a lease or contains a lease at the commencement date of the contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(1) fixed payments, including in-substance fixed payments;
(2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(3) amounts expected to be paid under a residual value guarantee; and
(4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(1) there is a change in future lease payments arising from the change in an index or rate; or
(2) there is a change in the Company's estimate of the amount expected to be paid under a residual value guarantee; or
(3) there is a change of its assessment on whether it will exercise an option to purchase the

underlying asset, or

(4) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an extension or termination option; or

(5) there are any modifications on lease target, scope, and other terms

When the lease liability is remeasured because lease liabilities are due to changes in the aforementioned index or rate used to determine lease payments, changes in the amount of residual value guarantee, and changes in the assessment of the purchase, extension or termination options, a corresponding adjustment, is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognize in profit or loss.

The Company presents the right-of-use assets and lease liabilities that do not meet the definition of investment property as separate items in the balance sheet.

If the agreement contains lease and non-lease components, the Company will allocate the consideration in the contract to the individual lease components based on the relative separate prices. However, when leasing land and buildings, the Company chose not to distinguish between non-lease components and the lease component and non-lease component as a single lease component.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value asset and recognizes lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. As a lessor

When the Company acts as a lessor in the transaction, the on the commencement date of the lease, the criteria used to classify the lease contract is whether almost all risks and rewards attached to the ownership of the underlying asset is transferred. If it is, it is classified as a financial lease, otherwise it is classified as an operating lease. In the assessment, the Company considers relevant specific indicators including whether the main part of the economic life of the underlying asset is covered during the lease period.

If the Company is a sublease lessor, the main lease and sublease transactions are treated separately, and the classification of the sublease transactions is evaluated based on the right-of-use assets generated by the main lease. If the main lease is a short-term lease and the recognition exemption applies, its sublease transaction should be classified as an operating lease.

If the agreement contains lease and non-lease components, the Company uses IFRS No. 15 to allocate the consideration in the contract.

For operating leases, the Company uses a straight-line basis to recognize the lease payments received as lease income during the lease period.

m. Intangible assets

1.Recognition and measurement

Other intangible assets are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2.Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits

embedded in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, it recognized in profit or loss as incurred.

3.Amortization

Except for goodwill, amortization is calculated over the cost of the asset, less its residual

value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

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

Computer software 5~10 years

Amortization methods, useful lives and residual values are reviewed by the Company at each annual reporting date and adjusted if appropriate.

n. Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets

(other than inventories, contract assets, deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The goodwill is tested for impairment regularly.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of

other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value. less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an individual asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss, and it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units).

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

o. Provisions of after services

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The amortization of the discounted value is recognized as interest expense.

Provisions for after services

A Provision for after services recognized when the underlying products or services are sold.

The provision is based on historical data and a weighting of all possible outcomes against

them associated probabilities.

p. Revenue recognition

1. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

(1) Land development and real estate sales

The Company develops and sells residential real estate, and often pre-sales real estate during or before construction. The Company recognizes revenue when the control of the real estate is transferred. Due to contractual restrictions, the real estate usually has no other purpose to the Company. However, after the legal ownership of the real estate is transferred to the customer, the Company will only have an enforceable right to the payment that has been completed so far. Therefore, the Company recognizes revenue when the legal ownership of the real is transferred or when the real estate is handed over to the customer.

Revenue is measured based on the agreed transaction price of the contract. If it is a sale of existing homes, in most cases, the consideration can be collected when the legal ownership of the real estate is transferred. In a few cases, the payment of the account can be deferred according to the contract agreement, but the deferred period does not exceed twelve months. Therefore, the transaction price is not adjusted to reflect the impact of significant financial components. In the case of pre-sale of real estate, the payment is usually received in installments during the period from the signing of the contract to the transfer of the real estate to the customer. If the contract contains a significant financial component, the transaction price is adjusted during the period according to the project loan interest rate of the construction project to reflect the impact from the time value of money. Advance receipts are recognized as contract liabilities, and interest expenses and contract liabilities are recognized when judging the impact of the time value of money needs to be adjusted. The accumulated contract liability amount is transferred to revenue when the real estate is transferred to the customer.

Some contracts include multiple delivery items, such as the sale of residential real estate and decoration services. The decoration services are regarded as a separate performance obligation, and the transaction price is allocated on the basis of the stand-alone selling price. If there is no directly observable price, the stand-alone selling price is estimated based on the expected cost plus profit. The revenue of the decoration service is recognized when the labor service is completed.

(2) Significant financial composition- advance real estate receipts

The revenue of the Company is measured in accordance with the transaction price of the contract agreement. If it is a sale of existing homes, in most cases, the consideration can be collected when the legal ownership of the real estate is transferred. In a few cases, the payment can be deferred in accordance with the contract agreement, but the deferred period does not exceed twelve months. The sale of real estate usually takes place during the period from the signing of the contract to the transfer of the real estate to the customer and the aforementioned payment is received; the Company evaluates whether the consideration commitment of the contract is different from the current selling price on

the

basis of individual contracts and whether the aforementioned pre-received consideration contains financial factors; the Company received consideration in advance to provide protection for the customer's performance of the contract, a subsidy, to reduce the re-sale price risk caused by the customer's non-fulfillment of the contract to the Company. Therefore, it is not a major financial component of the financing obtained from the customer. Thus, the transaction price is not adjusted to reflect the impact of significant financial components.

2. Contract costs

Incremental costs of obtaining a contract

The Company recognizes the incremental costs of obtaining a contract with a customer as an asset if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. The Company recognizes as an asset the incremental cost, which is expected to be recoverable, incurred in obtaining customer contracts through the sale of real estate, and it is amortized on a systematic basis consistent with the transfer of pre-sale houses to customers.

q. Employee benefits

1.Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

2.Defined benefit plans

The Company’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3.Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability

is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

r. Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company judged that the interest or penalties related to income tax (including uncertain tax treatment) do not meet the definition of income tax, so the accounting treatment of IFRS No. 37 is applicable.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year, and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables is the best estimate of the tax amount expected to be paid or received that it is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

1.temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

2.temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

3.taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary. differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset by the Company if the following criteria are met:

1.the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

2.the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(1) the same taxable entity; or

(2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

s. Business combination

Acquisitions of businesses are accounted for using the acquisition method. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held

equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the amount calculated above is a deficit balance, the Company recognizes that amount as a gain on bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of liabilities assumed.

Except for those related to the issuance of debt or equity instruments, transaction costs related to business combinations should be immediately recognized as expenses of the Company when incurred.

Among the non-controlling interests of the acquiree, if it is the current ownership interest, and its holder is entitled to a proportional share of the net assets of the enterprise when the liquidation occurs, the Company is measured, based on each transaction basis, at their fair value on the acquisition date or by the proportional share of the current ownership to the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at their fair value on the acquisition date or other basis as required by the IFRS recognized by the FSC.

When a business combination is achieved in stages, the Company previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required if that interest were directly disposed of by the Company.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Company's financial statements. During the measurement period, the provisional amounts recognized are retrospectively adjusted at the acquisition date or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that exits as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

The contingent consideration included in the transfer consideration is recognized at the fair value on the acquisition date. If the changes on the fair value of the contingent consideration after the acquisition date is adjustment during a measurement period, the acquisition cost is adjusted retrospectively, and the goodwill relatively adjusted. The adjustment of the measurement period is the adjustment made by the Company when obtaining additional information after the acquisition date about the facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date. For changes in fair value of contingent consideration that are not adjusted during the measurement period, the accounting treatment depends on the classification of contingent consideration. Contingent consideration classified as equity shall not be re-measured, and its subsequent delivery shall be adjusted within equity. Other contingent consideration is measured at fair value on each reporting day after the acquisition date, and changes in fair value are recognized as profit or loss.

t. Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, including convertible bond and employee stock options.

u. Operating segments

The company's information about the operating segments has been disclosed in the consolidated financial reports, so no such information will be disclosed in the individual financial reports.

V. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Accounting policies do not involve significant judgments and have no material impact on recognized amounts for the individual financial report.

The following assumptions and estimated uncertainties have a significant risk of causing significant adjustments to the carrying amount of assets and liabilities in the next financial year and have reflected the impact of the COVID epidemic. The relevant information is as follows:

(1) Valuation of inventories

As inventories are measured at the lower of cost or net realizable value, the net realizable value of inventories that the Company evaluates at the end of the reporting period is based on the estimation of future selling price and the construction cost, and since it is vulnerable to political and economic environment, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(4) for further description of the valuation of inventories.

VI. Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2021	December 31, 2020
Cash on hand	$	191	221
Demand deposits		256,686	199,025
Checking accounts		34,720	50,258
Time deposits		20	20
Cash and cash equivalents in the statement of Cash flows	**$**	**291,617**	**249,524**

Please refer to note 6(20) for the exchange rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

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

		December 31, 2021	December 31, 2020
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Shares of stocks of listed companies (current)	$	25,252	37,753
Private equity funds (non-current)		15,357	13,734
Total	**$**	**40,609**	**51,487**

1. Please refer to Note 6(21) for the amount that the Company re-measured and recognized in the profit and loss at fair value.
2. The Company has disclosed credit risk and fair value information related to financial instruments in Note 6(22).
3. The above financial assets of the Company had not been pledged as collateral.

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

		December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income:			
Shares of stock of listed companies-Asia Pacific Telecom Co., Ltd.	$	13,469	16,550
Share of stock of Emerging Markets-Tien Li Offshore Wind Technology Co., Ltd.		26,820	16,088
Shares of stock of non-listed companies-Hon Lin Heavy Industries Co., Ltd.		13,744	14,831
-Li Ling Film Co., Ltd.		18,440	23,200
-Lianda Wushih Marina Resort Co., Ltd.		154,544	-
Share of stock of non-listed companies-Lealea Hotels & Resorts Co., Ltd.		1,332	1,454
Total	**$**	**228,349**	**72,123**

1. Equity investments at fair value through other comprehensive income

(1) The Company designated the investments shown above as equity securities as at fair

value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term for strategic purposes, not for trading.

(2) The Company acquired 419,000 shares and 276,000 shares of Tien Li Offshore Wind Technology Co., Ltd. in December 2021 and 2020 respectively, amounting to NT$32,214,000 and NT$16,583,000 respectively.

(3) As of December 31, 2021, the Company disposed of its investments in equity instruments designated as at fair value through other comprehensive income or loss as shown above, as follows:

Stock name	Fair value	Accumulated gains and losses on disposal
2021		
Tien Li Offshore Wind Technology Co., Ltd.	**$ 16,843**	**8,4785**

2. For credit risk and fair value information related to financial instruments, please refer to note 6(22).

3.The above financial assets of the Company had not been pledged as collateral.

(d) Inventories

	December 31, 2021	**December 31, 2020**
Promises for sale	$ 2,566,073	3,381,278
Land for construction	3,093,573	3,101,241
Buildings under construction	9,812,585	9,357,172
Prepayment for land	157,953	158,453
Less: loss allowance for inventory market price decline	(89,519)	(100,058)
	$ 15,540,629	**15,898,086**

The cost of goods sold is broken down as follows:

	2021	**2020**
Transfer of premises for sale	$ 804,345	1,215,426
Cost of disposal of volume	32,670	113,779
Leasing Costs	43,281	44,312
Gain on reversal of inventories	(10,539)	(4,360)
	$ 869,757	**1,369,157**

1. As of December 31, 2021 and 2020, the inventories that are expected to realize beyond 12 months are NT$14,567,119,000 and NT$14,389,697,000 respectively.
2. For the interest capitalization as of December 31, 2021 and 2020, please refer to Note 6 (21).
3. As of December 31, 2021 and 2020, the inventories of the Company had been pledged as collateral, and for the details, please refer to Note 8.

(e) Investments accounted for using equity method

The Company' s financial investments that are accounted for using equity method at reporting date was as follows:

	December 31,	**December 31,**

		2021	2020
Subsidiary	$	6,223,987	6,614,209
Associates		67,849	71,200
	$	**6,291,836**	**6,685,409**

1.Subsidiary

(1) For the relevant information of the above invested subsidiaries, please refer to the 2021 consolidated financial report. As of December 31, 2021, increase in investment in subsidiaries amounted to NT$382,500,000 and effect of the change in shareholding net recognized was NT$23,049,000.

(2) On November 25, 2020, the company acquired 6,000,000 privately placed ordinary shares for the cash capital increase of Lealea Hotels & Resorts Co., Ltd., totaling NT$78,000,000, and its shareholding ratio increased from 12.37% to 38.53%, becoming the single largest shareholders and thus obtain control of the company, please refer to Note 6(6).

(3) In September 2021, the Company disposed of a subsidiary, Lianda Wushih Marina Resort Co., Ltd. and its shareholding in the company decreased from 55.94% to 10.71%, and lost control over the company, please refer to Note 6(7).

2. Associates

(1) The Company' s financial information for investments in individually insignificant associates accounted for using equity method at reporting date was as follows. Such financial information is included in the individual financial statements.

	December 31, 2021	December 31, 2020
The Company's carrying amount of individually insignificant associates' equity at the end of period	**$ 67,849**	**71,200**

		2021	2020
Shares attributed to the Company			
Profit (loss) from continuing operations	$	(3,351)	(3,297)
Other comprehensive income (loss)		-	(1)
Total comprehensive income (loss)	**$**	**(3,351)**	**(3,298)**

3. Pledges

As of December 31, 2021 and 2020, none of the Company's investments accounted for using equity method is pledged as collateral.

(f) Business combinations

The Company subscribed for 6,000,000 privately placed shares of Lealea Hotels & Resorts Co., Ltd. on November 25, 2020, amounting NT$78,000,000. The Company's shareholding of Lealea Hotels & Resorts Co., Ltd. increased from 12.37% to 38.53%, becoming the single largest shareholder and thus obtaining control of the company.

From the acquisition date to December 31, 2020, the revenue and net loss contributed by Lealea Hotels & Resorts Co., Ltd. were NT$38,684,000 and (NT$10,698,000) respectively. If this acquisition occurred on January 1, 2020, the management estimated that the current Company's revenue and net loss would reach NT$1,663,348,000 and NT$103,978,000 respectively. When determining these amounts, the management assumed that the acquisition

occurred on January 1, 2020, and that the provisional fair value adjustments on the acquisition date were the same.

The main types of consideration transferred, assets acquired and liabilities assumed on the acquisition date, and the amount of recognized goodwill are as follows:

(1) Fair value of consideration transferred on the acquisition date	**$ 78,000**
(2) Identifiable assets acquired and liabilities assumed	

The detailed fair value of Identifiable assets acquired and liabilities assumed are as follows:

Cash and cash equivalents	$	209,048
Financial assets at fair value through profit or loss		15,488
Notes and account receivable		22,213
Other financial assets		36,624
Other current assets		4,262
Non-current financial assets at fair value through other comprehensive income		44
Investments accounted for using equity method		15,533
Property, plant, and equipment		739,688
Right-of-use assets		291,717
Intangible assets		69,089
Other non-current assets		21,744
Current borrowings		(93,600)
Contract liabilities		(58,573)
Short-term notes and bills payable		(89,815)
Notes payable		(7,355)
Account payable		(33,977)
Other payables		(34,598)
Current tax liabilities		(341)
Current lease liabilities		(79,320)
Long-term liabilities, current portion		(43,801)
Other current liabilities		(14,451)
Long-term borrowings		(335,384)
Long-term payables		(13)
Deposits received		(220)
Non-current lease liabilities		(231,444)
Fair value of identifiable net assets	**$**	**402,558**

Purchase price allocation reports for the acquisition of subsidiaries are based on appraisals by independent appraisers (with recognized relevant professional qualifications and relevant experience in the subject matter being appraised).

(3) Gain on bargain purchase：

Recognized gains on bargain purchase due to acquisition were as follows：

Consideration transferred	$	78,000
Plus: Non-controlling interests (Measured by the ratio of identifiable net assets to non-controlling interests)		265,485
Fair value of previously held equity interest in the acquiree		39,785
Less: Fair value of identifiable net assets		(402,558)
Gain on bargain purchase	**$**	**(19,288)**

The Company remeasured the fair value of its 12.37% equity held prior to the acquisition date and gains recognized from the disposal of the equity was NT$4,585,000. The gains were recognized under the "Other Profit and Loss" in the 2020 comprehensive income statements.

The company’s bargain purchase gains of NT$27,394,000 on the acquisition date is listed under “Other income” in the 2020 comprehensive income statements. In addition, the Company recognized loss of $14,821,000 as an adjustment of fair value in 2021.

(g) Loss of control of a subsidiary

On July 26, 2021, Lealea Wushih Marina Resort Co., Ltd. increased its capital by cash, and the Company's shareholding was reduced from 55.94% to 51.91% because the Company did not subscribe in accordance with its shareholding ratio, and the effect of the net value recognized was NT$2,515,000. Later, on September 2, 2021, the Company sold 20,000 thousand shares (for a total consideration of NT$201,000,000), resulting in a decrease in the Company's shareholding from 51.91% to 31.31% and an increase in capital surplus recognized of NT$15,888,000. Then, on September 16, 2021, the Company sold 20,000 thousand shares (for a total consideration of NT$201,000,000), resulting in a reduction of its shareholding from 31.31% to 10.71% and the loss of control over it, and deemed to have sold and reacquired financial assets at fair value through other comprehensive income - non-current of NT$104,520,000 and recognized the gain on disposal of NT$24,152,000 is included in "Other gains and losses" in the consolidated income statement.

On August 31, 2021, the Company lost control of its subsidiary, Lealea Wushih Marina Resort Co., Ltd., and the carrying amounts of its assets and liabilities were as follows:

	Cash and cash equivalents	$ 54,881
	Account receivable	208
	Other financial assets - current	546
	Other current assets - other	144,295
	Property, plant, and equipment	2,988,122
	Right-of-use assets	238,290
	Other financial assets - non-current	24,400
	Contract liabilities	(5,511)
	Notes payable	(16)
	Account payable	(1,238)
	Other payables	(260,956)
	Other current liabilities - other	(9)
	Long-term borrowings	(1,996,000)
	Lease liabilities	(242,990)
	Deposits received	(3,134)
	Other non-current liabilities – other	(42,173)
	Carrying amount of net assets of previous subsidiary	**$ 898,715**

(h) Property, plant, and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company in 2021 and 2020, were as follows:

	Transportation equipment	Other equipment	Total
Cost or deemed cost:			
Balance on January 1, 2021	$ 7,437	12,823	20,260
Balance on December 31, 2021	**$ 7,437**	**12,823**	**20,260**
Balance on January 1, 2020	$ 5,337	12,823	18,160
Additions	2,100	-	2,100
Balance on December 31, 2020	**$ 7,437**	**12,823**	**20,260**
Depreciation and impairment loss:			
Balance on January 1, 2021	$ 5,293	11,527	16,820
Depreciation for the year	708	438	1,146
Balance on December 31, 2021	**$ 6,001**	**11,965**	**17,966**
Balance on January 1, 2020	$ 4,629	10,933	15,562
Depreciation for the year	664	594	1,258
Balance on December 31, 2020	**$ 5,293**	**11,527**	**16,820**
Carrying amounts			
Balance on December 31, 2021	**$ 1,436**	**858**	**2,294**
Balance on January 1, 2020	**$ 708**	**1,890**	**2,598**
Balance on December 31, 2020	**$ 2,144**	**1,296**	**3,440**

As of December 31, 2021 and 2020, the property, plant, and equipment of the Company had not been pledged as collateral.

(i) Investment property

Investment property includes its own assets held by the company. The initial non-cancellable period of leased investment property is one to ten years, and some lease contracts stipulate that the lessee has the option to extend the period upon expiration.

The rental income of leased investment property is a fixed amount, but some contracts require the lessee to pay insurance expenses, the amount of which is determined separately every year.

The movements in the investment property of the Company were as follows：

	Land and improvements	Buildings and construction	Construction in progress	Total
Cost and deemed cost：				
Balance on January 1, 2021	$ 1,248,486	987,819	10,357	2,246,662
Additions	-	-	14	14
Disposal	(346,981)	(199,989)	-	(546,970)
Balance on December 31, 2021	**$ 901,505**	**787,830**	**10,371**	**1,699,706**
Balance on January 1, 2020	$ 1,248,486	987,819	10,342	2,246,647
Additions	-	-	15	15
Balance on December 31, 2020	**$ 1,248,486**	**987,819**	**10,357**	**2,246,662**
Depreciation and impairment loss:				
Balance on January 1, 2021	$ -	388,764	-	388,764
Depreciation for the year	-	33,720	-	33,720
Disposal	-	(94,375)	-	(94,375)
Balance on December 31, 2021	**$ -**	**328,109**	**-**	**328,109**
Balance on January 1, 2020	$ -	354,276	-	354,276
Depreciation for the year	-	34,488	-	34,488
Balance on December 31, 2020	**$ -**	**388,764**	**-**	**388,764**
Carrying amounts				
Balance on December 31, 2021	**$ 901,505**	**459,721**	**10,371**	**1,371,597**
Balance on January 1, 2020	**$ 1,248,486**	**633,543**	**10,342**	**1,892,371**
Balance on December 31, 2020	**$ 1,248,486**	**599,055**	**10,357**	**1,857,898**
Fair Value：				
Balance on December 31, 2021				**$ 1,997,983**
Balance on December 31, 2020				**$ 2,656,997**

1. The Company has established relevant criteria for judging whether an asset can be classified as investment property. Investment property is a property held for the purpose of earning rent or capital appreciation or both. Therefore, the Company considers whether the main cash flow generated by a property is independent of other assets held by the Company. Part of properties held by the Company is held for the purpose of earning rental income or capital appreciation, and the other part is held for management purposes. If each part of the investment properties can be sold separately, the Company shall make accounting treatment for each part separately. If each part cannot be sold separately, only when the part held for management purposes is insignificant, the property shall be deemed as an investment property.

   Investment property includes several commercial properties leased to others. For relevant information (including rental income and direct operating expenses incurred), please refer to Note 6(14).

   The fair value of investment property is based on the evaluation of independent appraisers (with recognized relevant professional qualifications and recent experience in the location and type of investment property being evaluated). The input value used in its fair value evaluation technology belongs to the third level; or it refers to the property transaction

price inquiry service network of the Ministry of the Interior and the real estate agency website for inquiries, where similar locations and types of recent transaction prices are the evaluation basis.

2. As of December 31, 2021 and 2020, the investment property of the Company had been pledged as collateral, and for the details, please refer to Note 8.

(j) Short-term loans

The details for the short-term loans of the Company were as follows:

	December 31, 2021	December 31, 2020
Secured bank loans	$ 6,207,111	6,241,111
Unsecured bank loans	813,500	483,500
Total	**$ 7,020,611**	**6,724,611**
Unused credit line	**$ 1,053,391**	**1,180,391**
Range of interest rates	**1.75%~2.4%**	**1.75%~2.47%**

For the details of the Company's assets pledged as collateral for short-term borrowings, please refer to Note 8.

(k) Short-term notes and bills payable

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

	December 31, 2021		
	Guarantee/Accepting Institution	Range of interest rates	Amount
Commercial paper payable	International Bills Finance Corporation	1.8%	$ 429,000
	China Bills Finance Corporation	1.75%	515,900
	Grand Bills Finance Corporation	1.8%	140,000
	Mega Bills Finance Co., Ltd.	1.74%	150,000
Total			**$ 1,234,900**

	December 31, 2020		
	Guarantee/Accepting Institution	Range of interest rates	Amount
Commercial paper payable	International Bills Finance Corporation	1.99%	467,200
	China Bills Finance Corporation	1.75% and 1.8%	344,500
	Grand Bills Finance Corporation	1.8%	621,000
	Mega Bills Finance Co., Ltd.	1.74%	150,000
Total			**$ 1,582,700**

For the details of the Company's assets pledged as collateral for short-term notes and bills payable, please refer to Note 8.

(l) Long-term loans

The details, conditions, and terms of the Company's long-term loans were as follows:

	December 31, 2021

	Currency	Range of interest rate	Maturity year	Amount
Secured bank loans	NTD	1.59%~2.23%	2022~2035	$ 910,689
Less: current portion				(286,818)
Total:				**$ 623,871**
Unused credit line				**$ 230,000**

	December 31, 2020			
	Currency	Range of interest rate	Maturity year	Amount
Secured bank loans	NTD	1.59%~2.47%	2021~2035	$ 1,557,972
Unsecured bank loans	NTD	2.15%	2022	35,000
Less: current portion				(692,448)
Total:				**$ 900,524**
Unused credit line				**$ -**

Please refer to Note 8 for details of the related assets pledged as collateral.

(m) Bonds payable

The details of the Company's bond payable were as follows:

	December 31, 2021	December 31, 2020
Ordinary corporate bonds issued	$ 2,000,000	2,000,000
Less: unamortized discount on bonds payable	(4,170)	(5,244)
Bonds payable, end of the year	**$ 1,995,830**	**1,994,756**

The offering information and main rights and obligations of secured ordinary bonds issued by the Company in 2020 were as follows:

Item	1st secured ordinary bonds issued in 2020	2nd secured ordinary bonds issued in 2020
Issuing amount	NT$1,000,000,000	NT$1,000,000,000
Issuance date	October 23, 2020	December 14, 2020
Issuance period	October 23, 2020~ October 23, 2025	December 14, 2020~ December 14, 2025
Coupon rate	0.62%	0.58%
Guarantee Institution	Mega International Commercial Bank	Yuanta Commercial Bank
Trust institution	Taipei Fubon Commercial Bank	Taipei Fubon Commercial Bank
Repayment	Repayable on maturity	

The Company recognized the amortized interest expenses of ordinary corporate bonds in 2021 and 2020. Please refer to Note 6 (21) for details.

(n) Operating leases

Lease as a lessor

The Company leases its investment property. Since almost all risks and rewards belonging to the ownership of the underlying asset have not been transferred and paid, these lease contracts are classified as operating leases. Please refer to Note 6 (9)－Investment property for details.

The maturity analysis of lease payments is shown in the following table based on the total amount of undiscounted lease payments that will be received after the reporting date:

	December 31, 2021	December 31, 2020
Less than a year	$ 59,885	46,726
Between one and two years	53,298	34,801
Between two and three years	31,615	33,637
Between three and four years	20,322	26,694
Between four and five years	19,730	18,404
More than five years	52,025	68,619
Total amount of undiscounted lease payments	**$ 236,875**	**228,881**

Please refer to Note 6 (18) for the rental income generated from real estate for sale and investment properties in 2021 and 2020. The maintenance expenses incurred by investment property (recognized in "Cost of Goods Sold and Operating Expenses") are as follows:

	December 31, 2021	December 31, 2020
Rental income generating ones	**$ 527**	**914**

(o) Income taxes

1. Income tax expense

The components of the Company's income tax in the years 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Current income tax expense:		
Current income tax	$ 2,335	-
Surtax on unappropriated earnings	-	9,910
Land appreciation tax	34,708	38,316
	37,043	48,226
Deferred income tax expense		
The origination and reversal of temporary differences	810	-
	810	-
Income tax expense	**$ 37,853**	**48,226**

2. The reconciliation of the Company's pre-tax profit and income tax expense for the years ended December 31, 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
Profit before income tax	$ 344,543	152,204
Income tax on pre-tax financial income calculated at the domestic rates applicable to profits in the country	$ 68,909	30,440

concerned		
Tax exemption on income from land transactions	(75,326)	(58,688)
Investment income－equity method	13,458	(15,671)
Book-tax-difference in interest capitalization	(3,064)	(3,507)
Gain(loss) on valuation of financial assets and liabilities	1,843	(395)
Dividend income	(31)	(30)
Land appreciation tax	34,708	38,316
Surtax on unappropriated earnings	-	9,910
Current-year losses for which no deferred tax asset was recognized	-	26,276
Non-deductible expenses	-	28,380
Others	(2,644)	(6,805)
Total	**$ 37,853**	**48,226**

3. Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

The movements in deferred tax assets were as follows:

	Unrealized provisions for contingent service cost	**Unrealized Impairment losses**	**Unrealized reduce Inventory to market**	**Others**	**Total**
Deferred tax assets:					
Balance on January 1, 2021：	$ 7,230	6,577	18,585	1,464	33,856
Debit (Credit) income statement	(46)	-	(681)	(83)	(810)
Balance on December 31, 2021	**$ 7,184**	**6,577**	**17,904**	**1,381**	**33,046**
Balance on January 1, 2020：	$ 7,230	6,577	18,585	1,464	33,856
Balance on December 31, 2020	**$ 7,230**	**6,577**	**18,585**	**1,464**	**33,856**

4. Status of approval of income tax

The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(p) Share capital and other equities

As of December 31, 2021 and 2020, both of the authorized capital of the Company was NT$10,100,000,000, with a par value of NT$10 per share, and each of the outstanding shares was 743,993 thousand, and the capital that rose from the shares had all been retrieved.

1. Capital surplus

The components of the capital surplus were as follows:

	December 31, 2021	December 31, 2020
From conversion of convertible bonds	$ 12,949	12,949
From treasury stock transactions	3,337	3,337
Difference between consideration and carrying amount of subsidiaries acquired or disposed	435,112	412,063
Changes in ownership interest in associates accounted for using equity method and joint ventures	73	73
Changes in ownership interest in subsidiaries	216,522	180,121
	$ 667,993	**608,543**

According to the R.O.C. Company Act, the realized capital surplus can only be used to increase the common stock or be distributed as cash dividends in accordance with proportions of shareholdings after the capital surplus is used to offset a deficit. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

2. Retained earnings

The Company's Article of Incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve until the accumulated legal reserve equals the Company's paid-in capital. In addition, a special reserve, in accordance with applicable laws and regulations, shall also be set aside. Then, any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

The company is in a volatile industrial environment and the life cycle of the company is at a growth stage and is developing towards diversification. Considering the company's future capital needs, long-term financial planning and shareholders' demand for cash inflows, if the company's shareholders' meeting decides to issue shareholder dividends, the cash dividend shall not be less than 10% of the total dividend, but if the cash dividend per share is less than NT$0.1, it will not be paid and will be paid as a stock dividend, but the board of directors may change the aforementioned ratio according to the economic environment and changes in the company's operating conditions.

(1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(2) Special reserve

If the difference between the net decrease in other shareholders' equity and the remaining. balance of the special reserve is recognized in the current year, a special reserve shall be appropriated from the current period's profit or loss and the prior period's undistributed earnings; the amount of the decrease in other shareholders' equity accumulated in the prior period shall not be distributed from the prior period's undistributed earnings. If there is a reversal of the decrease in other shareholders' equity, the reversal may be distributed as part of the earnings.

As of the end of the period, a subsidiary that holds shares of the parent company at a market price lower than the book value should not distribute the same amount of special reserve based on the percentage of ownership. If the market price subsequently increases, the special reserve may be reversed based on the percentage of ownership.

On July 14, 2021, the Company resolved at the shareholders' meeting to reverse a special reserve of NT$149,144,000 for the decrease in equity and to set aside a special reserve of NT$315,000 for the change in market value of the parent company's shares held by its subsidiaries; and on June 12, 2020, the Company resolved at the shareholders' meeting to set aside a special reserve of NT$102,025,000.

(3) Earnings distribution

On July 14, 2021 and June 12, 2020, the Company's shareholders' meeting resolved to appropriate the 2020 and 2019 earnings. These earnings were appropriated or distributed as follows:

	2020		2019	
	Amount per share(dollar)	Amount	Amount per share(dollar)	Amount
Common stock dividends per share (dollars)				
－cash	$ 0.33	**245,518**	0.60	**446,396**

3.Treasury stock

(1) Treasury stocks held by the Company may not be pledged nor assigned shareholders' rights before transferring in accordance with the Securities and Exchange Act.

(2) As of December 31, 2021 and December 31, 2020, Lea Ho Investment Co., Ltd., subsidiary of the Company, holds the company's treasury stocks as follows:

	December 31, 2021	December 31, 2020
Shares held by the subsidiaries	**$ 6,305**	**6,305**
Acquisition cost	**$ 98,392**	**98,392**
Market value of stocks	**$ 59,896**	**66,201**

Note: The amount that the Company recognized as treasury stocks based on shareholding ratio was NT$98,195,000.

4. Other equity accounts (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2021	$ (5,184)	(75,864)	(81,048)
Shares of unrealized gains (losses) on subsidiaries accounted for using equity method, measured at fair value through other comprehensive income	-	(87,767)	(87,767)
Shares of differences on translation of associates and subsidiaries accounted for using equity method	3,481	-	3,481
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	36,335	36,335
Disposal of equity instruments measured at fair value through other comprehensive income	-	(8,785)	(8,785)
Balance at December 31, 2021	**$ (1,703)**	**(136,081)**	**(137,784)**

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2020	$ (2,078)	(228,114)	(230,192)
Shares of unrealized gains (losses) on subsidiaries accounted for using equity method, measured at fair value through other comprehensive income	-	162,261	162,261
Shares of differences on translation of associates and subsidiaries accounted for using equity method	(3,106)	-	(3,106)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	(10,011)	(10,011)
Balance at December 31, 2020	**$ (5,184)**	**(75,864)**	**(81,048)**

(q) Earnings per share

1. Basic earnings per share

The basic earnings per share for the years ended December 31, 2021 and 2020, which are based on the profit attributable to ordinary shareholders and outstanding weighted-average number of ordinary shares, were calculated as follows:

(1) Profit attributable to ordinary shareholders

	2021	2020
Profit attributable to ordinary shareholders	**$ 306,690**	**103,978**

(2) Outstanding weighted-average number of ordinary shares

	2021	2020
Issued ordinary share as of January 1	743,993	743,993
Effects of Treasury stocks	(6,305)	(6,305)
Outstanding weighted-average number of ordinary shares as of December 31	**737,688**	**737,688**
Earnings per share (NT$)	**$ 0.42**	**0.14**

2. Diluted earnings per share

The diluted earnings per share for the years ended December 31, 2021 and 2020, which are based on the profit attributable to ordinary shareholders and outstanding weighted-average number of ordinary shares, were calculated as follows:

(1) Profit attributable to ordinary shareholders (diluted)

	2021	2020
Profit attributable to ordinary shareholders	$ 306,690	103,978
Influence from the convertible bonds of subsidiaries	(5)	(800)
Profit attributable to the Company's ordinary shareholders (After adjusting the number of shares of for the effects of dilutive potential ordinary shares)	**$ 306,685**	**103,178**

(2) Outstanding weighted-average number of ordinary shares (diluted)

	2021	2020
Outstanding weighted-average number of ordinary share (basic)	737,688	737,688
Influence from bonus share to employees	300	196
Outstanding weighted-average number of ordinary shares (diluted) as of December 31	**737,988**	**737,884**
Earnings per share (dollar)	**$ 0.42**	**0.14**

(r) Revenue from contracts with customers

1. Disaggregation of revenue

	2021	2020
Major geographic markets：		
Taiwan	**$ 1,208,417**	**1,663,348**
Main product/Service Lines：		
Rentals from investment property (Note)	$ 78,750	77,806
Revenue from real estate sales	1,109,667	1,584,492
Revenue from other businesses	20,000	1,050
	$ 1,208,417	**1,663,348**

	2021	2020
Timing of revenue recognition：		
Service gradually transferred over time	$ 78,750	77,806
Goods transferred at a point in time	1,129,667	1,585,542
	$ 1,208,417	**1,663,348**

Note：The Company recognized rental revenue by applying IFRS No. 16.

2. Balance of contract

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable	$ 16,502	1,093	13,353
Account receivable	3,182	3,803	9,148
Less：allowance for loss	-	-	-
Total	**$ 19,684**	**4,896**	**22,501**

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liability－ advance construction receipts	**$ 357,252**	**87,435**	**117,956**
Amount expected to be settled after more than twelve months	**$ 14,925**	**14,925**	**14,925**

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all notes and accounts receivable. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics representing the customer's ability to pay all due amounts in accordance with contractual terms, and as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision of notes receivable and account receivable was determined as follows:

	December 31, 2021		
	Notes receivable and carrying amount of AR	Weighted-average loss rate	Loss allowance provision
Not past due	$ 19,684	-	-

	December 31, 2020		
	Notes receivable and carrying amount of AR	Weighted-average loss rate	Loss allowance provision
Not past due	$ 4,891	-	-

3. Changes in contract liabilities are mainly due to the difference between the time when the Company transfers goods or services to customers to satisfy the performance obligations and the time when customers pay. As of 2021 and 2020, there are no significant changes.

(s) Remuneration of employees and directors

Based on the Company' s Articles of Incorporation, if there is any profit for the year, remuneration of employees shall be appropriated at the rate no less than of 0.5%, and the board of directors shall decide to issue stocks or cash. The payment objects include employees of controlling or affiliated companies that meet certain conditions. The board of directors or their authorized persons are authorized to determine the conditions and rule for distributions; the Company shall allow the board of directors to resolve by allocating no more than 3% the aforementioned amount of profit as directors' remuneration. The distributions for employee and director remuneration shall be reported to the shareholders meeting. However, when the company still has accumulated losses, it shall reserve the amount of remuneration in advance, and then appropriate employee and directors' remuneration based on the aforementioned proportions.

For the years ended December 31, 2021 and 2020, remuneration of employees of NT$2,686,000 and NT$526,000 respectively, and remuneration of directors of NT$16,118,000 and NT$3,153,000 respectively, were estimated on the basis of the Company's net profit before tax, excluding the remuneration of employees and directors of each period, multiplied by the percentage of remuneration of employees and directors as specified in the Company' s Articles of Incorporation. Such amounts were recognized as operating cost or operating expense for each year. Management is expecting that the differences, if any, between the actual distributed amounts and estimated amounts will be treated as changes in accounting estimates and charged to profit or loss.

The remuneration for employees and the remuneration of directors for the year of 2020 were NT$526,000 and NT$3,153,000 respectively, and the actual distribution amount was underestimated by NT$253,000 and NT$1,523,000 respectively. In the year of 2019, the amount of employee and director remuneration was NT$4,575,000 and NT$27,449,000, which was underestimated by NT$22,000 and overestimated by NT$2,656,000 respectively from the actual distribution amount. For further information, please refer to

Market Observation Post System.

(t) Net other income and expense

For the years ended December 31, 2021 and 2020, the Company's net other income and expenses were as follows:

	2021	2020
Gains on disposals of investment property	**$ 306,815**	**-**

(u) Non-operation income and expense

1.Interest income

The details of the Company's interest income for the years 2021 and 2020 were as follows:

	2021	2020
Interest income of bank deposits	**$ 454**	**1,182**

2.Other income

The details of the Company's other income for the years 2021 and 2020 were as follows:

	2021	2020
Dividend income	$ 155	150
Bargain purchase benefits (Note 6 (6))	-	27,394
Director's remuneration of subsidiary	742	2,989
Income from Counter-Party Default	-	95
Guarantee fee income	9,606	
Others	7,226	4,174
	$ 17,729	**34,802**

3. Other gains and losses

The details of the Company's other gains and losses for 2021 and 2020 were as follows:

	2021	2020
Gains from disposal of investments (Note 6(6) and 7)	$ 24,152	4,585
Net gains (loss) on evaluation of financial assets measured at fair value through profit or loss	(9,213)	1,978
Loss from foreign currency exchange	(1,186)	(1,685)
Gain on lease surrender	324	-
Other impairment losses (Note 6(6))	(14,821)	-
	$ 744	**4,878**

4. Financial costs

The details of the Company's finance costs for the years 2021 and 2020 were as follows:

	2021	2020
Interest expenses		
Bank loans	$ 174,667	183,361
Amortizations for corporate bond discount	1,074	3,674
Interest of bond payable	12,000	27,618
Capitalized borrowing cost	(149,015)	(161,008)
Interest of lease liability	533	784

Other interest expenses	89	117
Financial expenses	42,796	44,554
	$ 82,144	**99,100**
Capitalization rates	**1.55%~1.64%**	**1.68%~2.00%**

(v) Financial instruments

1. Credit risks

(1) Maximum amount of credit risk exposure

The carrying amount of financial assets represents the Company' s maximum credit exposure.

(2) Concentration of credit risks

The Company's broad customer base, and customers are not correlated, so the concentration of credit risks is limited.

(3) Credit risk of account receivable and debt securities

For the information of credit risk exposure of notes receivable and account receivable, please refer to Note 6(18)

Other financial assets measured at amortized cost include other receivables and investment bonds, corporate bonds, and time deposits, etc.

It is assessed that other financial asset measured at amortized cost has not credit risk.

The aforementioned financial asset is assessed as financial assets with low credit risk, so the allowance for the period is measured based on the amount of expected credit loss in twelve months (please refer to Note 4(6) for the explanation of how the Company determines that the credit risk is low).

2. Liquidity risk

The following table shows the contractual maturities of financial liability, including estimated interest, without the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	Between 1-2 years	Between 2-5 years	Over 5 years
December 31, 2021						
Non-derivative financial liabilities						
Variable interest rate instruments	$ 7,931,300	8,093,867	5,505,493	1,839,500	740,992	7,882
Fixed interest rate instruments	3,230,730	3,282,277	1,247,719	12,000	2,022,558	-
Non-interest bearing liabilities	249,994	249,994	249,994	-	-	-
Lease liabilities	8,012	8,199	4,616	3,583	-	-
	$ 11,420,036	**11,634,337**	**7,007,822**	**1,855,083**	**2,763,550**	**7,882**
December 31, 2020						
Non-derivative financial liabilities						
Variable interest rate instruments	$ 8,317,583	8,575,765	1,930,541	5,454,755	1,084,412	106,057
Fixed interest rate instruments	3,577,456	3,642,462	1,595,904	12,000	2,034,558	-
Non-interest bearing liabilities	213,956	213,956	213,956	-	-	-
Lease liabilities	27,912	28,902	10,453	9,741	8,708	-
	$ 12,136,907	**12,461,085**	**3,750,854**	**5,476,496**	**3,127,678**	**106,057**

The Company does not expect that the cash flow at maturity to be analyzed will occur significantly earlier or the actual amount will be significantly different.

3. Interest rate analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate which increases or decreases by 1% when reporting to the internal management, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate increases/decreases by 1%, with all other variable factors that remaining constant, the Company's net income would have decreased/increased by NT$55,051,000 and NT$60,160,000 for the years ended December 31, 2021 and 2020 respectively. This is mainly due to the Company's borrowings and bank deposits in variable rates.

4. Other price risks

If the price of equity securities changes on the reporting date (the two-period analysis adopts the same basis and assumes that other variable factors remain unchanged), the impacts on the comprehensive profit and loss items were as follows:

	2021		2020	
Prices of securities on the reporting date	Other comprehensive income after tax	Net income after tax	Other comprehensive income after tax	Net income after tax
Increasing10%	$ 22,835	2,525	7,212	3,775
Decreasing10%	$ (22,835)	(2,525)	(7,212)	(3,775)

5. Fair value information

(1) The valuation process of the fair value of financial instruments

The accounting policies and disclosures of the Company include the use of fair value to measure its financial and non-financial assets and liabilities. The company establishes relevant internal control systems for fair value measurement. This includes establishing a valuation team to be responsible for reviewing all major fair value measurements (including level 3 fair value) and reporting directly to the chief financial officer. The valuation team regularly reviews significant unobservable input values and adjustments. If the input value used to measure the fair value is to use external third-party information (such as a broker or pricing service agency), the valuation team will evaluate the evidence provided by the third party to support the input value and determine the valuation and its fair value classification. It complies with the requirements of the IFRS.

When measuring its assets and liability, the Company uses observable market data to evaluate its assets and liabilities when it is possible.

The level of fair value is categorized as follows based on the input value used in the valuation technology:

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

(2) Categories and fair value of financial instruments

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy, were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required:

	December 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss (Current and Non-Current)	$ 40,609	25,252	-	15,357	40,609
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	$ 13,469	13,469	-	-	13,469
Equity instrument without a quoted market price measured at fair value	214,880	-	26,820	188,060	214,880
Subtotal	228,349	13,469	26,820	188,060	228,349
Total	**$ 268,958**	**38,721**	**26,820**	**203,417**	**268,958**

	December 31, 2020				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss (Current and Non-Current)	$ 51,487	37,753	-	13,734	51,487
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	$ 16,550	16,550	-	-	16,550
Equity instrument without a quoted market price measured at fair value	55,573	-	16,088	39,485	55,573
Subtotal	72,123	16,550	16,088	39,485	72,123
Total	**$ 123,610**	**54,303**	**16,088**	**53,219**	**123,610**

(3) Valuation techniques of financial instruments not measured at fair value

The Company estimates its financial instruments, that are not measured at fair value, by methods and assumption as follows:

(3.1) Financial assets and liability measured at amortized cost

If there is quoted price generated by transactions or market makers for financial liabilities, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, then valuation method is used to estimate. The estimates and assumptions used in the valuation method are the discounted cash flows for the estimation of the fair value.

(4) Valuation techniques for financial instruments measured at fair value

(4.1) Non-derivative financial instruments

If the quoted market price in active markets is available for the financial instrument, the fair values are based on quoted market prices in active markets. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities, and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with large bid-ask spreads, significantly increasing bid-ask spreads, or low trading volume is an indication of a non-active market.

If the financial instruments held by the Company are financial assets belong to those with active markets such as listed common shares, beneficiary certificates, etc., which are financial assets with standard terms and conditions and traded on the active market, the fair value are determined by reference to the market quotation.

If the financial instruments held by the Company belongs to those with no active markets, their fair value is an equity instrument with no quoted market price in terms of its category and attribute. The fair value is estimated using the market approach and the binominal tree convertible bond valuation model. The main assumption is that it is measured based on the invested company's peer companies' market value and financial information. This estimate has been adjusted for the liquidity discount of the equity certificate.

(5) Transfer between level 1 and level 2: None.

(6) The details of movement of Level 3 fair value measurements of financial assets

	Liability instruments with no quoted market price at fair value through profit or loss	Equity instruments with no quoted market price at fair value through other comprehensive income
January 1, 2021	$ 13,734	39,485
Total profits or losses		
Recognized in profit or loss	3,288	-
Recognized in other comprehensive income	-	44,055
Purchased		
Disposal of subsidiaries, regarded as a reacquired	-	104,520
Disposal/liquidation	(4,866)	-
December 31, 2021	**$ 15,357**	**188,060**
January 1, 2020	$ 14,025	53,213
Total profits or losses		
Recognized in profit or loss	(291)	-
Recognized in other comprehensive income	-	(13,728)
December 31, 2020	**$ 13,734**	**39,485**

The aforementioned total profit or loss is reported in series in "Other Profits and Losses" and "Unrealized Valuation Loss of Financial Assets Measured at Fair Value through Other Comprehensive Profits and Losses". Among them, those related to the assets still held as of December 31, 2021 and 2020 are as follows:

	2021	2020
Total profits or loss		
Recognized in profit or loss (reported in Other Profits or Losses)	$ 3,288	(291)
Recognized in other comprehensive income (reported in Unrealized Valuation Loss of Financial Assets Measured at Fair Value through Other Comprehensive Profits and Losses)	44,055	(13,728)

(7) Quantitative information of fair value measurement for significant unobservable Inputs (level 3)

The Company's fair value categorized as level 3 are financial assets measured at fair value through profit or loss and other comprehensive income－liability instruments and equity security investment.

Most of the Company's fair values categorized as level 3 have only one significant unobservable input.

Quantitative information of significant unobservable inputs of fair value measurement are as follows:

Category of equity securities	Valuation technique	Significant unobservable inputs	Interrelationship between inputs and fair value
Financial assets-equity instruments with no quoted market price at fair value through other comprehensive income	Market approach and asset-based approach	• Liquidity discount (23.16%~30% for December 31, 2021 and 30% for December 31, 2020 respectively)	• The higher the liquidity discount, the lower the fair value
Financial assets-liability instruments with no quoted market price at fair value through profit or loss	Asset-based approach	• Liquidity discount (10% for both December 31, 2021 and December 31, 2020)	• The higher the liquidity discount, the lower the fair value

(8) For the level 3 of fair value measurement, the sensitivity analysis of fair value to reasonably possible alternative assumptions

The Company's measurement of the fair value of financial instruments is reasonable, but the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments categorized as level 3, if the valuation parameters change, the impact on the current profit and loss or other comprehensive profit and loss is as follows:

	inputs	Change upwards or downwards change	Change of fair value response to current net profit		Change of fair value response to other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2021						
Financial assets-liability instruments with no quoted market price at fair value through profit or loss						
	Liquidity discount	+1%	-	(171)	-	-
	Liquidity discount	-1%	171	-	-	-
Financial assets-equity instruments with no quoted market price at fair value through other comprehensive income						
	Liquidity discount	+1%	-	-	-	(2,796)
	Liquidity discount	-1%	-	-	2,796	-
December 31, 2020						
Financial assets-liability instruments with no quoted market price at fair value through profit or loss						
	Liquidity discount	+1%	-	(153)	-	-
	Liquidity discount	-1%	153	-	-	-
Financial assets-equity instruments with no quoted market price at fair value through other comprehensive income						
	Liquidity discount	+1%	-	-	-	(546)
	Liquidity discount	-1%	-	-	588	-

The favorable and unfavorable changes of the Company represent the fluctuation of the fair value, and the fair value is calculated based on the unobservable input parameters to different degrees and calculated by the valuation technique. If the fair value of a financial instrument is affected by more than one input value, the above table only reflects the impact from the change in a single input value and does not take into account the interrelation and variances between input values.

(w) Financial risk management

1.Overview

The Company is exposed to the following risks from its financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

In this note, the information on aforementioned risk exposure and objectives, policies and procedures of risk measurement and management are expressed. For quantitative information, please refer to the related notes in the individual financial report.

2. Risk management framework

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's supervision and management personnel in Audit Committee oversee how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the

risks faced by the Company. Internal Audit personnel undertake both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the Audit Committee.

3. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities.

(1)Accounts receivable and other receivables

Since the Company's main business is pre-sales of real estate, it has a large customer base and geographically dispersed sales territories, and has not significantly concentrated transactions with a single customer, so the credit risk of accounts receivable is not likely to be significantly concentrated; the Company's construction engineering follows the rule of the company's contracting project operation, subcontracting reputable construction manufacturers with construction technology that meets the requirements, so its construction quality and progress can be fully controlled.

The Company establishes loss allowance accounts to reflect the estimation of incurred losses in its accounts receivable, other receivables and investments. The main components of the allowance account contain specific losses associated with individual major risks. The component, and the component of the combined loss established for the loss of a similar group of assets, has occurred but not yet identified. The loss allowance account is determined based on historical payment statistics of similar financial assets.

(2) Investment

The exposure to credit risk for bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any of the counterparties above to fail in meeting their obligations; hence, there is no significant credit risk arising from these counterparties.

(3) Guarantees

According to the Company's policy and rules, the Company can only provide guarantees to its subsidiaries. As of December 31, 2021 and 2020, the Company did not provide any external endorsement and guarantees.

4. Liquidity risk

Liquidity risk is a risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company calculates the funds required for the cost of each development and construction project, the term payment that can be collected from customers, and the construction financing that the bank can offer, and properly plans the timing of funds generated from revenue and expenditure to ensure that there is sufficient liquidity to cover the due liabilities. As part of the funds required during the development and construction of the project can be financed from the bank, customers can also obtain mortgage from the bank to pay most of the price when the real estate is delivered, and the Company will not incur major losses or risk of reputational damage.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates,

interest rates, and equity prices, that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The interest rate risk of the Company mainly arises from its bank borrowings. Interest-bearing loans with floating interest rates will create cash flow risks for the Company, and fixed-rate borrowings will cause fair value risks for the Company. In recent years, the business environment in which the Company assesses the interest rate level has remained stable, which should not create significant interest rate risks.

(x) Capital management

The objective of the Company's capital management is to ensure its ability to operate continuously to provide returns to stockholders and the interests of other related parties, while maintaining the optimal capital structure to reduce costs of capital.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders, return capital to stockholders, issue new shares or dispose assets to redeem liabilities.

Similar to its peers, the Company monitors its capital based on debt to capital ratio. The ratio is calculated as the Company's net debt divided by its total capital. The net debt is derived by taking the total liabilities on the balance sheets minus cash and cash equivalents. The total capital consists of total equity (including capital, additional paid-in capital, retained earnings and other components of equity) plus net debt.

The Company's strategy for capital management in 2021, which is same as that of 2020, is to maintain a reasonable ratio in order to raise capital with reasonable cost. The debt to capital ratios as of December 31, 2021 and 2020 were as follows:

	December 31, 2021	**December 31, 2020**
Total liabilities	$ 11,855,512	12,309,477
Less: Cash and cash equivalents	(291,617)	(249,524)
Net debt	12,563,895	12,059,953
Total equity	13,497,373	13,423,834
Total capital after adjustment	**$ 25,061,268**	**25,483,787**
Debt to capital ratios	**46.14%**	**47.32%**

(y)Investment and financing activities of non-cash transactions

For the years ended December 31, 2021 and 2020, the Company's financing activities through non-cash transactions were as follows:

A reconciliation of liabilities from financing activities is presented below:

	January 1, 2021	**Cash flow**	**Change in non-cash**	**December 31, 2021**
Lease Liability	**$ 27,912**	**(9,438)**	**(10,462)**(Note 1)	**8,012**

	January 1, 2020	**Cash flow**	**Change in non-cash**	**December 31, 2020**
Lease Liability	**$ 33,989**	**(10,034)**	**3,957**(Note 2)	**27,912**

Note 1: Due to the epidemic, the decrease of rent concessions was NT$712,000 and the decrease of lease surrender was NT$9,750,000.

Note 2: An increase of NT$3,957,000 was accounted for in the current period.

VII. Related-party transactions

a. Names and relationship with related parties

The related parties involved in transactions with the Company during the period covered by this individual financial report are as follows:

Name of related party	Relationship with the Company
Lea Ho Investment Co., Ltd. (Hereafter Lea Ho Investment)	Subsidiary
Green Forest Development Enterprise Co., Ltd. (Hereafter Green Forest)	Subsidiary
Orient Forest Development Enterprise Co., Ltd. (Hereafter Orent Forest)	Subsidiary
Forest Water Environmental Engineering Co., Ltd. (Hereafter Forest Water)	Subsidiary
Rich Forest Leisure Development Co., Ltd. (Hereafter Rich Forest)	Subsidiary
Lealea Hotels Co., Ltd. (Hereafter Lealea Hotels)	Subsidiary
Yilan Lealea Hotels & Resorts Co., Ltd. (Hereafter Yilan Lealea)	Subsidiary
Ho Ching Enterprises Co., Ltd. (Hereafter Ho Ching Co.)	Subsidiary
Lea Ching Co., Ltd (Hereafter Lea Ching Co.)	Subsidiary
Blossom Increase Limited	Subsidiary
Re-use Environmental Co., Ltd. (Hereafter Re-Use)	Subsidiary
Grain Forest Green Energy Co., Ltd. (Hereafter Grain Forest)	Subsidiary
Lealea Hotels & Resorts Co., Ltd. (Hereafter Lealea Resorts)	Subsidiary (Note 1)
The Richforest Hotel Co., Ltd.	Subsidiary (Note 1)
Lealea Mingchih Resort Co., Ltd.	Subsidiary (Note 1)
Lealea Eagle Travel Service Co., Ltd.	Subsidiary (Note 1)
Garden Hotel Co., Ltd.	Subsidiary (Note 1)
Lea Chuan Development Co., Ltd.	Subsidiary (Note 1)
Lianda Wushih Marina Resort Co., Ltd. (Hereafter Lianda Wushih Marina)	Subsidiary
Shu Cheng Kuo	The Company's chairman
Lead Way Investment Group Co., Ltd.	The chairman is the Company's chairman
Artblooming Co., Ltd.	The chairman is the Company's chairman
Taiwan Green Power Co., Ltd.	The chairman is the Company's chairman
Zhi Mao International Co., Ltd.	The chairman is the Company's chairman
Li Peng Enterprise Co., Ltd. (Hereafter Li Peng Co.)	The chairman is the Company's chairman's second degree of kingship
DYX construction Co., Ltd. (Hereafter DYX Construction)	The chairman is the Company's chairman's. second degree of kingship
Lealea Technology Co., Ltd.	The chairman is the Company's chairman's second degree of kingship
Lea Jie Energy Co., Ltd.	The chairman is the Company's chairman's second degree of kingship
Lealea Enterprise Co., Ltd. (Hereafter Lealea Enterprise)	The chairman is the Company's chairman's second degree of kingship
Broadway Hotels	The chairman is the Company's chairman's second degree of kingship
Giantforest Solutions Co., Ltd.	The chairman is the Company's director
ITT Management Co., Ltd. (Hereafter ITT Management)	The chairman is the Company's director
Reach Integrated Trading Co., Ltd.	The chairman is the Company's director
Jet Goal Enterprises Co., Ltd.	The chairman is the Company's director
Mu Sheng Yun Duo Design Co., Ltd.	The chairman is the Company's director
Howsler Food Co., Ltd.	The chairman is the Company's director
Lealea Green Care Foundation	The chairman is the Company's director
Vesun International Co., Ltd.	The chairman is the Company's director
Jia Ruei International Development Co., Ltd.	The chairman is the Company's director
Lead U Education Co., Ltd.	The director is the Company's director
Leader Construction Co., Ltd. (Hereafter Leader Construction)	The director is the Company's director

Buy Chow Food Co., Ltd.	The director is the Company's director
Teamphon Energy Co., Ltd.	The director is the Company's director
Hon Lin Heavy Industries Co., Ltd.	The chairman is the Company's chairman's second degree of kingship
Yi Lea Hotels Co., Ltd.	The Supervisor is the Company's director
GEC Electric Co., Ltd. (Hereafter GEC Electric)	Substantive related party
Qing Yi Development Co., Ltd. (Hereafter Qing Yi Development)	Substantive related party
S.T.Y Steels Co., Ltd. (Hereafter S.T.Y. Steels)	Substantive related party
Libolon Enterprise Co., Ltd.	Substantive related party
Richforest Garden Hotels Kentin Co., Ltd.	Substantive related party
Regiant Industrial Co., Ltd.	Substantive related party
Learned Winner Enterprise Co., Ltd.	Substantive related party
Lineng Power Co., Ltd.	Substantive related party
Qing Shan Lin Limited	Substantive related party
Leadingage International Co., Ltd.	Substantive related party
Sea Mild Biotechnology Co., Ltd.	Substantive related party
Li Yang Electric Development Co., Ltd. (Hereafter Li Yang Electric)	Substantive related party
Lian Da Construction Co., Ltd. (Hereafter Lian Da Construction)	Substantive related party (Note 2)
Lian Yun Construction Co., Ltd. (Hereafter Lian Yun Construction)	Substantive related party (Note 2)
Guan Tian Xia Construction Co., Ltd. (Hereafter Guan Tian Xia)	Substantive related party (Note 2)
Lian Zong Construction Co., Ltd. (Hereafter Lian Zong Construction)	Substantive related party (Note 2)
Ja Han Lin	Substantive related party (Note 2)

Note 1: The company was formerly an associate and became a subsidiary after acquiring control of the Company since November 25, 2020.

Note 2: Since September 2021, the Company disposed of its shareholding in Lianda Wushih Marina Resort Co., Ltd. to 10.71% and lost control of the company, it became a non-related party on September 16, 2021.

b. Significant Transactions with related parties

1. Purchase of Goods from Related Parties

(1) The purchase amount and outstanding balance of the project contracted by the Company to other related parties for the need of are as follows:

	Contract amount (Note)		Purchase (Current price)	
	December 31, 2021	December 31, 2020	2021	2020
Leader Construction	$ 769,657	769,657	197,297	184,144
Li Yang Electric	119,048	119,048	55,179	29,762
S.T.Y. Steels	37,186	37,186	4,023	14,446
	$ 925,891	**925,891**	**256,499**	**228,352**

Note: For the years ended December 31, 2021 and 2020, both of the closed contracts are zero thousand.

The price of the project contracted by the Company to the related party is based on the project budget plus reasonable management costs and profits, determined after the price comparison and negotiation between the two parties, and paid in accordance with the contractual payment terms.

(2) In March 2020, the Company purchased land from Lead Way International to build commercial office buildings for sale or lease at a total price of NT$698,775,000. As of December 31, 2020, the transfer procedures have been completed, and the price of NT$698,775,000 has been paid, which is accounted in the inventory. The aforesaid acquisition price refers to the real estate appraisal report.

2. Receivable-related parties

The details of the Company's receivables-related parties were as follows:

Account items	Categories of related parties	December 31, 2021	December 31, 2020
Notes receivable	Other related parties	$ 12	1,063
Accounts receivable	Other related parties	636	8
Other receivables	Orient Forest	9,450	-
	Other related parties	21	30
		$ 10,119	**1,101**

3. Payables-related parties

The details of the Company's payables-related parties were as follows:

Account items	Categories of related parties	December 31, 2021	December 31, 2020
Notes payable	Leader Construction	$ 62,149	20,716
	GEC Electric	4,613	3,994
	Li Yang Electric	105	18
	Other related parties	627	-
Accounts payable	Li Yang Electric	-	2,531
	S.T.Y. Steels	-	1,305
	Other related parties	105	126
Other payables	GEC Electric	285	285
	Li Yang Electric	8,918	3,125
	Other related parties	62	62
		$ 76,864	**32,162**

4. Purchase or sales of other assets

(1) For the unrecognized contractual commitments for the in-progress construction of the construction project that was contracted out by the Company to other related parties on December 31, 2021 and 2020, please refer to Note 9 (1).

(2) The Company's deposits for the signing of joint built sub-housing and joint investment construction contracts with other related parties on December 31, 2021 and 2020 were all NT$111,020, 000. Please refer to note 9(1).2 for details.

(3) The sales commission paid by the Company for entrusting other related parties to sell premises in 2021 and 2020 were NT$5,753,000 and NT$3,808,000 respectively.

5. Endorsement and guarantee

As of December 31, 2021 and 2020, the amount that Company provided endorsement and guarantee to the subsidiaries were NT$900,000,000 and NT$1,044,450,000, respectively. In addition, the Company recognized guarantee fee of NT$9,606,000 as income (included in other income) in 2021.

6. Leases

(1) Lease as a lessor：

The Company leases office buildings, parking spaces and hotels to associates and other related parties, and signs lease contracts for a period of 1 to 5 years with reference to the lease prices of neighboring areas. The rental income in 2021 and 2020 were NT$36,464,000 and NT$40,423,000, respectively. The deposit received due to leases on December 31, 2021 and 2020 were NT$3,831,000 and NT$4,151,000 respectively.

(2) Lease as a lessee：

The Company leases office buildings and parking spaces from other related parties and signs a 1 to 5 years lease contract with reference to the lease prices of offices and parking spaces in neighboring areas.

The recognized interest expenses in the year of 2021 and 2020 were NT$460,000 and NT$669,000 respectively, and the balance of lease liabilities as of December 31,2021 and 2020 were NT$6,322,000 and NT$24,207,000 respectively.

7. Property transaction

(1) In September 2021, the Company sold 37,500 thousand shares of Lealea Wushih Marina Resort Co., Ltd. to other related parties - Lian Da Construction, Lian Yun Construction, Guan Tian Xia and Ja Han Lin for a total consideration of NT$402,000,000 and as of December 31, 2021, the related procedures were completed and a gain of NT$31,776,000 was recognized as disposal.

(2) In November 2021, the Company disposed of land and buildings on Songjiang Road, Zhongshan District, Taipei City to other related parties, Lealea Enterprise and Li Peng Enterprise, for a total consideration of NT$768,560,000 (tax included) and as of December 31, 2011, the transfer procedures had been completed and the consideration of NT$768,560,000 has been collected, and recognized as other gains and losses of NT$306,815,000. The disposal price of the land and buildings was determined with reference to the appraisal report of ZoneTai Real Estate Appraisal Firm.

8. Others

(1)The Company paid NT$4,890,000 and NT$4,757,000 for entertainment expenses, management fees and employee travel to associates and other related parties due to operating requirements in the year of 2021 and 2020 respectively.

(2)The Company donated NT$0 and NT$2,790,000 to other related parties in 2021 and 2020 respectively.

(3)The Company paid other related parties' software lease setting maintenance fees of NT$1,691,000 and NT$1,285,000 in 2021 and 2020 respectively (account for operating costs and operating expenses).

(4)The Company received consulting income of NT$20,000,000 from other related parties - Lian Yun Construction and Lian Zong Construction for consulting services related to the construction industry, which was accounted for as operating income in the year ended December 31, 2021.

c. Key management personnel transaction

Remuneration for key management personnel

	2021	2020
Short-term employee benefits	**$ 25,251**	**21,812**

VIII. Pledged assets

The carrying values of the Company's pledged assets were as follow:

Pledged assets	Purpose of pledge		December 31, 2021	December 31, 2020
Inventory	Commercial paper payable and bank borrowing	$	15,069,125	15,174,251
Other financial assets-current	Credit account		222,537	45,860
Other financial assets-current	Bank borrowing		18,000	-
Other financial assets-non-current	Bond payable		552,670	552,670
Net investment property	Bank borrowing		1,097,538	1,581,425
		$	**16,959,870**	**17,354,206**

IX. Significant Contingent Liability and Unrecognized Contract Commitments

a. Significant unrecognized contract commitments:

1. Unrecognized contract commitments by the Company were as follows:

	December 31, 2021	December 31, 2020
Signed contracts		
Sales premises and sold floor areas	$ 1,584,289	450,037
Purchase land for construction	245,730	248,020
Hotel Consultant Management Contract	10,000	10,000
Contract issuance of premises under construction	925,891	925,891
Price received or paid		
Sales premises and sold floor areas	357,252	87,435
Purchase land for construction	157,953	158,453
Hotel Consultant Management Contract	3,000	3,000
Contract issuance of premises under construction	638,393	381,894

2. The details of the joint construction contract or joint investment construction contract signed by the Company on December 31, 2021 and 2020 are as follows:

Construction projects	Attribute of joint construction	Joint Construction Guarantee (Recognized as other financial assets-current) December 31, 2021	December 31, 2020
Xia Yuan	Joint construction sub-housing	$ 15,464	15,464
Sec 6. Chung Shan North Rd.	〃	11,000	11,000
Huan Shan Project	〃	111,020	111,020
Yong An Section, Yong He District	〃	82,820	75,000
Chong De Section, Xizhi District	〃	430,000	-
Daye Road Project	〃	35,000	-
		$ 685,304	**212,484**

b. Contingent liability:

1. As of December 31, 2021 and 2020, the amount of deposit guarantee notes issued by the Company due to bank borrowings both were NT$580,000,000.
2. As of December 31, 2021 and 2020, the Company's endorsement and guarantee, please refer to Note 13.

X. Significant losses due to major disasters: None.

XI. Significant subsequent Events: None.

XII. Others

The followings are the summary statement of employee benefits, depreciation, depletion, and amortization expenses by function in the current period:

By Function / By item	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salary	17,330	45,947	63,277	15,432	47,417	62,849
Labor and health insurance	1,321	2,946	4,267	1,354	3,135	4,489
Pension	695	2,090	2,785	758	2,206	2,964
Directors' remuneration	-	17,012	17,012	-	497	497
Other employee remunerations	338	1,445	1,783	367	1,629	1,996
Depreciation	33,720	10,579	44,299	34,487	11,505	45,992
Depletion	-	-	-	-	-	-
Amortization	-	234	234	-	321	321

Additional information of the number of employees and employee benefits of the Company in 2021 and 2020:

	2021	2020
The number of employees	**62**	**61**
The number of directors who do not serve concurrently as an employee	**7**	**6**
The average of employees benefits	**$ 1,311**	**1,315**
The average of salary	**$ 1,150**	**1,143**
The average of salary adjustment	**0.61%**	**0.62%**
Supervisor's remuneration	**$ -**	**-**

The Company's remuneration policy (including directors, supervisors, managers and employees) are as follows:

1. If the Company makes a profit during the year, it shall allocate no less than 0.5% for employee's remuneration, and no more than 3% for director's remuneration. However, if the company still has accumulated losses, it shall reserve the amount of remuneration in advance, and then appropriate employee and directors' remuneration based on the aforementioned proportions.
2. The remuneration standard for new recruits is based on the employment market information and the comprehensive consideration of the position and experience of the employee.
3. The annual bonus distribution and salary adjustment are determined based on the Company's overall operating performance and individual performance evaluation results.

XIII. Other disclosures:

a. Information on significant transactions:

In accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the following information regarding significant transactions shall be disclosed for the year ended December 31, 2021:

1.Lend to other parties：

Unit: NT$ thousand

No	Financing company	Counter party	Financial statement account	Related Party	Maximum balance	Ending balance	Amount actually drawn	Interest rate	Nature for financing	Transaction amount	Reason for financing	Allowance for bad debt	Collateral Item	Financing limits for each borrowing company	Total Financing limits
1	Ho Ching Enterprises Co., Ltd.	Forest Water Environmental Engineering Ltd.	Other receivables	yes	300,000	-	-	2%	2	-	Operating capital	-	None	778,251	1,556,501
2	The Richforest Hotels Co., Ltd.	Garden Hotels Co., Ltd.	Other receivables	yes	10,000	-	-	3%	2	-	Working capital	-	None	66,774	66,774

Note 1: According to Lending to Other Parties Procedure of Ho Ching Enterprises Co., Ltd.:

(1) Financing is for companies or corporations that have business transactions. The total amount of loans is limited to no more than 40% of the company's net worth, and the amount for the individual company is limited to no more than the amount of business transactions between the two parties in the most recent year.

(2) Financing is for companies or corporations that are necessary for short-term financing. The total amount of financing shall not exceed 40% of the company's net worth, and the amount for the individual company shall not exceed 20% of the company's net worth.

Note 2: According to the Procedure of Lending to Other Parties of The Richforest Hotels Co., Ltd.:

(1) The financing for the individual enterprise shall not exceed 40% of the company's net worth.

(2) The total amount of financing to others shall not exceed 40%, the maximum limit of the company's net worth.

Note 3: Explanation of nature for financing:

(1) Those with business contacts are coded as 1.

(2) The need for short-term financing is coded as 2.

2. Endorsement/Guarantee provided to others:

Unit: NT$ thousand

No	Endorsement/ Guarantee Provider	Guaranteed party		Limits on Endorsement/ Guarantee Amount	Maximum Balance for the Period	Ending balance	Amount actually drawn	Amount of Endorsement / Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement / Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Guaranteed party	Relation										
0	The Company	Green Forest Development Enterprise Co., Ltd.	2	53,989,492	144,450	-	-	-	-	80,984,238	Y	N	N
0	The Company	Orient Forest Development Enterprise Co., Ltd.	2	53,989,492	900,000	900,000	900,000	-	6.67%	80,984,238	Y	N	N
1	Forest Water Environmental Engineering Co., Ltd.	Grain Forest Green Energy Co., Ltd.	2	1,145,160	500,000	500,000	500,000	-	8.73%	2,862,901	Y	N	N

Note 1: Code 0 represents the Company.

Note 2: There are seven types of relationship between the endorsement/guarantee provider and the counter-party, the categories are coded as follows：

(1)A company with which it does business.

(2)A company in which the Company directly and indirectly holds more than 50% of the voting shares.

(3)A company that directly and indirectly holds more than 50 % of the voting shares in the public company.

(4)A company in which the Company holds, directly or indirectly, 90% or more of the voting shares.

(5)A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6)A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7)Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The Company's Operating Rules for Endorsement and Guarantees set the limits for the total amount of endorsement and guarantee liability and the limit of an individual enterprise's endorsement as follows:

The total amount of the Company's external endorsements and guarantees shall not exceed (excluding) six times the Company's net

worth, and the amount of endorsement and guarantees for a single enterprise is limited to four times of the Company's net worth. If the business relationship is engaged in endorsement and guarantees, in addition to the aforementioned restrictions, it shall not exceed the total amount of transactions with the Company in the most recent year. The net value is based on the most recent financial statements audited or reviewed by CPA.

Note 4: Forest Water Environmental Engineering Co., Ltd.'s Operating Rules of Endorsement and Guarantee sets the limit for the total amount of endorsement and guarantee liability and the endorsement limit of an individual enterprise as follows:

1. The total external endorsement guarantee liability shall not exceed 50% net worth of Forest Water Environmental Engineering Co., Ltd.
2. The amount of endorsement and guarantee for an individual enterprise shall not exceed 20% of the current net worth of Forest Water Environmental Engineering Co., Ltd.

3. Securities held as of December 31, 2021 (excluding those investments in subsidiaries, associates and joint ventures):

Unit: NT$ thousand

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	Ending Balance				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair value	
The Company	Trade-Van Information Services Co., Ltd.	-	Financial assets at fair value through profit or loss- current	85,535	4,371	0.06 %	4,371	
The Company	Beijing Enterprises Medical and Health Industry Group Limited	-	Financial assets at fair value through profit or loss- current	60,192,000	19,439	0.99 %	19,439	
The Company	Beijing Sports and Entertainment Industry Group Limited	-	Financial assets at fair value through profit or loss- current	1,972,500	1,442	0.14 %	1,442	
The Company	Agate-Jt Healthcare Fund L.P.	-	Financial assets at fair value through profit or loss- non-current	-	15,357	- %	15,357	
The Company	Lealea Hotels & Resorts Co., Ltd.	The chairman is the Company's director's first degree of kingship	Financial assets at fair value through other comprehensive income－non-current	200,000	1,332	7.69 %	1,332	
The Company	Cando Corporation	-	Financial assets at fair value through other comprehensive income－non-current	1,745,772	-	0.45 %	-	
The Company	Hon Lin Heavy Industries Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	1,875,000	13,744	6.44 %	13,744	
The Company	Millenmin Ventures Inc.	-	Financial assets at fair value through other comprehensive income－non-current	2,479,000	-	5.89 %	-	
The Company	Asia Pacific Telecom Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	1,638,578	13,469	0.04 %	13,469	
The Company	Li Ling Film Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	4,000,000	18,440	6.67 %	18,440	
The Company	Tien Li Offshore Wind Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	562,977	26,820	0.87 %	26,820	
The Company	Lianda Wushih Marina Resort Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	10,400,000	154,544	10.71%	154,544	
Lea Ho Investment Co., Ltd.	Rich Development Co., Ltd.	The parent company of the Company	Financial assets at fair value through profit or loss- current	6,304,815	59,896	0.85 %	59,896	
Lea Ho Investment Co., Ltd.	Li Peng Enterprise Co., Ltd.	The chairman is the Company's chairman's second degree of kingship	Financial assets at fair value through profit or loss- current	3,720,820	38,324	0.41 %	38,324	Note 1
Lea Ho Investment Co., Ltd.	Lealea Enterprise Co., Ltd.	The chairman is the Company's chairman's second degree of kingship	Financial assets at fair value through profit or loss- current	3,560,142	40,229	0.37 %	40,229	Note 2
Lea Ho Investment Co., Ltd.	Lealea Technology Co., Ltd.	The chairman is the Company's chairman's second degree of kingship	Financial assets at fair value through other comprehensive income－non-current	3,151,895	79,050	7.22 %	79,050	
Lea Ho Investment Co., Ltd.	Hua Zi Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	5,435	493	1.09 %	493	
Lea Ho Investment Co., Ltd.	Shin Kong Mitsukoshi Department Store	-	Financial assets at fair value through other comprehensive income－non-current	274,079	11,273	0.02 %	11,273	
Lea Ho Investment Co., Ltd.	Information Technology Total Services Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	33,750	1,299	0.12 %	1,299	
Lea Ho Investment Co., Ltd.	Book4u Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	6,250	-	0.12 %	-	
Lea Ho Investment Co., Ltd.	Lealea Hotels & Resorts Co., Ltd.	The chairman is the Company's director's the first degree of kingship	Financial assets at fair value through other comprehensive income－non-current	200,000	1,332	7.69 %	1,332	
Lea Ho Investment Co., Ltd.	Asia Renewable Energy (Cayman) Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	1,257,500	25,402	1.57%	25,402	
Ho Ching Enterprise	Leader Construction Co., Ltd. Preferred shares	The director is the Company's	Financial assets at amortized cost－non-current	10,000,000	100,000	- %	100,000	

Co.,Ltd		director						
Ho Ching Enterprise Co.,Ltd	Lealea Enterprise Co., Ltd.	The chairman is the Company's chairman's second degree of kingship	Financial assets at fair value through profit or loss- current	160,000	1,808	0.02 %	1,808	
Ho Ching Enterprise Co.,Ltd	Sea Mild Biotechnology Co., Ltd.	-	Financial assets at fair value through profit or loss- current	107,699	849	0.56 %	849	
Ho Ching Enterprise Co.,Ltd	Teamphon Energy Co., Ltd	-	Financial assets at fair value through profit or loss- current	37,317	972	0.14 %	972	
Blossom Increase Limited	Asia Renewable Energy (Cayman) Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	2,710,398	54,750	3.39 %	54,750	
Blossom Increase Limited	Tien Li Offshore Wind Technology Co., Ltd. offshore	-	Financial assets at fair value through other comprehensive income—non-current	1,232,500	58,716	1.90 %	58,716	
Forest Water Environmental Engineering Co.,Ltd.	Millenmin Ventures Inc. equity	-	Financial assets at fair value through other comprehensive income—non-current	1,648,000	-	3.91 %	-	
Re-Use Environmental Co., Ltd.	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss- current	7,903,765	100,201	- %	100,201	
Re-Use Environmental Co., Ltd.	Teamphon Energy Co., Ltd.	-	Financial assets at fair value through profit or loss- current	313,000	8,138	1.16%	8,138	
Re-Use Environmental Co., Ltd.	Yung Fu Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	535,415	12,041	0.82%	12,041	
Perfection Forest Development Enterprise Co., Ltd.	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss- current	2,368,396	30,025	- %	30,025	
Green Forest Development Enterprise Co., Ltd.	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss- current	6,312,322	80,025	- %	80,025	
Modern Rich Investment Limited	Tien Li Offshore Wind Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	1,280,000	60,979	1.97 %	60,979	
Modern Rich Investment Limited	Asia Renewable Energy (Cayman) Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	2,820,278	56,970	3.53 %	56,970	
Lealea Hotels and Resorts Co., Ltd.	Shares - Sea Mild Biotechnology Co., Ltd.	-	Financial assets at fair value through profit or loss- current	971,261	7,653	5.03 %	7,653	
Lealea Hotels and Resorts Co., Ltd.	Shares - Tengsen Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	2,500	21,000	2.50 %	21,000	
Lealea Hotels and Resorts Co., Ltd.	Shares - TengsenYi Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	1,740	25	5.00%	25	

Note 1: 1,400,000 shares are pledged as collateral.
Note 2: 2,800,000 shares are pledged as collateral.

4. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital:

Unit: Thousands of shares / NT$ thousand

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain or loss on disposal	Gain or loss on valuation	Number of shares	Amount
The Company	Lealea Wushih Marina Resort Co., Ltd.	Using equity method (Note 1)	Related party	Subsidiary	50,400	473,641	-	2,515 (Note 2)	40,000	402,000	482,368	24,152 (Note 3)	(9,676)	10,400	104,520
Lealea Hotels	Lea Chuan Developme	Using equity	-	Subsidiary	-	-	22,000	220,000 (Note 4)	21,500	215,000 (Note 5)	-	-	(1,633)	500	3,367

Co., Ltd.	nt Co., Ltd.	method													

Note 1: Due to the Company's disposal of part of its shares, the Company lost control of it and deemed to have disposed of the re-acquired financial assets measured at fair value through other comprehensive income - non-current.

Note 2: The acquisition amount represents the paid-in capital recognized for the shares not subscribed in proportion to the shareholding.

Note 3: The gain or loss on disposal was calculated by deducting the carrying amount from the disposal price and adding the fair value of NT$104,520,000 deemed to be the sale of the reacquired 10.71% shares.

Note 4: The buy-in amount represents the subscription of the Company's cash capital increase shares.

Note 5: The selling amount represents the return of shares from the capital reduction of the Company; the gain or loss on valuation is the investment loss of the subsidiary recognized by using equity method.

5. The amount of property acquired reaches NT$300 million or more than 20% of the paid-in capital: None.

6. The amount of property disposal reaches NT$300 million or more than 20% of the paid-in capital:

Unit: NT$ thousand

Acquiring company	Name of property	Date of occurrence	Date of acquisition	Carrying amount	Transaction amount	Payment	Gains or loss on disposal	Counterparty	Relationship	Purpose of disposal	Pricing reference	Other agreement
The Company	Investment property	October 28, 2021	June 30, 1997	369,128	633,910	633,910	257,235	Lealea Enterprise Co., Ltd.	Other related parties	Business requirement	Appraisal report	-

Note: The land transfer and related point handover procedures have been completed on December 31, 2021.

7. Total purchases from or sales to related parties amounting to at least NT$100 million or. 20% of the paid-in capital for the year ended December 31, 2020:

Unit: NT$ thousand

Purchasing or selling company	Counterparty	Relationship	Transaction details				Abnormal transactions and reasons		Note/Account receivables(payables)		Note
			Purchase/sales	Amount	% of total Purchase/sales	Payment terms	Unit price	Payment terms	Ending balance	$ of total receivables(payables)	
The Company	Leader Construction Co., Ltd.	Other related parties	purchases	197,297	74.46 %	Same as general transactions	-	-	(62,149)	63.10%	
Forest Water Environmental Engineering Co., Ltd.	Green Forest Development Enterprise Co., Ltd.	Parent and subsidiary	Sales	117,294	5.04 %	Monthly bases	-	-	45,280	6.15%	

8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

9.Transactions of derivative financial products: None.

b. Information on invested companies:

The invested companies in the year ended December 31, 2021 are as follows:

Unit: NT$ thousand/Foreign currency dollar

Investor	Invested Company	Location	Main Businesses	Original investment amount		Ending			Current Gains(losses) of investee	Investment gains (losses recognized of current period	Note
				December 31, 2021	December 31, 2020	Number of shares	ratio	Carrying amount			
The Company	Lea Ho Investment Co., Ltd.	Taiwan	Investing various manufacturing or financial business operations	454,536	454,536	45,447,854	100.00%	375,351	(19,059)	(15,477)	
The Company	Green Forest Development Enterprise Co., Ltd.	Taiwan	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	672,000	672,000	87,478,083	30.00%	1,203,208	482,492	144,747	
The Company	Rich Forest Leisure Development Co., Ltd.	Taiwan	Construction and operation of aerial tramway	426,911	426,911	42,691,114	52.38%	154,233	(326,678)	(171,119)	
The Company	Lealea Hotel Co., Ltd.	Taiwan	General Hotel Management, etc.	395,592	395,592	35,053,747	42.23%	262,295	(30,137)	(12,727)	
The Company	Yilan Lealea Hotels & Resorts Co., Ltd.	Taiwan	General Hotel Management, etc.	585,000	585,000	58,500,000	63.59%	271,224	(63,113)	(40,132)	
The Company	Ho Ching Enterprises Co., Ltd.	Taiwan	Waste cleaning, waste treatment, environmental testing services, waste-water treatment	1,657,619	1,657,619	68,511,940	68.44%	2,663,309	132,602	90,757	
The Company	Lealea Hotels & Resorts Co., Ltd.	Taiwan	Lealea Hotels & Resorts Co., Ltd.	264,464	124,464	16,494,041	57.17%	241,736	(68,088)	(42,085)	
The Company	Forest Water Environmental Engineering Ltd.	Taiwan	Environmental Protection engineering and industrial waste- water treatment	76,241	76,241	1,681,043	1.17%	66,727	195,873	2,283	
The Company	Lea Ching Enterprise Co., Ltd	Taiwan	General Hotel Management, etc.	620,200	400,200	62,020,000	47.70%	611,669	(13,878)	(6,941)	
The Company	LiandaWushih Marina & Resorts Co., Ltd.	Taiwan	Water recreation activities and other business operations	-	504,000	-	- %	-	(18,013)	(9,676)	Note 3
The Company	Grain Forest Green Energy Co., Ltd.	Taiwan	Waste cleaning and renewable energy for power generation equipment	121,500	99,000	12,150,000	30.00%	63,986	(118,889)	(35,666)	
The Company	Re-Use Environmental Co., Ltd.	Taiwan	Waste cleaning, etc.	274,568	274,568	2,957,240	43.49%	310,249	94,135	32,097	
The Company	Ya Ni Development Enterprise Co., Ltd.	Taiwan	General Hotel Management, etc.	63,240	63,240	6,200,000	32.46%	62,299	(1,281)	(416)	Associates
The Company	Lea Long Energy Co., Ltd.	Taiwan	Renewable energy for power generation equipment	9,000	9,000	900,000	30.00%	5,550	(9,783)	(2,935)	Associates
Lea Ho Investment Co., Ltd	Blossom Increase Limited	Samoa	Oversea holding company	154,479	154,479	5,445,000	100.00%	113,611	(36)	(36)	
Lea Ho Investment Co., Ltd	Rich Forest Leisure Development Co., Ltd.	Taiwan	Construction and operation of aerial tramway	32,144	32,144	3,240,728	3.98%	11,708	(326,678)	(12,990)	
Lea Ho Investment Co., Ltd	Lealea Hotels Co., Ltd.	Taiwan	General Hotel Management, etc.	33,000	33,000	3,300,000	3.98%	24,693	(30,137)	(1,198)	
Lea Ho Investment Co., Ltd	Ho Ching Enterprise Co., Ltd.	Taiwan	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	3,414	3,414	144,695	0.14%	5,627	132,602	192	
Lea Ho Investment Co., Ltd	Lealea Hotels and Resorts Co., Ltd.	Taiwan	General Hotel Management, etc.	48,547	48,547	1,205,189	4.18%	13,938	(68,088)	(2,946)	
Lea Ho Investment Co., Ltd	Forest Water Environmental Engineering Co., Ltd.	Taiwan	Environmental protection engineering construction	4,371	4,371	93,248	0.06%	3,702	195,873	127	
Ho Ching Enterprise Co., Ltd.	Forest Water Environmental Engineering Co., Ltd.	Taiwan	Environmental protection engineering construction	2,887,540	2,881,717	94,875,007	65.77%	3,765,952	195,873	128,615	
Ho Ching Enterprise Co., Ltd.	Richone Holdings Ltd.	Samoa	Investing various financial business operations	17,955	17,955	608,000	30.10%	18,973	2,379	850	Associates
Lealea Hotels Co., Ltd.	Yilan Lealea Hotels & Resorts Co., Ltd.	Taiwan	General Hotel Management, etc.	335,000	335,000	33,500,000	36.41%	155,316	(63,113)	(22,981)	
Lealea Hotels Co., Ltd.	Lea Ching Enterprise Co., Ltd.	Taiwan	General Hotel Management, etc.	580,000	400,000	58,000,000	44.61%	480,024	(13,878)	(6,937)	
Forest Water Environmental Engineering Co., Ltd.	Orient Forest Development Enterprise Co., Ltd.	R.O.C.	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	1,773,984	1,773,984	217,999,980	100.00%	2,851,884	152,555	152,555	
Forest Water Environmental Engineering Co., Ltd.	Green Forest Development Enterprise Co., Ltd.	R.O.C.	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	1,797,842	1,797,842	204,115,527	70.00%	2,807,486	482,492	337,745	

Forest Water Environmental Engineering Co., Ltd.	Perfection Forest Development Enterprise Co., Ltd.	R.O.C.	Water treatment engineering, piping engineering, waste (sewage) water treatment and other businesses	190,000	190,000	19,000,000	100.00%	138,984	1,418	1,418	
Forest Water Environmental Engineering Co., Ltd.	Yi Cheng Development Co., Ltd.	R.O.C.	Waste Cleaning, etc.	139,990	109,990	11,000,000	100.00%	12,758	(67,953)	(67,953)	
Forest Water Environmental Engineering Co., Ltd.	Grain Forest Green Energy Co., Ltd	R.O.C.	Renewable energy for power generation	283,500	231,000	28,350,000	70.00%	149,300	(118,889)	(83,222)	
Forest Water Environmental Engineering Co., Ltd.	Eastern Forest Environmental Technology Co., Ltd.	R.O.C.	Environmental Hygiene and Pollution Prevention	35,000	35,000	3,500,000	70.00%	17,949	(5,993)	(4,195)	
Forest Water Environmental Engineering Co., Ltd.	Re-use Environmental Co., Ltd.	R.O.C.	Waste Cleaning, etc.	318,248	318,248	3,427,710	50.41%	360,439	94,135	37,165	
Forest Water Environmental Engineering Co., Ltd.	LeaLea Hsing Environmental Co., Ltd	R.O.C.	Waste Cleaning, etc.	500	500	50,000	100.00%	455	(1)	(1)	
Forest Water Environmental Engineering Co., Ltd.	LeaLea Environmental Enterprise Co., Ltd	R.O.C.	Waste Cleaning, etc.	206,049	206,049	4,142,000	95.00%	150,081	(14,001)	(18,343)	
Forest Water Environmental Engineering Co., Ltd.	New Fresh International Investment Ltd.	Seychelles	Investing various manufacturing or financial business operations	- (USD1)	- (USD1)	3,300,000	100.00%	-	-	-	
Forest Water Environmental Engineering Co., Ltd.	Modern Rich Investment Limited	Samoa	Investing various manufacturing or financial business operations	242,615 (Note 1) (USD5,610,000) (RMB20,000,000)	265,295 (Note 1) (USD5,610,000) (RMB20,000,000)	8,568,730	100.00%	238,683	13,712	13,712	
Eastern Forest Environmental Technology Co., Ltd.	Rising Investment Ltd.	Samoa	Investing various manufacturing or financial business operations	16,398(Note) (USD530,000)	16,398(Note) (USD530,000)	530,000	100.00%	5,055	(2,773)	(Note 2)	
Rising Investment Ltd.	Forest Water Investment Ltd.	Samoa	Investing various manufacturing or financial business operations	15,779(Note) (USD510,000)	15,779(Note) (USD510,000)	510,000	100.00%	4,597	(2,765)	(Note 2)	
Modern Rich Investment Limited	Faith Honest International Investment Limited	Samoa	Investing various manufacturing or financial business operations	93,358(Note) (USD5,000) (RMB20,000,000	93,358(Note) (USD5,000) (RMB20,000,000	2,963,730	100.00%	120,131	13,760	(Note 2)	
Modern Rich Investment Limited	Fu Yang Global Ltd.	Samoa	Investing various manufacturing or financial business operations	- (USD1)	- (USD1)	1	100.00%	-	-	(Note2)	
Modern Rich Investment Limited	Leaan Development Holding Ltd.	Samoa	Investing various manufacturing or financial business operations	- (USD1)	- (USD1)	1	100.00%	-	-	(Note2)	
Faith Honest International Investment Limited	Loyal Sheen International Limited	British Virgin Islands	Investing various manufacturing or financial business operations	86,880 (Note 1) (RMB20,000,000)	86,880 (Note 1) (RMB20,000,000)	40	40.00%	120,1029	37,610	(Note2)	Associates
New Fresh International Investment Ltd.	Sigma One International Holdings Ltd.	Seychelles	Investing various manufacturing or financial business operations	- (USD1)	- (USD1)	1,400,000	100.00%	-	-	(Note2)	
New Fresh International Investment Ltd.	New Palm Investment Co., Ltd.	Seychelles	Investing various manufacturing or financial business operations	- (USD1)	- (USD1)	220,000	100.00%	-	-	(Note2)	
New Fresh International Investment Ltd.	Keeptime Management Co., Ltd.	Seychelles	Investing various manufacturing or financial business operations	- (USD1)	- (USD1)	220,000	100.00%	-	-	(Note2)	
New Fresh International Investment Ltd.	New View International Investment Ltd.	Seychelles	Investing various manufacturing or financial business operations	- (USD1)	- (USD1)	220,000	100.00%	-	-	(Note2)	
Lealea Hotels and Resorts Co., Ltd.	The Richforest Hotel Co., Ltd.	Taiwan	General Hotel Management, etc.	170,000	170,000	17,000,000	100.00%	167,464	(25,808)	(25,808)	(Note)
Lealea Hotels and Resorts Co., Ltd.	Howsler Food Co.,Ltd.	Taiwan	Food retails	16,920	16,920	257,153	36.00%	8,430	(3,426)	(3,268)	Associates
Lealea Hotels and Resorts Co., Ltd.	Lealea Eagle Travel Service Co., Ltd.	Taiwan	Travel agency, etc	6,600	6,600	660,000	100.00%	2,642	(1,545)	(1,544)	Note
Lealea Hotels and Resorts Co., Ltd.	Lea Chuan Development Co., Ltd.	Taiwan	General Hotel Management, etc.	5,000	-	500,000	100.00%	3,367	(1,633)	(1,633)	Note 4
Lealea Hotels and Resorts Co., Ltd.	Garden Hotel Co., Ltd.	Taiwan	General Hotel Management, etc.	-	-	-	- %	-	(20,433)	(477)	Note
The Richforest Hotel Co., Ltd.	Lealea Mingchih Resort Co., Ltd.	Taiwan	General Hotel Management, etc.	40,800	40,800	4,080,000	51.00%	34,469	(20,833)	(10,625)	Note
The Richforest Hotel Co., Ltd.	Garden Hotel Co., Ltd.	Taiwan	General Hotel Management, etc.	-	29,400	-	- %	-	(20,433)	(19,586)	Note

Note 1: It is the amount that the invested company's original investment amount in original currency is multiplied by the exchange rate on the day of investment.

Note 2: According to regulations, not need for disclosure.

Note 3: The Company sold its shares gradually in September 2021, resulting in a decrease in the Company's shareholding to 10.71% and a loss of control over it, please refer to Note 6(7) for related information.

Note 4: The subsidiary was approved to be established on March 16, 2021, and the board of directors resolved to liquidate the company on November 10, 2021, and is now in the process of cancellation of the company's registration.

c. Information on investments in mainland China:

1.Information on the invested company in Mainland China:

Unit: NT$ thousand / RMB thousand /USD thousand

Invested company	Main businesses	Paid-in capital	Method of investment	Cumulative investment amount remitted from Taiwan - Beginning of the period	Investment amount remitted or received for the current period		Ending balance of accumulated outflow of investment from Taiwan	Profit or Loss of investees for the current period	Percentage of Ownership (Direct or Indirect)	Investment gains (losses) recognized for the current period	Carrying amount - end of the period	Accumulated Repatriation of Investment Income as of the end of the period
					remitted	received						
Lea Zan Shanghai Business Consultancy Limited.	Investing various financial business operations	55,360 (USD2,000)	(Note 1)	16,608 (USD600)	-	-	16,608 (USD600)	2,440 (RMB559)	30.10%	867 (RMB199) (Note 5)	25,056 (RMB5,769)	-
An Ning Beijing Enterprise Water Resource Limited	Water treatment construction and sewage treatment	102,084 (RMB23,500)	(Note 1)	86,880 (RMB20,000)	-	-	86,880 (RMB20,000)	22,120 (RMB5,073)	40.00%	8,848 (RMB2,209) (Note 5)	92,757 (RMB21,352)	-
Beijing Forest Water Environmental Engineering Ltd.	Soil restoration and related business	19,370 (RMB4,459)	(Note 1)	14,076 (RMB3,240)	-	-	14,076 (RMB3,240)	(3,901) (RMB(895))	49.00%	(1,912) (RMB(438)) (Note 6)	3,607 (RMB830)	-
Lealea Eagle Travel Xiamen limited	Travel services, etc.	1,302 (CNY300)	(Note 4)	392 (CNY90)	-	-	392 (CNY90)	(365) (CNY(82))	30.00%	(105) (Note 6)	191	-

Note1: The investment was made through a corporation established in a third area, which, in turn, invested in companies located in mainland China.

Note2: The above-mentioned thousands of NTD disclosures are converted by multiplying the actual investment amount in original currency by the ending exchange rate.

Note3: It is based on the indirect shareholding ratio to recognize the amount of investment by existing companies in the third region using the equity method to invest in companies in mainland China.

Note4: Invest directly to Mainland China for the operation.

Note5: The recognition of investment gains or losses is based on the indirect shareholding ratio in the investee's self-assessed financial statements.

Note 6: The recognition of investment gains or losses is based on the indirect shareholding ratio as reviewed by the parent company's CPAs in Taiwan.

2. Limitation on investment in Mainland China:

Company	Cumulative investment amount remitted from Taiwan - End of the current period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment regulated by Investment Commission, MOEA
Ho Ching Enterprise Co., Ltd.	16,608 (USD600)	16,608 (USD599,994)	2,334,752 (Note 7)
Forest Water Environmental Engineering Co., Ltd.	100,956 (RMB23,240)	100,956 (RMB23,240)	3,435,481 (Note 8)
Lealea Eagle Travel Service Co., Ltd.	360 (USD13)	360 (USD13)	80,000 (Note 9)

Note 7: Calculation of limit：Subsidiary's net quity×60% = NTD3,891,253,000×60% = NTD2,334,752,000.

Note 8: Calculation of limit：Subsidiary’s net quity×60% = NTD5,725,802,000×60% = NTD3,435,481,000.

Note 9: Calculation of limit：The cumulative amount of investment by SME investors in the mainland shall not exceed the following investment amounts:
NTD80 million, or 60% of the net worth, whichever is higher.
Net equity of current period×60% = NTD2,642,000×60% = NTD1,585,000.

3. Significant transactions with the investee in Mainland China: None.

d. Information on main shareholders:

Unit: share

Main Shareholders / Number of shares	Number of shareholding	Ratio of shareholding
Qing Yi Development Co., Ltd.	64,958,817	8.73%
Lealea Enterprise Co., Ltd.	52,958,894	7.11%
Li Peng Enterprise Co., Ltd.	51,117,852	6.87%

XIV. Segment information

Please refer to the consolidated financial statements in the year of 2021.

Rich Development Co., Ltd.
Statement of Inventories December 31, 2021
(Expressed in Thousands of NTD)

Item	Summary	Amount Cost	NRV	collateral	Determined approach for NRV
Land for construction	Beitou Youya Section	$ 345,306	725,154	Collateralized by Shanghai Commercial and Saving Bank	Development analysis approach (Note) and recent transaction price
	Huanshan Section	1,228,957	1,706,253	Collateralized by King's Town Bank	
	Xinzhuang Qiongtai Section	319,632	352,400	Collateralized by Union Bank of Taiwan	
	Wenzaijun Redistricting Area	232,644	247,290	Collateralized by Union Bank of Taiwan	
	Dihua Street floor area	167,270	167,270		
	Dayeh Road	715,925	785,362	Collateralized by King's Town Bank	
	Others	83,803	83,803		
	Subtotal	3,093,537	4,067,532		
Buildings under construction	A001	3,415,621	5,571,452	Collateralized by Mega International Commercial Bank	Development analysis approach (Note)
	A002	3,218,336	4,616,106	Collateralized by Mega International Commercial Bank	
	A003	3,001,869	4,507,201	Collateralized by Yuanta Commercial Bank	
	A004	75,445	212,878		
	Others	101,314	101,314	Partial collateralized amount of NT$70,261,000	
	subtotal	9,812,585	15,008,951		
Premise for sale	B001	575,919	834,526	Collateralized by Shanghai Commercial and Saving Bank	Market price acquired
(Buildings)	B002	135,067	554,635	Collateralized by International Bills Finance Corporation	
	B003	3,577	16,800		
	B006	39,392	47,460	Collateralized by China Bills Finance Corporation	
	B007	1,770,196	2,060,637	Collateralized by Hwatai Bank, Grand Bill, and China Bills Finance Corporation	
	Others	41,922	41,922		
	Subtotal	2,566,073	3,555,980		
Advance land payment	Others-Floor rate	157,953	157,953		Recent transaction price
Less: Loss allowance for inventory reduce to market price		(89,519)	-		
Total		**$ 15,540,629**	**22,790,416**		

Note: Estimate the total sales amount of the development or construction, after deducting the direct and indirect costs, capital interest and sales expenses that need to be invested during the development period.

Rich Development Co., Ltd
Statement of Changes in Investments Accounted for Equity Method
January 1 to December 31, 2021
(Expressed in Thousands of NTD)

Names of Investee	Beginning balance		Addition		Decrease		Ending balance			Market price or Net equity		Note
	shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of ownership	Amount	Unit price	Total	
Lea Ho Investment Co., Ltd.	45,447,854	$ 454,747	-	15	-	79,411	45,447,854	100.00%	375,351	9.60	436,406	
Green Forest Development Enterprise Co., Ltd.	83,312,460	1,100,117	(Note) 4,165,623	144,747	-	41,656	87,478,083	30.00%	1,203,208	13.75	1,203,208	
Rich Forest Leisure Development Co., Ltd.	42,691,114	325,352	-	-	-	171,119	42,691,114	52.38%	154,233	3.61	154,233	
Lealea Hotels Co., Ltd.	35,053,747	274,616	-	406	-	12,727	35,053,747	42.23%	262,295	9.70	340,022	
Yilan Lealea Hotels and Resorts Co., Ltd.	58,500,000	311,356	-	-	-	40,132	58,500,000	63.59%	271,224	4.64	271,224	
Lealea Hotels and Resorts Co., Ltd.	7,744,041	140,990	8,750,000	158,370	-	57,624	16,494,041	57.17%	241,736	19.85	327,407	
Forest Water Environmental Engineering Co., Ltd.	1,571,069	66,004	(Note) 109,974	3,221	-	2,498	1,681,043	1.17%	66,727	33.25	55,895	
Ho Ching Enterprise Co., Ltd.	68,511,940	2,678,748	-	127,596	-	143,035	68,511,940	68.44%	2,663,309	38.87	2,663,309	
Lea Ching Enterprise Co., Ltd.	40,020,000	398,196	22,000,000	220,414	-	6,941	62,020,000	47.70%	611,669	9.86	611,669	
LeaLea Wushih Marina & Resorts Co., Ltd.	50,400,000	473,641	-	2,515	50,400,000	476,156	-	- %	-	-	-	
Re-Use Environmental Co., Ltd.	2,957,240	313,290	-	32,446	-	35,487	2,957,240	43.49%	310,249	40.92	121,016	
Grain Forest Green Energy Co., Ltd.	9,900,000	77,152	2,250,000	22,500	-	35,666	12,150,000	30.00%	63,986	5.27	63,986	
Ya Ni Development Enterprise Co., Ltd.	6,200,000	62,715	-	-	-	416	6,200,000	32.46%	62,299	10.05	62,299	
Lea Long Energy Co., Ltd.	900,000	8,485	-	-	-	2,935	900,000	30.00%	5,550	5.70	5,133	
		$ 6,685,409		**712,230**		**1,105,803**			**6,291,836**		**6,315,807**	

Note: Stock dividend distributed.

The movement details of long-term investment accounted for equity method are as follows:

Name of investee	Recognized gains (losses) using equity method	Capital surplus	Acquired through capital increase of current period	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Cash dividend received	Cumulative translation adjustments	Accumulated Profit and Loss	Impairment Loss	Loss of Control Deemed disposal	Total
Lea Ho Investment Co., Ltd.	$ (15,477)	(462)	-	(63,419)	-	15	(53)	-	-	(79,396)
Green Forest Development Enterprise Co., Ltd.	144,747	-	-	-	(41,656)	-	-	-	-	103,091
Rich Forest Leisure Development Co., Ltd.	(171,119)	-	-	-	-	-	-	-	-	(171,119)
Lealea Hotels Co., Ltd.	(12,727)	406	-	-	-	-	-	-	-	(12,321)
Yilan Lealea Hotels and Resorts Co., Ltd.	(40,132)	-	-	-	-	-	-	-	-	(40,132)
Lealea Hotels and Resorts Co., Ltd.	(42,085)	6,341	140,000	11,992	-	37	(718)	(14,821)	-	100,746
Forest Water Environmental Engineering Co., Ltd.	2,283	850	-	(927)	(1,571)	88	-	-	-	723
Ho Ching Enterprise Co., Ltd.	90,757	33,498	-	(35,762)	(106,879)	3,341	(394)	-	-	(15,439)
Lea Ching Enterprise Co., ltd.	(6,941)	414	220,000	-	-	-	-	-	-	213,473
LeaLea Wushih Marina & Resorts Co., Ltd.	(9,676)	2,515	-	-	-	-	-	-	(466,480)	(473,641)
Re-Use Environmental Co., Ltd.	32,097	-	-	349	(35,487)	-	-	-	-	(3,041)
Grain Forest Green Energy Co., Ltd.	(35,666)	-	22,500	-	-	-	-	-	-	(13,166)
Ya Ni Development Enterprise Co., Ltd.	(416)	-	-	-	-	-	-	-	-	(416)
Lea Long Energy Co., Ltd.	(2,935)	-	-	-	-	-	-	-	-	(2,935)
	$ (67,290)	**43,562**	**382,500**	**(87,767)**	**(185,593)**	**3,481**	**(1,165)**	**(14,821)**	**(466,480**	**(393,573)**

Rich Development Co., Ltd.
Statement of Changes in Investment Property
January 1 to December 31, 2021
(Expressed in Thousands of NTD)

Please refer to Note 6(9) for details.

Statement of Short-Term Bank Loans
December 31, 2021

Creditor	description	Ending balance	Contract period	Interest rate	Credit Line	Collateral	Note
Financial Institution A	Collateral loan	$ 903,159	2020.05.22~2023.05.26	2.00%~2.40%	1,454,550	Land for construction /Buildings under construction	
Financial Institution A	Credit Loan	132,500	2020.05.22~2023.05.22	2.4%	132,500		
Financial Institution B	Collateral loan	70,000	2021.09.30~2022.09.30	1.88%	70,000	Investment property	
Financial Institution C	〃	188,000	2021.11.30~2023.11.30	2.20%	188,000	Land for construction /Buildings under construction	
Financial Institution D	〃	4,122,052	2013.09.12~2024.12.29	1.98%~2.02%	4,122,052	Buildings under construction/ Joint Construction Deposit	
Financial Institution D	Credit Loan	245,000	2021.10.06~2022.10.15	1.75%	245,000		
Financial Institution E	Collateral loan	-	2021.08.25~2022.08.25	-	30,000	Investment property	
Financial Institution F	〃	1,072,400	2018.06.22~2022.11.30	2.13%	1,544,400	Buildings under construction	
Financial Institution G	〃	281,500	2021.11.19~2025.11.19	2.24%	281,500	Land for construction /Buildings under construction	
Financial Institution G	Credit loan	6,000	2021.11.19~2025.11.19	2.24%	6,000		
Total		**$ 7,020,611**					

Statement of Short-Term Bills Payable

Please refer to Note 6(11) for details.

Rich Development Co., Ltd.
Statement of Changes in Long-Term Bank Loans
December 31, 2021
(Expressed in Thousands of NTD)

Creditor	Summary	Loan Amount	Contract period	Interest rate	Collateral	Note
Financial Institution A	Collateral loan	$ 270,000	2020.09.30~2022.09.30	1.94%	Investment property	
Financial Institution B	Collateral loan	74,000	2020.09.30~2023.09.30	2.23%	Investment property	
Financial Institution C	Collateral loan	11,445	2015.11.13~2035.11.13	1.59%	Investment property	
Financial Institution D	Collateral loan	555,244	2021.04.26~2023.04.26	1.75%	Premises for sale	
		910,689				
Less: Long-term borrowings, current portion		(286,818)				
Total		**$ 623,871**				

Statement of Bond Payable

Please refer to Note 6(13) for details.

Rich Development Co., Ltd.
Statement of Revenue
January 1 to December 31, 2021
(Expressed in Thousands of NTD)

Item	Summary	Amount
Revenue from land sales		$ 722,440
Revenue from building sales		376,991
Revenue from floor area sales		54,321
Lease revenue		78,762
Other revenue	Management Consulting sales	20,000
Sales discounts		(44,085)
Sales returns		(12)
Total		**$ 1,208,417**

Statement of Cost Goods Sold

Item	Summary	Amount
Cost of lands sold		$ 395,101
Cost of buildings sold		409,244
Cost of floor areas sold		32,670
Cost of lease		43,281
Write down inventories to net realizable value		(10,539)
Total		**$ 869,757**

Rich Development Co., Ltd.
Statement of Operating Expenses
January 1 to December 31, 2021
(Expressed in Thousands of NTD)

Items	Sales expenses	General Management and Administration Expenses	Total
Salary expenses (pension included)	$ 5,426	42,611	48,037
Directors'/supervisors' remuneration	-	17,012	17,012
Advertisement expenses	6,700	-	6,700
Entertainment expenses	17	9,875	9,892
Tax expenses	7,096	12,392	19,488
Depreciation	-	10,579	10,579
Cleaning expenses	6,631	-	6,631
Commission Expenses	22,975	-	22,975
Labor service expenses	9	7,471	7,480
Others	3,835	16,308	20,143
Total	**$ 52,689**	**116,248**	**168,937**