

Founding Construction Development Corp. and
Subsidiaries

Parent Company Only Financial Statements and
Independent Auditors' Report
for the Years Ended December 31, 2021 and 2020

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For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.

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Independent Auditors' Report

To : Founding Construction Development Corp.

Audit Opinion

We have audited the accompanying parent company only financial statements of Founding Construction Development Corp., which comprise the parent company only balance sheets as of December 31, 2021 and 2020, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of Founding Construction Development Corp. as of December 31, 2021 and 2020, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of Founding Construction Development Corp. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of Founding Construction Development Corp.'s parent company only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for Founding Construction Development Corp.'s parent company only financial statements for the year ended December 31, 2021 are stated as follows :

Key Audit Matters I

The Company's assets are mainly composed of lands, properties, and buildings from the inventory, the investment property, and the property, plant and equipment with the carrying amounts of NT\$7,313,084 thousand, NT\$4,207,063 thousand, and NT\$116,963 thousand, respectively, representing 90% of the total assets as of December 31, 2021. The inventories are buildings and land held for sale and construction in progress, while the investment properties are properties for rent and properties held by the Company. Because the situations of the domestic real estate market supply, natural disasters, government policies, and economic conditions significantly impact the values of properties, the assessment of the properties inevitably contains uncertainty, and so the risk of individual assets being improperly evaluated exists. Therefore, the subsequent valuation of the assets has been deemed as one of the key audit matters for the year. Please refer to Notes 4(4), (6), (7), (8), 5, 8, 11, and 13 of the financial statements for relevant information on the above-mentioned assets.

The main audit procedures performed on the specific levels in respect of the above-mentioned key audit matter for the audit of the year are as follows:

1. We test the samples and review the appraisal materials performed by the external experts in the most recent two years (related appraisal reports, etc.), and we understand the trends of the development in the domestic real estate market to identify any potential indication of impairment in lands, properties, and buildings from the inventory, the investment property, and the property, plant and equipment.
2. Management evaluates asset impairments based on the information finished by experts; therefore, we evaluate the independence and the adequacy of the experts and we understand whether or not the assumptions and measures adopted during evaluations of the external experts are reasonable.
3. We evaluate the recoverable amounts of the lands, properties, and buildings from the inventory, the investment property, and the property, plant and equipment, and the reasonableness thereof, including whether the applied net fair values are based on the current bid prices or the latest

transaction prices less sale costs, or we evaluate the reasonability of each important assumption of the value-in-use.

Key Audit Matters II

The sales of real estate are recognized after the construction projects were actually completed and handed over, and the registration of property right was finished. The appropriateness of the timing of the sales revenue recognition is material to the consolidated financial statements for the year. The sales of real estate recognized with uncompleted handover and registration of property right are expected to exist; therefore, the timing of the sales revenue recognition has been deemed as one of the key audit matters for the year. Please refer to Note 4(11) of the financial statements for relevant information on the sales revenues.

The main audit procedures performed on the specific levels in respect of the above-mentioned key audit matter for the audit of the year are as follows:

1. We evaluate the designs of the relevant operating procedures for sales revenue recognition and the appropriateness of execution. We also select samples to test the situation of effectively ongoing operations during the year of its significant control operations.
2. For the details of the recognized real estate sales revenue for the year, we select samples and examine their corresponding evidences of the real estate handover and the registration of property right to verify the appropriateness of the classification under real estate sales revenue.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing Founding Construction Development Corp.'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 Founding Construction Development Corp. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing Founding Construction Development Corp.'s financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Founding Construction Development Corp.'s internal control.
3. Evaluate the appropriateness of accounting policies adopted 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 Founding Construction Development Corp.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Founding Construction Development Corp. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Founding Construction Development Corp. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our opinion to Founding Construction Development Corp.

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 Founding Construction Development Corp.'s parent company only 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.

Deloitte & Touche

LU I-CHEN, CPA

LIN YI-HUI, CPA

Financial Supervisory Commission
Approval Document Ref.

Financial Supervisory Commission Approval
Document Ref.

No. FSC Sheng-Zi 1080321204

No. FSC Sixth-Zi 0940161384

March 17, 2022

Founding Construction Development Corp.

Parent Company Only Balance Sheet
December 31, 2021 and 2020
Unit: NT\$ thousands

Code	ASSETS	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 6)	\$ 543,299	4	\$ 292,132	2
1110	Financial assets at fair value through profit or loss - current (Note 7)	8,471	-	2,856	-
1150	Notes receivable	16,560	-	-	-
1170	Accounts receivable (Note 21)	830	-	18,741	-
1197	Finance lease receivables, net - current (Note 28)	638	-	624	-
1220	Current tax assets (Note 23)	-	-	304	-
130X	Inventories (Notes 8 and 29)	7,313,084	57	8,376,286	61
1410	Prepayments (Note 9)	12,633	-	50,331	1
1476	Other financial assets - current (Note 29)	186,277	2	106,794	1
1479	Other current assets	7,644	-	6,586	-
11XX	Total current assets	<u>8,089,436</u>	<u>63</u>	<u>8,854,654</u>	<u>65</u>
	NON-CURRENT ASSETS				
1550	Investments accounted for using the equity method (Note 10)	461,774	3	228,041	1
1600	Property, plant and equipment (Notes 11 and 29)	122,428	1	97,885	1
1755	Right-of-use assets (Note 12)	1,385	-	2,309	-
1760	Investment properties, net (Notes 13 and 29)	4,207,063	33	4,479,825	33
1840	Deferred tax assets (Note 23)	10,321	-	10,247	-
194D	Long-term finance lease receivables, net (Note 28)	1,828	-	2,466	-
1920	Refundable deposits	2,311	-	14,358	-
15XX	Total non-current assets	<u>4,807,110</u>	<u>37</u>	<u>4,835,131</u>	<u>35</u>
1XXX	Total assets	<u>\$ 12,896,546</u>	<u>100</u>	<u>\$ 13,689,785</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 14 and 29)	\$ 2,212,730	17	\$ 2,573,910	19
2110	Short-term bills payable (Note 14)	-	-	845,910	6
2130	Contract liabilities - current (Note 21)	314,433	2	315,817	2
2150	Notes payable	90	-	571	-
2160	Notes payable to related parties (Note 28)	15,750	-	48,300	-
2170	Accounts payable (Note 15)	83	-	1,933	-
2180	Accounts payable to related parties (Notes 15 and 28)	215,650	2	154,224	1
2230	Current tax liabilities (Note 23)	34,328	-	-	-
2280	Lease liabilities - current (Note 12)	2,214	-	2,166	-
2219	Other payables (Notes 16 and 28)	59,625	1	65,717	1
2250	Provisions-current (Note 17)	1,106	-	1,106	-
2320	Current portion of long-term borrowings (Notes 14 and 29)	141,010	1	209,201	2
2399	Other current liabilities	19,096	-	16,247	-
21XX	Total current liabilities	<u>3,016,115</u>	<u>23</u>	<u>4,235,102</u>	<u>31</u>
	NON-CURRENT LIABILITIES				
2580	Lease liabilities - non-current (Note 12)	4,133	-	6,347	-
2540	Long-term borrowings (Notes 14 and 29)	1,526,850	12	1,986,287	15
2640	Net defined benefit liabilities - non-current (Note 18)	10,428	-	11,624	-
2645	Guarantee deposits	12,633	-	12,086	-
25XX	Total non-current liabilities	<u>1,554,044</u>	<u>12</u>	<u>2,016,344</u>	<u>15</u>
2XXX	Total liabilities	<u>4,570,159</u>	<u>35</u>	<u>6,251,446</u>	<u>46</u>
	EQUITY (Note 20)				
	Capital stock				
3110	Ordinary shares	2,852,450	22	2,852,450	21
	Capital surplus				
3210	Shares premium	20,894	-	20,894	-
3220	Treasury shares transactions	236	-	236	-
3200	Total capital surplus	<u>21,130</u>	<u>-</u>	<u>21,130</u>	<u>-</u>
	Retained earnings				
3310	Legal reserve	972,814	8	948,358	7
3320	Special reserve	966	-	966	-
3350	Unappropriated earnings	4,479,027	35	3,615,435	26
3300	Total retained earnings	<u>5,452,807</u>	<u>43</u>	<u>4,564,759</u>	<u>33</u>
3XXX	Total equity	<u>8,326,387</u>	<u>65</u>	<u>7,438,339</u>	<u>54</u>
	Total liabilities and equity	<u>\$ 12,896,546</u>	<u>100</u>	<u>\$ 13,689,785</u>	<u>100</u>

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

Chairman: Liu Hsin-Hsiung

Manager: Liu Hua-Hsing

Accounting Officer: Cheng Yen-Fen

Founding Construction Development Corp.

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

Unit: NT\$ thousands, except for earnings per share (in NT\$)

Code		2021		2020	
		Amount	%	Amount	%
	OPERATING REVENUE				
	(Notes 21 and 28)				
4300	Rental revenue	\$ 86,413	2	\$ 67,976	2
4500	Construction revenue	<u>3,481,805</u>	<u>98</u>	<u>3,440,165</u>	<u>98</u>
4000	Total operating revenue	<u>3,568,218</u>	<u>100</u>	<u>3,508,141</u>	<u>100</u>
	OPERATING COSTS (Notes 8 and 28)				
5300	Rental costs	(75,802)	(2)	(80,826)	(2)
5500	Construction costs	(<u>2,481,732</u>)	(<u>70</u>)	(<u>2,924,567</u>)	(<u>84</u>)
5000	Total operating costs	(<u>2,557,534</u>)	(<u>72</u>)	(<u>3,005,393</u>)	(<u>86</u>)
5900	Gross Profit	1,010,684	28	502,748	14
6000	Operating expenses (Note 22)	(<u>194,600</u>)	(<u>5</u>)	(<u>195,509</u>)	(<u>5</u>)
6900	Net Operating Income	<u>816,084</u>	<u>23</u>	<u>307,239</u>	<u>9</u>
	NON-OPERATING INCOME AND EXPENSES (Note 22)				
7100	Interest income	193	-	197	-
7010	Other income	361	-	1,757	-
7020	Other gains and losses	359,881	10	(15,564)	-
7050	Finance costs	(8,275)	-	(39,128)	(1)
7070	Shares of profits of subsidiaries, associates and joint ventures accounted for using the equity method	(<u>26,573</u>)	(<u>1</u>)	<u>7,658</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>325,587</u>	<u>9</u>	(<u>45,080</u>)	(<u>1</u>)
7900	Net income before tax for the year	1,141,671	32	262,159	8
7950	Income tax expense (Note 23)	(<u>79,736</u>)	(<u>2</u>)	(<u>19,401</u>)	(<u>1</u>)
8200	NET INCOME FOR THE YEAR	<u>1,061,935</u>	<u>30</u>	<u>242,758</u>	<u>7</u>

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Code		2021		2020	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME/(LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	\$ 1,094	-	\$ 203	-
8330	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	33	-	1,635	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(219)	-	(41)	-
8300	Other comprehensive income for the year, net of income tax	<u>908</u>	-	<u>1,797</u>	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,062,843</u>	<u>30</u>	<u>\$ 244,555</u>	<u>7</u>
	EARNINGS PER SHARE (Note 24)				
9710	Basic	<u>\$ 3.72</u>		<u>\$ 0.85</u>	
9810	Diluted	<u>\$ 3.72</u>		<u>\$ 0.85</u>	

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

Chairman: Liu Hsin-Hsiung Manager: Liu Hua-Hsing Accounting Officer: Cheng Yen-Fen

Founding Construction Development Corp.

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

Unit: NT\$ thousands

Code		Capital stock		Capital surplus		Retained earnings		Unappropriated earnings	Total equity
		Shares (In Thousands)	Ordinary shares	Shares premium	Treasury shares transactions	Legal reserve	Special reserve		
A1	Balance as of January 1, 2020	285,245	\$ 2,852,450	\$ 20,894	\$ 236	\$ 938,925	\$ 966	\$ 3,522,936	\$ 7,336,407
	Appropriation and distribution of earnings for 2019								
B1	Legal reserve	-	-	-	-	9,433	-	(9,433)	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	(142,623)	(142,623)
D1	Net income for 2020	-	-	-	-	-	-	242,758	242,758
D3	AFTER-TAX OTHER COMPREHENSIVE INCOME for 2020	-	-	-	-	-	-	1,797	1,797
D5	Total comprehensive income in 2020	-	-	-	-	-	-	244,555	244,555
Z1	Balance as of December 31, 2020	285,245	2,852,450	20,894	236	948,358	966	3,615,435	7,438,339
	Appropriation and distribution of earnings for 2020								
B1	Legal reserve	-	-	-	-	24,456	-	(24,456)	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	(171,147)	(171,147)
Q1	Disposal of investments in equity instruments at FVTOCI	-	-	-	-	-	-	(3,648)	(3,648)
D1	Net income for 2021	-	-	-	-	-	-	1,061,935	1,061,935
D3	AFTER-TAX OTHER COMPREHENSIVE INCOME for 2021	-	-	-	-	-	-	908	908
D5	Total comprehensive income in 2021	-	-	-	-	-	-	1,062,843	1,062,843
Z1	Balance as of December 31, 2021	<u>285,245</u>	<u>\$ 2,852,450</u>	<u>\$ 20,894</u>	<u>\$ 236</u>	<u>\$ 972,814</u>	<u>\$ 966</u>	<u>\$ 4,479,027</u>	<u>\$ 8,326,387</u>

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

Chairman: Liu Hsin-Hsiung

Manager: Liu Hua-Hsing

Accounting Officer: Cheng Yen-Fen

Founding Construction Development Corp.

Parent Company Only Statements of Cash Flows For the years ended December 31, 2021 and 2020 Unit: NT\$ thousands

Code		2021	2020
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net income before tax for the year	\$ 1,141,671	\$ 262,159
A20010	Adjustments for:		
A20100	Depreciation expenses	78,637	82,538
A20200	Amortization expenses	-	64
A20400	Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(575)	(436)
A20900	Finance costs	8,275	39,128
A21200	Interest income	(193)	(197)
A22300	Shares of profits of subsidiaries, associates and joint ventures accounted for using the equity method	26,573	(7,658)
A22500	Gain on disposal of property, plant and equipment	-	(286)
A22700	Gain on disposal of investment properties	(351,934)	-
A23100	Net gain on disposal of financial assets	(4,884)	(392)
A23700	Loss on write-downs of inventories	3,773	13,959
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(16,560)	-
A31150	Accounts receivable	17,911	5,255
A31200	Inventories	(153,938)	1,001,511
A31230	Prepayments	37,698	33,256
A31240	Other current assets	(1,058)	1,448
A31250	Other financial assets	(79,483)	(20,896)
A32125	Contract liabilities – current	(1,384)	(300,702)
A32130	Notes payable	(481)	(1,550)
A32140	Notes payable - related parties	(32,550)	(1,313)
A32150	Accounts payable	(1,850)	(10,320)
A32160	Accounts payable - related parties	61,426	5,674
A32180	Other payables	(6,426)	19,607
A32230	Other current liabilities	2,849	13,435
A32240	Net defined benefit liabilities - non-current	(102)	(1,068)
A33000	Cash generated from/(used in) operations	727,395	1,133,216
A33500	Income taxes paid	(45,397)	(21,988)
AAAA	Net cash generated from operating activities	<u>681,998</u>	<u>1,111,228</u>

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Code		2021	2020
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00100	Acquisition of financial assets at fair value through profit or loss	(\$ 118,493)	(\$ 10,068)
B00200	Disposal of financial assets at fair value through profit or loss	118,337	10,459
B02700	Purchase of property, plant and equipment	(41,342)	-
B02800	Proceeds from disposal of property, plant and equipment	1,788,693	286
B03800	Decrease in refundable deposits	12,047	6,657
B05400	Purchase of investment properties	(11,546)	(431)
B06000	Decreases in finance lease receivables	686	686
B07500	Interest received	131	90
B07600	Dividends received from subsidiaries	<u>18,000</u>	<u>30,000</u>
BBBB	Net cash generated from investing activities	<u>1,766,513</u>	<u>37,679</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	751,300	835,560
C00200	Decrease in short-term borrowings	(1,112,480)	(1,501,310)
C00500	(Decrease) Increase in short-term bills payable	(845,910)	314,571
C01600	Proceeds from long-term borrowings	300,000	170,000
C01700	Repayments of long-term borrowings	(827,628)	(665,852)
C03000	Increase (Decrease) in guarantee deposits received	547	(1,249)
C04020	Payments of lease liabilities	(2,331)	(2,446)
C04500	Dividends paid to owners of the Company	(171,147)	(142,623)
C05400	Acquisition of ownership interests in subsidiaries	(280,000)	-
C05600	Interest paid	<u>(9,695)</u>	<u>(36,045)</u>
CCCC	Net cash used in financing activities	<u>(2,197,344)</u>	<u>(1,029,394)</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	251,167	119,513
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>292,132</u>	<u>172,619</u>
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 543,299</u>	<u>\$ 292,132</u>

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

Chairman: Liu Hsin-Hsiung Manager: Liu Hua-Hsing Accounting Officer: Cheng Yen-Fen

Founding Construction Development Corp.

Notes to Parent Company Only Financial Statements

For the years ended December 31, 2021 and 2020

(Amounts are in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company History

Founding Construction Development Corp. ("the Company") was incorporated in Taipei City in April 1991, mainly engaged in appointments and management of contractors to build public housing developments and commercial buildings for leasing and selling, trading of construction materials and machines, designs and constructions of interior decoration, etc.

The Company's shares were listed on the Taiwan Stock Exchange (TWSE) in April, 2008.

The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. Date and Procedures of Authorization of Financial Statements

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 17, 2022.

3. Application of New and Amended Standards and Interpretations

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC will not have a significant effect on the Company's accounting policies.

- b. IFRSs endorsed by the FSC with effective date starting 2022

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 1)
Amendment to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendment to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendment to IAS 37 "Onerous Contracts–Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1. Amendment to IFRS 9 is effective to exchanges of a financial liability or modifications of terms incurred during the annual periods beginning on or after January 1, 2022. Amendment to IAS 41 "Agriculture" is effective to fair value measurements for annual periods beginning on or after January 1, 2022. Amendment to IFRS 1 "First-time Adoption of IFRS" is retrospectively effective for annual periods beginning on or after January 1, 2022.

Note 2. The Company shall apply this amendment to business combinations for which the acquisition date is beginning on or after January 1, 2022.

Note 3. The Company shall apply this amendment to the property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4. The amendment shall be applied to contracts for which the Company has not yet fulfilled all its obligations on or after January 1, 2022.

As of the date the accompanying parent company only financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance as a result of the amendment of the other standards or interpretations, and no significant impact will be caused.

- c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendment to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

Note 1. Unless stated otherwise, the aforementioned New, Revised or Amended Standards and Interpretations are effective for annual periods beginning on or after their respective effective dates.

Note 2. The Company shall apply this amendment prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3. This amendment is effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period.

Note 4. The amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred income tax on temporary differences in leases and decommissioning obligations on January 1, 2022.

1) Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendment clarifies whether or not a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right. The amendment also clarifies that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendment stipulates that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

2) Amendment to IAS 1 "Disclosure of Accounting Policies"

This amendment prescribes that the Company shall apply the concept of materiality in making decisions about the disclosure of accounting policy information. Accounting policy information is material if, when considered together with other information included in the Company's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. This amendment also clarifies that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed by the Company.
- The Company's accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

Moreover, this amendment gives examples to explain that it is likely to consider accounting policy information material to the financial statements if that information relates to material transactions, other events or conditions and the accounting policy:

- a) Has changed during the reporting period by the Company, and this change results in a material change on information of the financial statements;
 - b) Was chosen properly by the Company from alternatives permitted by IFRS;
 - c) Was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS Standard that specifically applies;
 - d) Relates to an area for which the disclosure the Company is required to make significant judgments and assumptions; or
 - e) Involves complex accounting treatment, and users of the Company's financial statements would otherwise not understand the relating transactions, other events or conditions.
- 3) Amendment to IAS 8 "Definition of Accounting Estimates"

This amendment defines accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". The accounting policy applicable to the Company may require items in financial statements to be measured at monetary amounts that cannot be observed directly and must instead be estimated. Therefore, an input or a measurement technique has to be used to develop an accounting estimate to achieve this goal. The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

Besides the above-mentioned impact, as of the date the accompanying financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance as a result of the amendment of the other standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. Summary of Significant Accounting Policies

a. Statement of Compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of Preparation

The accompanying parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the related inputs are observable and based on the significance of the related inputs, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

When the Company prepares the parent company only financial statements, it adopts the equity method for investment in subsidiaries. In order to make the current year's profit and loss, other comprehensive income/(loss), and equity in the parent company only financial statements the same as the current year's profit and loss, other comprehensive income/(loss), and equity attributable to the owners of the company in the Company's consolidated financial report, certain differences in accounting treatment between the parent company only basis and the consolidated basis are adjusted for "investments accounted for using the equity method", "shares of profits and losses of subsidiaries, associates, and joint ventures accounted for using the equity method", and "shares of other comprehensive income/(loss) of subsidiaries, associates, and joint

ventures accounted for using the equity method” and related equity items.

c. Standards for Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

- 1) Assets held for trading purposes,
- 2) Assets expected to be realized within 12 months after the balance sheet date; and
- 3) 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 period.

Current liabilities include:

- 1) Obligations incurred for trading purposes,
- 2) Obligations expected to be settled within 12 months from the balance sheet date, and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not listed above are classified as non-current.

The Company is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the construction-related assets and liabilities.

d. Inventories

Inventories comprise properties under construction and properties held for sale. Properties under construction and properties held for sale are initially recorded at acquisition cost. Costs of properties under construction include costs of construction land of unfinished construction, construction costs and related borrowing costs. Upon completion of construction, the costs of the portion sold are then recognized as operating costs for the proportion of the selling price when revenue is recognized for the sales of real estate. Properties held for sale are stated at the lower of cost or net realizable value. Comparing costs with net realizable value is based on individual item. Net realizable value represents the estimated selling price of inventories less the estimated cost of completion and the estimated cost necessary to make the sale.

e. Investment in Subsidiaries

The Company's investments in subsidiaries accounted for using the equity method

Subsidiaries refer to the entities over which the Company has control.

Under the equity method, the investment is initially recognized at cost, and the carrying value after the acquisition date will increase or decrease with the Company's share of the subsidiary's profit and loss and other comprehensive income/(loss), and profit distribution. Besides, changes in other equity of subsidiaries that the Company can be entitled are recognized based on the percentage of ownership.

When the Company's share of loss of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues to recognize losses based on shareholding.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years.

Unrealized profit or loss resulting from downstream transactions between the Company and subsidiaries is eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between the Company and subsidiaries are recognized in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

f. Property, Plant and Equipment

Property, plant and equipment are recognized at cost, and then measured at cost less accumulated depreciation and accumulated impairment.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are classified to the appropriate categories of property, plant and equipment and subject to depreciation when completed and ready for intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is separately calculated using the straight-line method over the useful life of each significant part. The Company at least reviews the estimated useful lives, residual values and depreciation method at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Upon disposal of property, plant and equipment, the difference between the net sales proceeds and the carrying amount of the asset is recognized in profit or loss.

g. Investment Properties

Investment property is properties held to earn rental and/or for capital appreciation, including properties qualified to the definition of investment property and is under progress in construction. Investment property also includes land held for future use that is currently undetermined.

Self-owned investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation of investment properties is recognized using the straight-line method

Investment property is recognized as inventory at its carrying amount at the date when it is ready for sale.

Property recorded as inventory is recognized as investment property at its carrying amount when it was rented under an operating lease.

Upon disposal of investment properties, the difference between the net sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Impairment of Property, Plant and Equipment and Right-of-use Assets

On each balance sheet date, the Company assesses whether there is any indication that the property, plant and equipment and right-of-use assets might have suffered an impairment loss. If any such indication exists, the Company estimates the recoverable amount of the asset. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

An impairment loss on inventories and property, plant and equipment related to the contracts with customers shall be recognized in accordance with the applicable standards of inventory impairment and the above-mentioned principles. Then, the impairment loss is recognized to the extent that the carrying amount of the assets related to contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the direct costs related to providing those goods or services. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount, less any amount of amortization or depreciation, that would have been determined had no impairment loss been recognized on the asset in prior years. A reversal of

an impairment loss is recognized in profit or loss.

i. Financial Instruments

Financial assets and liabilities shall be recognized in the parent company only balance sheet when the Company becomes a party to the contractual provisions of the instruments.

While financial assets and liabilities are initially recognized, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of those financial assets and financial liabilities that are not measured at fair value through profit or loss. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

Regular way transactions of financial assets are recognized and derecognized on a settlement date basis.

a) Category of measurement

Financial assets held by the Company are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial asset at FVTPL

Financial asset measured at FVTPL includes the financial assets mandatorily required to be measured at FVTPL. Financial assets mandatorily required to measure at FVTPL include investments in equity instruments that are not designated as FVTOCI, and investments in debt instruments that do not meet the criteria of amortized cost or FVTOCI.

Financial asset measured at FVTPL is measured at fair value, and any dividends or interests from such financial assets are recognized in other revenues. Any remeasurement gain or loss on such financial assets is recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

ii. Financial asset measured at amortized cost

The Company's investments in financial assets that meet the following two conditions are subsequently measured at amortized cost:

- (a) Within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) The contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents, notes receivable measured at amortized cost, accounts receivable, other financial assets, and refundable deposits, are measured at the carrying amount determined by the effective interest method less any impairment loss. Any foreign exchange gain/loss is recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- (a) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- (b) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Credit-impaired financial assets are those where the issuer or debtor has experienced major financial difficulties, defaults, the debtor is likely to file for bankruptcy or other financial

restructuring, or disappearance of an active market for the financial assets due to financial difficulties.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI if the equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are measured at fair value and subsequently measured at fair value with gain or loss arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

On each date of balance sheets, the Company evaluates a loss allowance for financial assets measured at amortized cost (including accounts receivable) and for finance lease receivables based on expected credit loss.

The loss allowances for accounts receivable and finance lease receivables are recognized at an amount equal to lifetime expected credit losses. Other financial assets are first evaluated whether or not the credit risk has increased significantly since initial recognition. If it has not increased significantly, a loss allowance is recognized at an amount equal to expected credit loss within 12 months. If it has increased significantly, a loss allowance is recognized at an amount equal to expected credit loss over the expected life.

Expected credit losses are the weighted average credit losses resulting from a risk of default events as the weight. Expected credit losses within 12 months represent the expected credit losses resulting from possible default events of a financial instrument within 12 months after the reporting date. Expected credit losses over the expected life represent the expected credit losses resulting from all possible default events of a financial instrument over the expected life.

An impairment loss of all financial assets is recognized with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce its carrying amount.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset are extinguished, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

Except in the following situation, all financial liabilities are subsequently measured at amortized cost using effective interest method:

Financial Guarantee Contract

Financial guarantee contracts issued by the Company and not measured at fair value through profit or loss are measured at the higher of an allowance loss reflecting its expected credit loss and the amortized amount, subsequently to the original recognition.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including liabilities of any transferred non-cash asset or afforded liabilities, is recognized in profit or loss.

j. Provisions

Provisions are measured at the best estimate of the expenditures required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured at the discounted cash flows of the consideration required to settle the present obligation

k. Revenue Recognition

The Company identifies performance obligations in customer contracts, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from sale of goods comes from the sales of real estate. The Company recognizes the revenue when the customer has the right to set the price and use of the commodities respectively and is mainly responsible for resale once the property is handed over, and the registration of property right is finished.

2) Rental revenue

Revenue from lease is recognized when a property is actually used in lease, provided that it is probable the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

l. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases the right-of-use asset, it determines the classification of the sublease based on the right-of-use asset (rather than the underlying asset). However, if the head lease is a short-term lease for which the Company is subject to the recognition exemption, the sublease is classified as an operating lease.

Under a finance lease, lease payments include fixed payments. The net lease investment is measured as the sum of the present value of the lease payments receivable and the non-guaranteed residual value, plus the original direct cost; it is expressed as a finance lease receivable. Financing income is allocated to each accounting period to reflect the fixed rate of return available in each period on the unexpired net lease investment of the Company.

After lease-related incentives are deducted, the rental income from operating lease is recognized on a straight-line basis over the term of the lease. The initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight line basis over the lease term. The lease negotiations processed with lessees are treated as new leases from the effective date of the lease modification.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a financial or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the lease payments can be allocated reliably between the two elements, each element is accounted for separately in accordance with its lease classification. If the lease payments cannot be allocated reliably between the two elements, the entire lease is generally classified as a finance lease unless it is clear that both elements meet the standards of operating leases; in which case, the entire lease is

classified as an operating lease.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are measured initially at cost, which comprises the initial measurement of lease liabilities. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of remeasurement. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense allocated over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

m. Borrowing Costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Employee Benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

2) Post-Retirement Benefits

Payments of defined contribution retirement plans are recognized as an expense when the employees have rendered service entitling them to the contribution.

Defined benefit costs (including service costs, net interest and remeasurements) under the defined benefit retirement plans are determined using the Projected Unit Credit Method. Service costs (including current service costs), and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, including actuarial gain or loss and the return on plan assets (less interest), is recognized in other comprehensive income and other equity in the period in which they occur, and will not be subsequently reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit

retirement plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Income Tax

Income tax expense is the sum of current income tax and deferred income tax.

1) Current income tax

According to the Income Tax Law of the ROC, an additional income tax on unappropriated earnings was surcharged in the year approved by the shareholders' meeting.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred income tax

Deferred income tax is calculated on temporary differences between the carrying amounts of the recorded assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognized as it is very likely that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the timing of the reversal of the temporary difference and it is very likely that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investment and equity are only recognized to the extent that it is very likely that there will be sufficient taxable profit against which to utilize the benefit of the temporary differences that are expected to reverse in the foreseeable future.

The carrying amount of deferred tax asset is reviewed on each date of balance sheets and it is reduced to the extent that it is no longer very likely that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets not originally recognized are also reviewed on each date of balance sheets, and their carrying amount is increased to the extent that it is very likely that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, and this tax rates is based on the tax rates and tax laws that have been enacted or substantively enacted on the date of balance sheet. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities on the date of balance sheet.

3) Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss, unless when they relate to items that are recognized in other comprehensive income or directly recorded in equity, the current and deferred income tax are separately recognized in other comprehensive income or directly recorded in equity.

5. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

In the application of the Company's accounting policies, the management is required to make judgments, estimates and assumptions based on historical experience and other relevant factors for the items that are not readily apparent from other sources. Actual results may differ from these estimates.

Management will consistently continue to review estimates and basic assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment. If an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of estimate amendment and future periods.

Key Sources of Estimation and Assumption Uncertainty

Impairment loss of land, property, and building of inventory, investment properties, and property, plant and equipment

Land, property, and building of inventory, investment properties, and property, plant and equipment are stated at the lower of cost or net realizable value so the Company must use judgments and estimates to determine their net realizable value at the end of each reporting period. This valuation is subject to significant changes because its estimation basis is the future product demand within a specific time horizon.

Please refer to Notes 8, 11, and 13 for the carrying amounts of land, property, and building of inventory, investment properties, and property, plant and equipment as of December 31, 2021 and 2020.

6. Cash and Cash Equivalents

	December 31, 2021	December 31, 2020
Cash on hand and working capital	\$ 222	\$ 233
Bank Deposits	543,077	291,899
	<u>\$ 543,299</u>	<u>\$ 292,132</u>

7. Financial Instruments at Fair Value Through Profit or Loss

	December 31, 2021	December 31, 2020
<u>Financial assets - current</u>		
Financial asset designation as at FVTPL		
Fund beneficiary certificates	\$ 8,471	\$ 2,856

8. Inventories

a. Details of inventories are as follows:

	December 31, 2021	December 31, 2020
Buildings and land held for sale	\$ 2,406,200	\$ 2,396,488
Construction in progress	4,906,884	5,979,798
	<u>\$ 7,313,084</u>	<u>\$ 8,376,286</u>

Cost of goods sold related to inventories amounted to \$2,481,732 thousand and \$2,924,567 thousand, respectively, was recognized for the years ended December 31, 2021 and 2020.

Cost of goods sold containing losses on inventory valuation amounted to \$3,773 thousand and \$13,959 thousand, respectively, was recognized for the years ended December 31, 2021 and 2020.

As of December 31, 2021 and 2020, inventories of \$4,906,884 thousand and \$5,979,798 thousand, respectively, are expected to be recovered after more than 12 months.

Please refer to Note 29 for information about the amount of inventories pledged by the Company as collateral for borrowings.

b. Buildings and land held for sale and contract liability – current

	December 31, 2021	December 31, 2020
Land of Founding Glion	\$ -	\$ 10,814
Property of Founding Glion	-	40,012
Land of Cosmos Technology	37,393	139,497
Property of Cosmos Technology	61,121	228,014
Land of Universal Technology	-	95,462
Property of Universal Technology	-	120,642
Land of Nan Ke Ming Men	47,319	47,319
Property of Nan Ke Ming Men	99,085	98,775
Land of Zhong Lu Sec.	12,898	12,898
Property of Zhong Lu Sec.	3,502	3,502
Land of Fu Gui Ming Di	26,843	107,902
Property of Fu Gui Ming Di	44,633	179,415
Land of Bao An Sec.	10,494	10,494
Land of Asia Pacific Technology Park	338,811	338,811
Property of Asia Pacific Technology Park	716,085	749,085
Land of Sun Technology Plaza	-	135,483
Property of Sun Technology Plaza	-	78,363

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	December 31, 2021	December 31, 2020
Land of Founding Fu Yi	\$ 215,094	\$ -
Property of Founding Fu Yi	145,853	-
Land of United Tech	222,274	-
Property of United Tech	424,795	-
	<u>\$ 2,406,200</u>	<u>\$ 2,396,488</u>
Contract liability of Founding Glion – current	\$ -	\$ 5,681
Contract liability of Universal Technology – current	-	53,357
Contract liability of Fu Gui Ming Di – current	9,164	19,636
Contract liability of Sun Technology Plaza – current	-	109,953
Contract liability of Nan Ke Ming Men – current	15,200	-
Contract liability of Founding Fu Yi – current	30,096	-
Contract liability of United Technology – current	39,352	-
	<u>\$ 93,812</u>	<u>\$ 188,627</u>

c. Construction in progress and contract liability – current

December 31, 2021				
Construction Project	Construction in Progress - Land	Construction in Progress - Project	Total	Contract liabilities – current
Fu-Yi Tainan NO.2	\$ 104,495	\$ 26,055	\$ 130,550	\$ -
Wen De Sec.	21,124	-	21,124	-
Jian Kang Sec.	7,072	-	7,072	-
Founding Yi Pin	1,215,381	603,568	1,818,949	220,621
United Tech	401,072	626,602	1,027,674	-
Bei Shan Sec.	13,766	-	13,766	-
Star Technology (was originally Tam Mei Sec.)	328,916	205,910	534,826	-
Yi Min Sec.	1,496	-	1,496	-
Xin Feng Sec.	-	745	745	-
Hou De Sec.	-	183	183	-
Founding Li Garden	662,901	305,849	968,750	-
Fu Xing Sec.	476	-	476	-
Chang Chun Sec.	143	-	143	-
Pei Po Sec.	589	4	593	-
Hou Gang Sec.	476	165	641	-
Xin Gong Sec.	5,719	-	5,719	-
Shi Jian Sec.	36,837	-	36,837	-
Meditation Garden (formerly Xing An sec.)	318,585	1,806	320,391	-
Li Ren Sec.	-	5,984	5,984	-
Wu Gu Wang Sec.	-	10,965	10,965	-
	<u>\$ 3,119,048</u>	<u>\$ 1,787,836</u>	<u>\$ 4,906,884</u>	<u>\$ 220,621</u>

December 31, 2020

Construction Project	Construction in Progress - Land	Construction in Progress - Project	Total	Contract liabilities – current
Fu-Yi Tainan NO.2 (was originally Li Ren Sec.)	\$ 104,495	\$ 8,254	\$ 112,749	\$ -
Wen De Sec.	21,124	-	21,124	-
Jian Kang Sec.	7,072	-	7,072	-
Founding Yi Pin	1,172,545	356,858	1,529,403	127,190
United Tech	834,112	802,627	1,636,739	-
Bei Shan Sec.	13,766	-	13,766	-
Asia Pacific Technology Park	482,137	54,490	536,627	-
Star Technology (was originally Tam Mei Sec.)	328,897	16,898	345,795	-
Yi Min Sec.	1,496	-	1,496	-
Xin Feng Sec.	-	745	745	-
Hou De Sec.	-	183	183	-
Founding Li Garden (was originally Wu Gu Wang Sec.)	662,901	113,742	776,643	-
Founding Fu Yi	417,828	260,900	678,728	-
Fu Xing Sec.	476	-	476	-
Chang Chun Sec.	143	-	143	-
Meditation Garden (formerly Xing An sec.)	318,109	-	318,109	-
	<u>\$ 4,365,101</u>	<u>\$ 1,614,697</u>	<u>\$ 5,979,798</u>	<u>\$ 127,190</u>

Information on the capitalization of interest is as follows:

	2021	2020
Total amount of interest expense	\$ 81,573	\$ 109,058
Current capitalized construction interest	\$ 73,298	\$ 69,930
Capitalization interest rate	1.56%~1.69%	1.59%~1.90%
Accumulated amount of capitalized construction interest, end	\$ 120,245	\$ 100,978

9. Prepayments

	December 31, 2021	December 31, 2020
<u>Current</u>		
Tax overpaid retained for offsetting the future tax payable	\$ -	\$ 40,535
Prepayment for purchases	219	659
Prepaid commission	11,700	289
Others	714	8,848
	<u>\$ 12,633</u>	<u>\$ 50,331</u>

10. Investments accounted for using the equity method

Investment in subsidiaries

	December 31, 2021	December 31, 2020
Chien-Chiao Construction Co., Ltd.	\$ 42,026	\$ 13,793
FUSHIN Hotel Co., Ltd.	127,115	194,363
Hsin-Long-Hsing Investment Co., Ltd.	292,633	19,885
	<u>\$ 461,774</u>	<u>\$ 228,041</u>

The Company's proportion of ownership and voting rights of subsidiaries as of the balance sheet date are as follows:

Name of Subsidiary	December 31, 2021	December 31, 2020
Chien-Chiao Construction Co., Ltd.	100%	100%
FUSHIN Hotel Co., Ltd.	94.375%	94.375%
Hsin-Long-Hsing Investment Co., Ltd. (Note)	100%	100%

Note: Hsin-Long-Hsing Construction Co., Ltd. was registered as Hsin-Long-Hsing Investment Co., Ltd. on June 17, 2021.

Please refer to Table 5 for the Company's details of indirectly invested subsidiaries.

Gain (loss) on investments under equity method, premium amortization of investment, and unrealized gross profit are as follows:

Investee company	2021				
	Initial investment cost	Investment gain (loss) recognized	Current realized (unrealized) gross profit	Total	Accumulated unrealized gross profit
Chien-Chiao Construction Co., Ltd.	\$ 51,800	\$ 17,274	\$ 30,653	\$ 47,927	(\$ 218,865)
FUSHIN Hotel Co., Ltd.	151,000	(67,248)	-	(67,248)	(6,102)
Hsin-Long-Hsing Investment Co., Ltd.	300,000	(7,252)	-	(7,252)	-
	<u>\$ 502,800</u>	<u>(\$ 57,226)</u>	<u>\$ 30,653</u>	<u>(\$ 26,573)</u>	<u>(\$ 224,967)</u>

Investee company	2020				
	Initial investment cost	Investment gain (loss) recognized	Current realized (unrealized) gross profit	Total	Accumulated unrealized gross profit
Chien-Chiao Construction Co., Ltd.	\$ 51,800	\$ 25,378	\$ 7,099	\$ 32,477	(\$ 249,518)
FUSHIN Hotel Co., Ltd.	151,000	(24,831)	-	(24,831)	(6,102)
Hsin-Long-Hsing Construction Co., Ltd.	20,000	12	-	12	-
	<u>\$ 222,800</u>	<u>\$ 559</u>	<u>\$ 7,099</u>	<u>\$ 7,658</u>	<u>(\$ 255,620)</u>

Except for Hsin-Long-Hsing Investment Co., Ltd., whose financial statements for the year ended December 31, 2020 are not audited by the Certified Public Accountants, investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments entitled by the Company were calculated based on financial statements audited by the Certified Public Accountants. However, management believes that there shall be no material adjustment from the financial statements of the above subsidiary if its financial statements are audited by the Certified Public Accountants.

The above-mentioned subsidiaries are included in the consolidated financial statements for the years ended December 31, 2021 and 2020.

11. Property, plant and equipment

	Land	Buildings and Property	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Total
<u>Cost</u>						
Balance as of January 1, 2020	\$ 75,633	\$ 32,982	\$ 11,511	\$ 3,428	\$ 738	\$ 124,292
Addition	-	-	-	-	431	431
Disposal	-	-	(4,650)	-	-	(4,650)
Balance as of December 31, 2020	<u>\$ 75,633</u>	<u>\$ 32,982</u>	<u>\$ 6,861</u>	<u>\$ 3,428</u>	<u>\$ 1,169</u>	<u>\$ 120,073</u>

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	Land	Buildings and Property	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Total
<u>Accumulated depreciation and impairment</u>						
Balance as of January 1, 2020	\$ -	\$ 10,501	\$ 11,505	\$ 3,428	\$ 739	\$ 26,172
Depreciation expenses	-	638	6	-	88	666
Disposal	-	-	(4,650)	-	-	(4,650)
Balance as of December 31, 2020	<u>\$ -</u>	<u>\$ 11,139</u>	<u>\$ 6,861</u>	<u>\$ 3,428</u>	<u>\$ 760</u>	<u>\$ 22,188</u>
Net carrying amount as of December 31, 2020	<u>\$ 75,633</u>	<u>\$ 21,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 409</u>	<u>\$ 97,885</u>
<u>Cost</u>						
Balance as of January 1, 2021	\$ 75,633	\$ 32,982	\$ 6,861	\$ 3,428	\$ 1,169	\$ 120,073
Addition	33,481	1,811	6,050	-	-	41,342
Reclassification	(4,531)	(11,258)	-	-	-	(15,789)
Balance as of December 31, 2021	<u>\$ 104,583</u>	<u>\$ 23,535</u>	<u>\$ 12,911</u>	<u>\$ 3,428</u>	<u>\$ 1,169</u>	<u>\$ 145,626</u>
<u>Accumulated depreciation and impairment</u>						
Balance as of January 1, 2021	\$ -	\$ 11,139	\$ 6,861	\$ 3,428	\$ 760	\$ 22,188
Depreciation expenses	-	917	908	-	86	1,911
Reclassification	-	(901)	-	-	-	(901)
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 11,155</u>	<u>\$ 7,769</u>	<u>\$ 3,428</u>	<u>\$ 846</u>	<u>\$ 23,198</u>
Net carrying amount as of December 31, 2021	<u>\$ 104,583</u>	<u>\$ 12,380</u>	<u>\$ 5,142</u>	<u>\$ -</u>	<u>\$ 323</u>	<u>\$ 122,428</u>

Property, plant and equipment of the Company are depreciated by straight-line method using the estimated useful lives as follows:

Buildings and Property	
Main property	3 to 50 years
Decoration and partitioning project	11 years
Transportation Equipment	5 to 6 years
Office Equipment	
Computer peripherals and communication equipment	4 to 6 years
Others	6 years
Miscellaneous equipment	5 to 6 years

Please refer to Note 29 for information about the amount of property, plant and equipment pledged by the Company as collateral for borrowings.

12. Lease Arrangements

a. Right-of-use assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of right-of-use assets		
Buildings	<u>\$ 1,385</u>	<u>\$ 2,309</u>
	<u>2021</u>	<u>2020</u>
Depreciation expenses of right-of-use assets		
Buildings	<u>\$ 924</u>	<u>\$ 1,046</u>

In addition to the above-mentioned depreciation expenses, there was no significant impairment of the right-of-use assets of the Company for the years ended December 31, 2021, and 2020.

b. Lease liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of lease liabilities		
Current	\$ 2,214	\$ 2,166
Non-Current	\$ 4,133	\$ 6,347

Ranges of discount rates for lease liabilities are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Buildings	2.2%	2.2%

c. Major lease activities and terms

The Company leases several buildings for office use with lease terms of 1.5 to 3.75 years. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms.

d. Other lease information

	<u>2021</u>	<u>2020</u>
Expenses relating to short-term leases	\$ 399	\$ 567
Expenses relating to low-value asset leases	\$ 160	\$ 159
Total cash (outflow) for leases	(\$ 3,056)	(\$ 3,385)

The Company has elected to apply the recognition exemption to venue rentals which qualify as short-term leases and certain assets which qualify as low-value asset lease, and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. Investment Properties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Net carrying amount of each category</u>		
Investment property- land	\$ 2,334,941	\$ 1,549,173
Investment property - property	1,872,122	2,930,652
	<u>\$ 4,207,063</u>	<u>\$ 4,479,825</u>

	<u>Investment property- land</u>	<u>Investment property - property</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1, 2020	\$ 1,630,563	\$ 3,491,000	\$ 5,121,563
Addition	-	1,349	1,349
Transferred from inventory	79,256	93,536	172,792
Reclassified to inventory	(160,646)	(148,493)	(309,139)
Balance as of December 31, 2020	<u>\$ 1,549,173</u>	<u>\$ 3,437,392</u>	<u>\$ 4,986,565</u>
<u>Accumulated depreciation and impairment</u>			
Balance as of January 1, 2020	\$ -	\$ 445,541	\$ 445,541
Depreciation expenses	-	80,826	80,826
Reclassified to inventory	-	(19,627)	(19,627)
Balance as of December 31, 2020	<u>\$ -</u>	<u>\$ 506,740</u>	<u>\$ 506,740</u>
Net carrying amount as of December 31, 2020	<u>\$ 1,549,173</u>	<u>\$ 2,930,652</u>	<u>\$ 4,479,825</u>

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	<u>Investment property- land</u>	<u>Investment property - property</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1, 2021	\$ 1,549,173	\$ 3,437,392	\$ 4,986,565
Addition	-	11,546	11,546
Disposal	(437,796)	(1,202,073)	(1,639,869)
Transferred from inventory	1,334,527	83,444	1,417,971
Reclassified to inventory	(110,963)	(92,920)	(203,883)
Balance as of December 31, 2021	<u>\$ 2,334,941</u>	<u>\$ 2,237,389</u>	<u>\$ 4,572,330</u>
<u>Accumulated depreciation and impairment</u>			
Balance as of January 1, 2021	\$ -	\$ 506,740	\$ 506,740
Depreciation expenses	-	75,802	75,802
Disposal	-	(203,108)	(203,108)
Reclassified to inventory	-	(14,167)	(14,167)
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 365,267</u>	<u>\$ 365,267</u>
Net carrying amount as of December 31, 2021	<u>\$ 2,334,941</u>	<u>\$ 1,872,122</u>	<u>\$ 4,207,063</u>

The fair values of investment properties were \$5,162,424 thousand and \$5,794,921 thousand as of December 31, 2021 and 2020, respectively. The fair values as of December 31, 2020 was referred to the evidences of market transaction prices of similar properties rather than an independent and qualified professional appraiser. The fair values as of December 31, 2021 were referred to the evidences of market transaction prices of similar properties by Chen's Real Estate Appraiser Firm, an independent appraiser company, on the balance sheet date of 2021.

The investment properties are depreciated by straight-line method using the estimated useful lives as follows:

Investment property - property	
Main property	5 to 51 years
Decoration and partitioning project	5 to 26 years

The maturity analysis of operating lease payments receivable from the investment properties for the years ended December 31, 2021 and 2020 is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Year 1	\$ 87,999	\$ 113,510
Year 2	84,222	112,071
Year 3	66,786	111,418
Year 4	58,114	109,029
Year 5	57,600	108,857
Over 5 years	186,457	357,314
	<u>\$ 541,178</u>	<u>\$ 912,199</u>

The Company held freehold interests in all of its investment properties. Please refer to Note 29 for the amount of investment properties pledged by the Company as collateral for borrowings.

14. Borrowings

a. Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Secured borrowings</u> (Note 29)		
- Bank loans	\$ 2,212,730	\$ 2,573,910
Interest rate range		
- Secured loans	1.52%~2.07%	1.35%~2.10%
Loan maturity date	2022.03.14~2025.11.18	2021.03.31~2023.11.11

Please refer to Note 29 for information about the construction inventories pledged by the Company as collateral for short-term borrowings.

b. Short-term bills payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commercial paper payable	\$ -	\$ 846,000
Less: Discount on short-term bills payable	-	(90)
	<u>\$ -</u>	<u>\$ 845,910</u>

Outstanding short-term bills payable were as follows:

December 31, 2020

<u>Guarantee/ Promissory Institutions</u>	<u>Nominal Amount</u>	<u>Discount Amount</u>	<u>Carrying Value</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>The Carrying Value of Collateral</u>
<u>Commercial paper payable</u>						
Shanghai Commercial & Savings Bank, Ltd.	\$ 370,000	(\$ 25)	\$ 369,975	1.668%	Cosmos Technology	\$ 367,511
Mega Bills Finance Co., Ltd. (MBF)	380,000	(48)	379,952	1.688%	Asia Pacific Technology Park	1,087,896
Ta Ching Bills Finance Corporation	96,000	(17)	95,983	1.688%	Universal Technology	216,104
	<u>\$ 846,000</u>	<u>(\$ 90)</u>	<u>\$ 845,910</u>			<u>\$ 1,671,511</u>

Please refer to Note 29 for information about the properties held for sale and construction inventories pledged by the Company as collateral for short-term bills payable.

c. Long-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Secured borrowings</u> (Note 29)		
Bank loans (1)	\$ 1,667,860	\$ 2,195,488
Less: Current portion matured in 1 year	(141,010)	(209,201)
Long-term borrowings	<u>\$ 1,526,850</u>	<u>\$ 1,986,287</u>

1) The Company's borrowings include:

	<u>Initial loan principal</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Hua Nan Bank	Total loan amount: \$150,000 thousand	\$ 115,997	\$ 145,184
Nan-Neihu	Borrowing period: 2020.09.30 ~ 2025.09.30		
- secured loans	Interest rate range: 1.49%		
	Repayment Method: Evenly split into a total of 60 installments on a monthly basis.		

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		Initial loan principal	December 31, 2021	December 31, 2020
Hua Nan Bank	Total loan amount:	\$368,000 thousand	\$ 302,591	\$ 326,915
Nan-Neihu	Borrowing period:	2018.02.26 ~ 2033.02.26		
– secured loans	Interest rate range:	1.62%		
	Repayment Method:	Interests paid monthly in the first twelve months; starting the 13th month, a total of 168 installments on a monthly basis.		
Hua Nan Bank	Total loan amount:	\$100,000 thousand	80,012	86,193
Nan-Neihu	Borrowing period:	2018.07.27 ~ 2033.07.27		
– secured loans	Interest rate range:	1.62%		
	Repayment Method:	evenly split principal and interest into a total of 180 installments on a monthly basis.		
First Bank	Total loan amount:	\$80,000 thousand	28,764	35,691
Jen-Ai	Borrowing period:	2010.11.23 ~ 2025.11.23		
– secured loans	Interest rate range:	1.55%		
	Repayment Method:	Interests paid monthly in the first thirty-six months; starting the 37th month, evenly split into a total of 144 installments on a monthly basis.		
Land Bank of Taiwan	Total loan amount:	\$982,000 thousand	-	576,370
Xi-Zhi	Borrowing period:	2013.09.16~2028.09.16		
– secured loans	Interest rate range:	1.49%		
	Repayment Method:	Interests paid monthly in the first year; one year later, evenly split into a total of 168 installments on a monthly basis; early settlement in October 2021.		
Bank of Taiwan	Total loan amount:	\$274,000 thousand	117,680	138,757
Chien-Kuo	Borrowing period:	2012.07.02~2027.07.02		
– secured loans	Interest rate range:	1.625%		
	Repayment Method:	Interests paid monthly in the first two years; two years later, evenly split into a total of 156 installments on a monthly basis.		
Taichung Bank	Total loan amount:	\$11,000 thousand	1,852	3,135
Nei-Hu	Borrowing period:	2013.04.22~2023.04.22		
– secured loans	Interest rate range:	1.51%		
	Repayment Method:	Interests paid monthly in the first year; one year later, evenly split into a total of 108 installments on a monthly basis.		
Chang Hwa Bank	Total loan amount:	\$960,000 thousand	832,594	883,243
Yung-Chun	Borrowing period:	2016.05.23~2036.05.23		
– secured loans	Interest rate range:	1.55%		
	Repayment Method:	Interests paid monthly in the first three years; annuity method applied three years later, evenly split principal into a total of 204 installments on a monthly basis.		
CTBC	Total loan amount:	\$653,000 thousand	188,370	-
Corporate Banking	Borrowing period:	2021.08.02~2023.08.02		
– secured loans	Interest rate range:	1.6%		
	Repayment Method:	Bullet repayment		
			<u>\$ 1,667,860</u>	<u>\$ 2,195,488</u>

Please refer to Note 29 for information about the property, plant and equipment and investment properties pledged by the Company as collateral for long-term borrowings.

15. Accounts payable

The average payment term of accounts payable is 30 days ~ 60 days. The Company has conducted financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

16. Other Liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Other payables		
Payable for salary and bonus	\$ 15,357	\$ 14,087
Payable for remuneration of directors	3,240	3,240
Payable for employees' compensation	6,911	5,961
Interest payable	5,494	6,914
House tax payable	11,400	10,500
Business tax payable	3,104	-
Payable for engineering compensation payable (Note)	4,750	15,600
Others	9,369	9,415
	<u>\$ 59,625</u>	<u>\$ 65,717</u>

Note: The Company has accrued \$15,600 thousand of case-by-case engineering compensation for the year ended December 31, 2020. In July 2021, an agreement has been reached to revise the case-by-case engineering compensation amounted to \$12,990 thousand. Thus, \$2,610 thousand was transferred to other income and \$8,240 thousand was paid at the same time.

17. Provisions

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Employee Benefits	<u>\$ 1,106</u>	<u>\$ 1,106</u>

Provisions for employee benefits are accrued for short-term compensated absences to which employees are entitled. The Company shall measure the expected cost of accumulating compensated absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period, and it shall recognize such cost when the employees render service that increases their entitlement to future compensated absences.

18. Post-Retirement Benefit Plans

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act, which is a government-managed defined contribution plan. The Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' individual pension accounts of Bureau of Labor Insurance.

b. Defined benefit plans

The Company adopted the government-managed defined benefit plan under the Labor Standards Act. Pension of an employee is paid based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of total monthly salaries of the employees to their respective pension funds (the Funds), which are deposited at the Bank of Taiwan by the Labor Pension Fund Supervisory Committee in their name. Before the end of each year, if the assessed amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, these companies are required to fund the differences in one appropriation that before the end of March of the next year. The Funds are administered by the Bureau of Labor Funds, Ministry of Labor; as such, the Company does not have any right to intervene in the investments of the Funds.

The amounts of the defined benefit plans recorded in the parent company only balance sheet were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligation	\$ 33,923	\$ 34,115
Fair value of plan assets	(23,495)	(22,491)
Contribution deficit (surplus)	10,428	11,624
Defined benefit liability, net	<u>\$ 10,428</u>	<u>\$ 11,624</u>

Movements in the net defined benefit liability were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Defined benefit liability (asset), net
January 1, 2020	\$ 32,805	(\$ 19,910)	\$ 12,895
Service cost			
Current service cost	588	-	588
Interest expense (revenue)	205	(126)	79
Recognized in profit and loss	793	(126)	667
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	-	(720)	(720)
Actuarial loss (gain) - changes in demographic assumption	18	-	18
Actuarial loss (gain) - changes in finance assumption	485	-	485
Actuarial loss (gain) - experience adjustment	14	-	14
Recognized in other comprehensive income	517	(720)	(203)
Contributions from employer	-	(1,735)	(1,735)
December 31, 2020	\$ 34,115	(\$ 22,491)	\$ 11,624
January 1, 2021	\$ 34,115	(\$ 22,491)	\$ 11,624
Service cost			
Current service cost	465	-	465
Interest expense (revenue)	128	(86)	42
Recognized in profit and loss	593	(86)	507
Remeasurement:			
Return on plan assets (excluding amounts included in net interest expense)	-	(309)	(309)
Actuarial loss (gain) - changes in demographic assumption	478	-	478
Actuarial loss (gain) - changes in finance assumption	(202)	-	(202)
Actuarial loss (gain) - experience adjustment	(1,061)	-	(1,061)
Recognized in other comprehensive income	(785)	(309)	(1,094)
Contributions from employer	-	(609)	(609)
December 31, 2021	\$ 33,923	(\$ 23,495)	\$ 10,428

The amount of the defined benefit plans were recognized in profit or loss by functions as follows:

	2021	2020
General and administrative expenses	\$ 507	\$ 667

Through the pension plan under the R.O.C. Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The Bureau of Labor Funds, Ministry of Labor, invests the pension funds in domestic and foreign equity and debt securities, bank deposits, etc through self-operation and entrusted operation. The investment is conducted at the discretion of or under the mandated management. However, the return generated by plan assets of the Company shall not be less than the proceeds calculated by the interest rate on a two-year term deposit at the local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the

defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

- 3) **Salary risk:** The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the Company's present value of the defined benefit obligation were carried out by qualified actuaries. The material assumptions of the measurement date were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.5%	0.375%
Expected growth rate of salary	2%	2%

Assuming reasonable and probable changes were incurred to each material actuarial assumption and all other assumptions were held constant, the present value of the defined benefit obligation would increase (decrease) for the amounts as follows:

	December 31, 2021	December 31, 2020
Discount rate		
Increased by 0.25%	(\$ 401)	(\$ 485)
Decreased by 0.25%	\$ 412	\$ 499
Expected growth rate of salary		
Increased by 0.25%	\$ 399	\$ 483
Decreased by 0.25%	(\$ 391)	(\$ 472)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2021	December 31, 2020
Expected contribution amount in 1 year	\$ 614	\$ 622
Average maturity period of the defined benefit obligation	4.7 years	5.7 years

19. Maturity Analysis of Assets and Liabilities

The Company classified the assets and liabilities of its construction operations as current and non-current in accordance with the length of the operating cycle of these constructions. The amounts that are expected to be recovered or settled within one year and beyond one year from the balance sheet date are listed as follows:

December 31, 2021	Within 1 Year	Beyond 1 Year	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 543,299	\$ -	\$ 543,299
Financial assets at fair value through profit or loss - current	8,471	-	8,471
Notes receivable	16,560	-	16,560
Accounts Receivable	830	-	830
Finance lease receivables, net-current	638	-	638
Inventory - Buildings and land held for sale	2,406,200	-	2,406,200
Inventory - Construction in progress	-	4,906,884	4,906,884
Prepayments	12,633	-	12,633
Other Financial Assets - Current	186,277	-	186,277
Other current assets	7,644	-	7,644
	<u>\$ 3,182,552</u>	<u>\$ 4,906,884</u>	<u>\$ 8,089,436</u>

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December 31, 2021	Within 1 Year	Beyond 1 Year	Total
<u>Liabilities</u>			
Short-term borrowings	\$ 958,170	\$ 1,254,560	\$ 2,212,730
Contract liabilities - current	314,433	-	314,433
Notes payable	90	-	90
Other receivables - related parties	15,750	-	15,750
Accounts payable	83	-	83
Accounts payable - related parties	215,650	-	215,650
Current tax liabilities	34,328	-	34,328
Lease liabilities - current	2,214	-	2,214
Other payables	59,625	-	59,625
Provisions - current	1,106	-	1,106
Long-term borrowings matured in one year	141,010	-	141,010
Other current liabilities	19,096	-	19,096
	<u>\$ 1,761,555</u>	<u>\$ 1,254,560</u>	<u>\$ 3,016,115</u>

December 31, 2020	Within 1 Year	Beyond 1 Year	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 292,132	\$ -	\$ 292,132
Financial assets at fair value through profit or loss - current	2,856	-	2,856
Accounts Receivable	18,741	-	18,741
Finance lease receivables, net- current	624	-	624
Current tax assets	304	-	304
Inventory - Buildings and land held for sale	2,396,488	-	2,396,488
Inventory - Construction in progress	-	5,979,798	5,979,798
Prepayments	50,331	-	50,331
Other Financial Assets - Current	106,794	-	106,794
Other current assets	6,586	-	6,586
	<u>\$ 2,874,856</u>	<u>\$ 5,979,798</u>	<u>\$ 8,854,654</u>

<u>Liabilities</u>			
Short-term borrowings	\$ 383,700	\$ 2,190,210	\$ 2,573,910
Short-term bills payable	845,910	-	845,910
Contract liabilities - current	315,817	-	315,817
Notes payable	571	-	571
Other receivables - related parties	48,300	-	48,300
Accounts payable	1,933	-	1,933
Accounts payable - related parties	154,224	-	154,224
Lease liabilities - current	2,166	-	2,166
Other payables	65,717	-	65,717
Provisions - current	1,106	-	1,106
Long-term borrowings matured in one year	209,201	-	209,201
Other current liabilities	16,247	-	16,247
	<u>\$ 2,044,892</u>	<u>\$ 2,190,210</u>	<u>\$ 4,235,102</u>

20. Equity

a. Capital stock

Ordinary shares

	December 31, 2021	December 31, 2020
Authorized shares (in thousands)	360,000	360,000
Authorized capital stock	\$ 3,600,000	\$ 3,600,000
Issued and fully paid shares (in thousands)	285,245	285,245
Issued capital stock	\$ 2,852,450	\$ 2,852,450

b. Capital surplus

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>To offset a deficit, to be distributed as cash dividends or stock dividends</u>		
Additional paid-in capital	\$ 20,894	\$ 20,894
Treasury shares transactions	<u>236</u>	<u>236</u>
	<u>\$ 21,130</u>	<u>\$ 21,130</u>

Such capital surplus may be used to offset a deficit or to be distributed as cash dividends or stock dividends; however, the stock dividends have a limitation up to a certain percentage of the paid-in capital per year.

c. Retained earnings and dividend policy

According to the Company's earnings distribution policy in Articles of Incorporation, the Company shall make appropriations from its net income (less any deficit), if any, to pay the taxes in compliance with the laws, offset its accumulated losses, set aside a legal reserve at 10% of the remaining earnings, and then set aside or reverse a special reserve in accordance with the relevant laws or regulations. Of the remainder, together with any unappropriated earnings of prior years, shall be proposed by the Board of Directors as a plan for the distribution of the remaining undistributed earnings, and the shareholders shall resolve such plan in the shareholders' meeting for distribution of dividends to shareholders. Cash dividends of the Company shall not be lower than 30% of total dividends. For the policies on employees' compensation and remuneration of directors, which is stipulated in the Company's Articles of Incorporation, please refer to Note 22(8).

According to Article 237 of the Company Act, after-tax surplus profits shall first set aside 10% of said profits as legal reserve, unless legal reserve equals to the paid-in capital. Legal reserve may be used to offset deficit. If the company has no deficit and the legal reserve has exceeded 25% of the company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019 had been approved in the Company's shareholders' meetings on July 16, 2021 and June 9, 2020, respectively, and they were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (\$)</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Legal reserve	\$ 24,456	\$ 9,433	\$ -	\$ -
Cash dividends	171,147	142,623	0.6	0.5

The appropriations of earnings and dividends per share for the year ended December 31, 2021 had been proposed by the Company's board of directors on March 17, 2022, and they were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (\$)</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Legal reserve	\$ 106,284	\$ 106,284	\$ -	\$ -
Cash dividends	285,245	285,245	1.0	1.0

The appropriations of earnings for the year ended December 31, 2021 are subject to the resolution of the shareholders in the shareholders' meeting to be held on June 9, 2022.

21. Revenue

	<u>2021</u>	<u>2020</u>
Rental revenue	\$ 86,413	\$ 67,976
Construction revenue	<u>3,481,805</u>	<u>3,440,165</u>
	<u>\$ 3,568,218</u>	<u>\$ 3,508,141</u>

a. Explanation of customer contracts

Construction revenue

Penalties for delay of construction are specified in the real estate construction contracts, and the Company considers previous contracts with similar terms and scales to estimate the transaction price based on the most likely amount.

b. Contract balances

	December 31, 2021	December 31, 2020
Accounts Receivable	\$ 830	\$ 18,741
Contract liabilities - current (Note 8)		
Property under construction	\$ 314,433	\$ 315,817

The changes in the contract asset and liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment without other significant changes.

22. Net Income from Continuing Operation

a. Interest income

	2021	2020
Bank deposits	\$ 114	\$ 86
Others	79	111
	\$ 193	\$ 197

b. Other income

	2021	2020
Remuneration of directors income	\$ 240	\$ 1,210
Others	121	547
	\$ 361	\$ 1,757

c. Other gains and losses

	2021	2020
Net gain on disposal of financial assets	\$ 4,884	\$ 392
Gain on fair value changes of financial assets at FVTPL	575	436
Gain on disposal of property, plant and equipment	-	286
Gain on disposal of investment properties	351,934	-
Income (Loss) in engineering compensation (Note 16)	2,610	(15,600)
Others	(122)	(1,078)
	\$ 359,881	(\$ 15,564)

Note: Gain on disposal of property, plant and equipment was generated from the sales of FUSHIN Taipei in October, 2021.

d. Finance costs

	2021	2020
Interest on bank loans	(\$ 81,315)	(\$ 108,702)
Imputed interest on deposits	(92)	(143)
Interest on lease liabilities	(166)	(213)
Less: Amounts included in the cost of required assets	73,298	69,930
	(\$ 8,275)	(\$ 39,128)

Refer to Note 8(3) for information about capitalized interest.

e. Depreciation and amortization

	2021	2020
Property, plant and equipment	\$ 1,911	\$ 666
Right-of-use assets	924	1,046
Investment Properties	75,802	80,826
Intangible assets	-	64
Total	\$ 78,637	\$ 82,602

Depreciation expenses by function			
Operating costs	\$	75,802	\$ 80,826
Operating expenses		2,835	1,712
	\$	<u>78,637</u>	<u>\$ 82,538</u>
Amortization expenses by function			
Operating costs	\$	-	\$ -
Operating expenses		-	64
	\$	<u>-</u>	<u>\$ 64</u>

f. Operating expenses directly related to investment property

		2021		2020
Rental cost generated	\$	<u>75,802</u>	\$	<u>80,826</u>

g. Employee benefits expense

		2021		2020
Post-Retirement Benefits (Note 18)				
Defined contribution plans	\$	2,231	\$	1,663
Defined benefit plans		507		667
		<u>2,738</u>		<u>2,330</u>
Short-term employee benefits (salary, incentive, bonus, etc.)				
		58,210		60,780
Total employee benefit expenses	\$	<u>60,948</u>	\$	<u>63,110</u>
By function				
Operating costs	\$	4,264	\$	5,415
Operating expenses		56,684		57,695
	\$	<u>60,948</u>	\$	<u>63,110</u>

h. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rates of no less than 0.6% and no higher than 3% for employees' compensation and no higher than 2% for remuneration of directors of net profit before tax. The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 17, 2022 and March 17, 2021, respectively, were as follows:

Accrual rates

		2021		2020
Employees' compensation		0.60%		2.20%
Remuneration of directors		0.28%		1.19%

Amount

		2021		2020
		Cash		Cash
Employees' compensation	\$	6,911	\$	5,961
Remuneration of directors		3,240		3,240

If there is a change in the amounts after the parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and adjusted in the accounts in the following year.

There was no difference between the actual amount paid of employees' compensation and remuneration of directors and the amount recognized in the parent company only financial statements for the years ended December 31, 2020 and 2019.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. Income Tax

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<u>2021</u>	<u>2020</u>
Current income tax		
In respect of the current year	\$ 34,329	\$ -
Land value increment tax	45,700	21,988
Adjustments for prior years	-	(50)
Deferred income tax		
In respect of the current year	(293)	(2,537)
Income tax expenses recognized in profit or loss	<u>\$ 79,736</u>	<u>\$ 19,401</u>

A reconciliation of accounting profit and current income tax expense is as follows:

	<u>2021</u>	<u>2020</u>
Profit before income tax from continuing operations	<u>\$ 1,141,671</u>	<u>\$ 262,159</u>
Income tax from profit before income tax calculated at the statutory rate	\$ 228,334	\$ 52,432
Tax effect of adjusting items:		
Gain on land sold exempt from income tax	(190,001)	(50,891)
Loss (gain) on investments under equity method	5,315	(1,531)
Others	(9,612)	(2,547)
Land value increment tax	45,700	21,988
Income tax expenses from previous years adjusted for current period	-	(50)
Income tax expenses recognized in profit or loss	<u>\$ 79,736</u>	<u>\$ 19,401</u>

b. Income tax recognized in other comprehensive income:

	<u>2021</u>	<u>2020</u>
<u>Deferred income tax</u>		
In respect of the current year		
- Remeasurement of defined benefit plans	<u>\$ 219</u>	<u>\$ 41</u>

c. Current tax assets and liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current tax assets		
Tax refund receivable	<u>\$ -</u>	<u>\$ 304</u>
Current tax liabilities		
Income tax payable	<u>\$ 34,328</u>	<u>\$ -</u>

d. Deferred tax assets

The movements of deferred tax assets were as follows:

2021

Deferred tax assets	Opening Balance	Recognized in profit and loss	Recognized in other comprehensive income	Closing Balance
Temporary differences				
Defined benefit				
retirement plans	\$ 2,325	(\$ 20)	\$ 219	\$ 2,086
Losses on idle asset				
valuation	3,173	-	-	3,173
Deferred selling and				
marketing expenses	<u>4,749</u>	<u>313</u>	<u>-</u>	<u>5,062</u>
	<u>\$ 10,247</u>	<u>\$ 293</u>	<u>\$ 219</u>	<u>\$ 10,321</u>

2020

Deferred tax assets	Opening Balance	Recognized in profit and loss	Recognized in other comprehensive income	Closing Balance
Temporary differences				
Defined benefit				
retirement plans	\$ 2,579	(\$ 213)	(\$ 41)	\$ 2,325
Losses on idle asset				
valuation	382	2,791	-	3,173
Right-of-use assets	28	(28)	-	-
Deferred selling and				
marketing expenses	<u>4,762</u>	<u>(13)</u>	<u>-</u>	<u>4,749</u>
	<u>\$ 7,751</u>	<u>\$ 2,537</u>	<u>(\$ 41)</u>	<u>\$ 10,247</u>

- e. Amounts of deductible temporary differences for which no deferred tax assets have been recognized in the parent company only balance sheet

	December 31, 2021	December 31, 2020
Deductible temporary differences		
Losses on impairment	\$ 10,049	\$ 10,049
Non-leaving pay	1,106	1,106
	<u>\$ 11,155</u>	<u>\$ 11,155</u>

- f. Income tax assessments

The Company's annual income tax return of a profit-seeking enterprise have been assessed by the tax authorities for the years before 2019.

24. Earnings Per Share

	Unit: NT\$ per share	
	2021	2020
Basic EPS	<u>\$ 3.72</u>	<u>\$ 0.85</u>
Diluted EPS	<u>\$ 3.72</u>	<u>\$ 0.85</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations are as follows:

<u>Net Income For The Year</u>	2021	2020
Net profit to calculate basic and diluted EPS	<u>\$ 1,061,935</u>	<u>\$ 242,758</u>

Shares

	2021	Unit: shares in thousands 2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	285,245	285,245
Effect of dilutive potential ordinary share:		
Employees' compensation	436	421
Weighted average number of ordinary shares outstanding used in the computation of diluted earnings per share	285,681	285,666

If the Company offered to settle the employees' compensation in cash or shares, the Company presumes that the entire amount of the employees' compensation would be settled in shares and includes the potential shares that bear dilutive effect in the weighted average number of shares outstanding to calculate the diluted earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. Non-Cash Transactions

For the years ended December 31, 2021 and 2020, the Company conducted the following non-cash transactions investments and financing activities.

- a. The Company transferred inventories into investment properties, resulting in a decrease of \$1,417,971 thousand in inventories and an increase of \$172,792 thousand in investment properties, respectively, for the years ended December 31, 2021 and 2020.
- b. The Company transferred investment properties into inventories, resulting in a decrease in investment properties and an increase in inventories, amounted to \$189,716 thousand and \$289,512 thousand, respectively, for the years ended December 31, 2021 and 2020.
- c. The Company transferred property, plant and equipment into inventories, resulting in a decrease of \$14,888 thousand in property, plant and equipment and an increase of the same amount in inventories for the year ended December 31, 2021.

26. Capital Risk Management

The Company conducts capital risk management to ensure that each entity of the group would continue as a going concern with the premise of optimizing the balances of debt and equity, and to maximize shareholders' equity.

The Company's capital structure consists of net debt (which is borrowings less cash and cash equivalents) and equity (which are share capital, capital surplus, retained earnings, and other equity items).

The Company is not subject to any other external capital requirements.

The key management of the Company reviews the capital structure and considers the costs and risks involved in different capital structures when there are new construction projects and operational fund needs. Based on recommendations of the key management, the Company will balance its overall capital structure through financing. Generally, the Group adopts the conservative risk management strategy.

27. Financial Instruments

- a. Information on Fair value - Financial Instruments not Measured at Fair Value

Except for long-term borrowings as below, management of the Company believes the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

The hierarchy of the above-mentioned fair value measurement was as follows:

December 31, 2021

	<u>Carrying Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost:					
- Long-term borrowings	<u>\$ 1,526,850</u>	<u>\$ -</u>	<u>\$ 1,503,534</u>	<u>\$ -</u>	<u>\$ 1,503,534</u>

December 31, 2020

	<u>Carrying Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost:					
- Long-term borrowings	<u>\$ 1,986,287</u>	<u>\$ -</u>	<u>\$ 1,962,595</u>	<u>\$ -</u>	<u>\$ 1,962,595</u>

The above-mentioned fair value measurements of Level 2 are determined using discounted cash flow analysis by the borrowing rate.

b. Information on fair value - financial instruments measured at fair value on a recurring basis

Fair Value Hierarchy

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial asset at FVTPL</u>				
Fund beneficiary certificates	<u>\$ 8,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,471</u>

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial asset at FVTPL</u>				
Fund beneficiary certificates	<u>\$ 2,856</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,856</u>

There was no transfer between Levels 1 and Level 2 for the years ended December 31, 2021 and 2020.

c. Categories of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
<u>Financial asset at FVTPL</u>		
Designated to be measured at FVTPL	\$ 8,471	\$ 2,856
Financial assets at amortized cost (Note 1)	749,277	432,025
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	4,158,913	5,874,851

Note 1. The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other financial assets, refundable deposits, etc.

Note 2. The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable, other payable, long-term borrowings, guarantee deposits, etc.

d. Financial risk management objectives and policies

The Company's major financial instruments included equity investments, accounts receivable, accounts payable, lease liabilities, and borrowings, etc. The Company's Finance division provides services to each unit of the business, coordinates access to domestic financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and

magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's operating activities exposed it primarily to the financial risks of changes in interest rates (see paragraph (i) below).

The Company's management methods and assessment methods of the risk exposure to market risks of financial instruments remain unchanged.

a) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. Please refer to Paragraph 3 below for explanation of management on liquidity risk in the notes about financial assets and liabilities of floating interest rates.

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If the interest rate had been 0.1% higher/lower and all other variables were held constant, the Company's pre-tax/after-tax profit for the year ended December 31, 2021 would decrease/increase by \$3,881 thousand and \$3,104 thousand, respectively. The Company's pre-tax/after-tax profit for the year ended December 31, 2020 would decrease/increase by \$5,615 thousand and \$4,492 thousand, respectively, mainly because the Company was exposed to risks from borrowings with variable interest rates and assets with variable interest rates.

b) Other price risk

The Company was exposed to equity price risk through its fund beneficiary certificates.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, the Company's pre-tax/after-tax other comprehensive income for the year ended December 31, 2021 would have increased/decreased by \$424 thousand and \$339 thousand, respectively. The Company's pre-tax/after-tax other comprehensive income for the year ended December 31, 2020 would have increased/decreased by \$143 thousand and \$114 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As of the end of the reporting period, the Company's maximum exposure to credit risk due to failure to discharge an obligation by the counterparties arises from:

a) The carrying amount of the respective recognized financial assets as stated in the parent company only balance sheet.

b) The amount of contingent liabilities generated from financial guarantees that the Company provided.

The Company reviews the recoverable amount of each individual account receivable on the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes that the Company's credit risk has been significantly reduced.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, for the Company's available unutilized short-term bank loan facilities, please refer to below (2) explanation of financing facilities.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay.

December 31, 2021

	Less than 1 year	2 - 3 years	4 to 5 years	6+ years	Total
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 2,214	\$ 3,114	\$ 1,019	\$ -	\$ 6,347
Non-interest-bearing liabilities	251,063	-	-	-	251,063
Floating interest rate instruments	1,117,664	1,273,416	832,379	889,001	4,112,460
	<u>\$ 1,370,941</u>	<u>\$ 1,276,530</u>	<u>\$ 833,398</u>	<u>\$ 889,001</u>	<u>\$ 4,369,870</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	20+ years
Lease liabilities	<u>\$ 2,331</u>	<u>\$ 4,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2020

	Less than 1 year	2 – 3 years	4 to 5 years	6+ years	Total
<u>Non-derivative financial liabilities</u>					
Lease liabilities	\$ 2,166	\$ 3,995	\$ 2,352	\$ -	\$ 8,513
Non-interest-bearing liabilities	253,518	-	-	-	253,518
Floating interest rate instruments	603,133	2,754,061	469,662	1,251,153	5,078,009
	<u>\$ 858,817</u>	<u>\$ 2,758,056</u>	<u>\$ 472,014</u>	<u>\$ 1,251,153</u>	<u>\$ 5,340,040</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	20+ years
Lease liabilities	<u>\$ 2,331</u>	<u>\$ 6,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

In consideration of the Company's financial position, the management does not believe that it is probable that the banks will exercise their rights to demand immediate settlement.

b) Financing facilities

	December 31, 2021	December 31, 2020
Unsecured bank overdraft amount (reviewed annually)		
- Amount used	\$ -	\$ -
- Amount unused	156,000	180,000
	<u>\$ 156,000</u>	<u>\$ 180,000</u>
Secured bank overdraft amount		
- Amount used	\$ 3,880,590	\$ 5,615,398
- Amount unused	3,735,390	3,277,192
	<u>\$ 7,615,980</u>	<u>\$ 8,892,590</u>

28. Related Party Transactions

a. Names and relationships of related parties

Name of related party	Relationship with the Company
Chien-Chiao Construction Co., Ltd. (the "Chien-Chiao Construction")	Investee accounted for using the equity method
FUSHIN Hotel Co., Ltd. (the "FUSHIN Hotel")	"
Hsin-Long-Hsing Investment Co., Ltd. (the "Hsin-Long-Hsing Investment")	"

b. Operating revenue

Line Items	Name of related party	2021	2020
Rental revenue	Chien-Chiao Construction	\$ 57	\$ 1,776
Rental revenue	FUSHIN Hotel	78,436	59,188
		<u>\$ 78,493</u>	<u>\$ 60,964</u>

The status of the related party, FUSHIN Hotel, leased the buildings from the Company for the years ended December 31, 2021 and 2020 is as follows:

2021

Lessee	Leased Premises	Lease Term	Rental charged per lease term	Rental revenue
FUSHIN Hotel	The buildings at No. 14, Shifu Road, Central District, Taichung City	2012.06.01~2022.02.28 (Note 1)	\$820 thousand per month with rental relief for the first two months of decoration period, subject to be adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan starting in the sixth year. 12 checks issued at a time and cashed monthly (Note 2)	\$ 7,025
"	The buildings at No. 128, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	2013.06.01~2021.10.31 (Note 1)	\$3,620 thousand per month, and subject to be annually adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan on the basis of the rental of the previous year starting in the sixth year. 12 checks issued at a time and deposited monthly (Note 2)	27,558
"	The buildings at No. 152, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	2016.04.01~2031.03.31	\$2,400 thousand per month with rental relief for the first six months of decoration period, subject to be adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan starting in the sixth year. 12 checks issued at a time and cashed monthly (Note 2)	20,555
"	Ground floor at No. 28, Sec. 2, Zhongyi Rd., West Central Dist., Tainan City	2013.06.01~2028.05.31	\$740 thousand per month, and subject to be annually adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan on the basis of the rental of the previous year starting in the sixth year. 12 checks issued at a time and deposited monthly (Note 2)	6,340
"	The buildings at No. 336, Chenggong Rd., North Dist., Tainan City	2014.09.01~2029.08.31	\$1,900 thousand per month, and subject to be annually adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan on the basis of the rental of the previous year starting in the sixth year. 12 checks issued at a time and deposited monthly (Note 2)	16,271
"	1F., No. 126, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	2019.10.01~2025.09.30	\$60 thousand per month; 12 checks issued at a time and deposited monthly (Note 2)	687
				<u>\$ 78,436</u>

2020

Lessee	Leased Premises	Lease Term	Rental charged per lease term	Rental revenue
FUSHIN Hotel	The buildings at No. 14, Shifu Road, Central District, Taichung City	2012.06.01~2027.05.31	\$820 thousand per month with rental relief for the first two months of decoration period, subject to be adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan starting in the sixth year. 12 checks issued at a time and cashed monthly (Note 2)	\$ 5,062
"	The buildings at No. 128, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	2013.06.01~2028.05.31	\$3,620 thousand per month, and subject to be annually adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan on the basis of the rental of the previous year starting in the sixth year. 12 checks issued at a time and deposited monthly (Note 2)	22,345
"	The buildings at No. 152, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	2016.04.01~2031.03.31	\$2,400 thousand per month with rental relief for the first six months of decoration period, subject to be adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan starting in the sixth year. 12 checks issued at a time and cashed monthly (Note 2)	14,807
"	Ground floor at No. 28, Sec. 2, Zhongyi Rd., West Central Dist., Tainan City	2013.06.01~2028.05.31	\$740 thousand per month, and subject to be annually adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan on the basis of the rental of the previous year starting in the sixth year. 12 checks issued at a time and deposited monthly (Note 2)	4,569
"	The buildings at No. 336, Chenggong Rd., North Dist., Tainan City	2014.09.01~2029.08.31	\$1,900 thousand per month, and subject to be annually adjusted by the price index announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan on the basis of the rental of the previous year starting in the sixth year. 12 checks issued at a time and deposited monthly (Note 2)	11,719
"	1F., No. 126, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	2019.10.01~2025.09.30	\$60 thousand per month; 12 checks issued at a time and deposited monthly (Note 2)	686
				\$ 59,188

Note 1. FUSHIN Taipei and FUSHIN Taichung were sold in 2021 and 2022, respectively, so the lease term has been changed.

Note 2. FUSHIN Hotel Co. was affected by the global pandemic of COVID-19 resulting in a significant decrease in hospitality service revenue for the years ended December 31, 2021, and 2020. Thus, the Company negotiated rental reduction with FUSHIN Hotel Co. for the years ended December 31, 2021, and 2020, which was amounted \$28,440 thousand and \$52,140 thousand, respectively.

c. Contracting out of construction

Details of the names of the construction contracted out to the Company's related parties, their total contract price, and their amounts sent for payment approval upon acceptance for the years ended December 31, 2021 and 2020 are as follows:

Name of related party	Project Name	Year scheduled for completion	Construction contract price	Payment application upon acceptance as of December 31, 2021	Payment application upon acceptance as of December 31, 2020
Chien-Chiao Construction	United Tech B Building	2021	\$ 685,000	\$ 525,000	\$ 345,000
	United Tech A Building	2022	745,000	525,000	285,000
	Founding Yi Pin	2022	615,000	393,500	173,500
	Fu Gui Ming Di	2019	207,000	207,000	207,000
	Asia Pacific Technology Park B Building	2020	622,000	622,000	589,500
	Asia Pacific Technology Park A Building	2020	614,300	614,300	614,300
	Founding Fu Yi	2021	200,000	200,000	180,000
	Founding Li Garden	2022	550,000	173,000	-
	Star Technology	2023	555,000	156,000	-
	Fu-Yi Tainan NO.2 (was originally Li Ren Sec.)	2024	170,000	20,000	-
			<u>\$ 4,963,300</u>	<u>\$ 3,435,800</u>	<u>\$ 2,394,300</u>

Payment methods of contracting out of construction were as below:

Construction Project	Payment method
United Tech B Building	The construction cost shall be paid during the periods of which the estimate at completion based on the projects, and the final payment shall be made after all the work is completed and qualified with formal acceptance. Sight check issued for 50% of the price, and postdated check of one month issued for the other 50%.
United Tech A Building	Ditto
Founding Yi Pin	Ditto
Fu Gui Ming Di	Ditto
Asia Pacific Technology Park B Building	Ditto
Asia Pacific Technology Park A Building	Ditto
Founding Fu Yi	Ditto
Founding Li Garden	Ditto
Star Technology	Ditto
Fu-Yi Tainan NO.2 (was originally Li Ren Sec.)	Ditto

The transaction terms of the above-mentioned subcontracting to related parties has no material abnormality.

d. Purchase (including investment in properties)

Name of related party	2021	2020
Chien-Chiao Construction	<u>\$ 1,109,000</u>	<u>\$ 1,045,220</u>

e. Notes payable (excluding loans to related parties)

Name of related party	December 31, 2021	December 31, 2020
Chien-Chiao Construction	<u>\$ 15,750</u>	<u>\$ 48,300</u>

f. Accounts payable

Name of related party	December 31, 2021	December 31, 2020
Chien-Chiao Construction	\$ 215,650	\$ 146,420
Hsin-Long-Hsing Construction	-	7,804
	<u>\$ 215,650</u>	<u>\$ 154,224</u>

The outstanding amount of payables - related parties is not collateralized.

g. Other payables		
Name of related party	December 31, 2021	December 31, 2020
FUSHIN Hotel	\$ 210	\$ 251

h. Guarantee deposits		
Name of related party	December 31, 2021	December 31, 2020
FUSHIN Hotel	\$ 6,365	\$ 11,005

i. Others			
Accounts	Name of related party	2021	2020
Operating expenses	FUSHIN Hotel	\$ 2,454	\$ 3,045

j. Sublease agreement

Sublease of finance lease

In the fourth quarter of 2019, the Company transferred the office assets originally recorded as right-of-use assets under finance leases to FUSHIN Hotel with the net investment amounted to \$3,851 thousand on the beginning date of lease and the lease term of 6 years. The balance of finance lease receivables amounted to \$2,446 thousand as of December 31, 2021. No loss allowance of finance lease was recognized for the year ended December 31, 2021. A write-down of right-of-use asset costs amounted to \$8,628 thousand and accumulated depreciation amounted to \$958 thousand on the beginning date of lease. Differences were recognized under long-term investment using equity method and amortized through lease terms amounted to \$1,432 thousand as of December 31, 2021.

k. Endorsements/guarantees

Endorsements/guarantees provided

Name of related party	December 31, 2021	December 31, 2020
Chien-Chiao Construction	\$ 109,612	\$ 109,612

l. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2021 and 2020 was as follows:

	2021	2020
Short-term employee benefits	\$ 20,901	\$ 18,216
Share-based payment	1,851	1,119
Post-Retirement Benefits	886	895
\$	23,638	\$ 20,230

The remuneration of directors and other members of key management personnel, as determined by the remuneration committee, was based on the individual performance and market trends.

29. Pledged Assets

The following assets were provided for financial institution or vendor payments as collateral, and each of their carrying amounts is as follows:

	Summary	December 31, 2021	December 31, 2020
Construction inventory			
- Buildings and land held for sale	Cosmos Technology	\$ 98,514	\$ 367,511
	Universal Technology	-	216,104
	Nan Ke Ming Men	146,404	146,094
	Fu Gui Ming Di	71,476	287,317
	Land of Bao An Sec.	10,494	10,494

(Continued on the next page)

(Continued from the previous page)

	Summary	December 31, 2021	December 31, 2020
	Asia Pacific Technology Park	\$ 1,054,896	\$ 1,087,896
	United Tech B Building	647,069	-
	Founding Fu Yi	360,947	-
- Construction in progress	Founding Yi Pin	1,818,949	1,529,403
	Asia Pacific Technology Park	-	536,627
	United Tech A Building	1,027,674	1,636,739
	Founding Li Garden	968,750	776,643
	Founding Fu Yi	-	678,728
	Star Technology (was originally Tam Mei Sec.)	534,826	345,795
	Fu-Yi Tainan NO.2	130,550	112,749
	Hou Gang Sec.	641	-
	Meditation Garden (formerly Xing An sec.)	320,391	-
Property, plant and equipment	Land	71,101	71,101
	Buildings and Property	10,847	11,261
Other Financial Assets—Current	Reserve account and trust account	99,954	81,294
Investment Properties	Land	1,698,795	1,500,258
	Buildings and Property	1,848,075	2,915,788
	\$	10,920,353	\$ 12,311,802

30. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except for those described in other notes, significant commitments and contingencies of the Company on the date of balance sheet were as follows:

- a. According to Article 513 of the Civil Code, "when the contract of hire of work is for the construction of a building or other works on land or for vital repairs on such building or works, the undertaker in accordance with the remuneration of the relation of hire of work on the real property of the proprietor upon which the work is done, may demand the proprietor to register a right of mortgage." Hence, the construction company that undertakes the Company's construction project holds the right of mortgage over the construction in progress.
- b. The Company entered into contracts amounted to \$4,142,000 thousand with contractors of undertaking outsourced works and the amounts of \$2,614,500 thousand were paid as of December 31, 2021.

31. Significant Subsequent Events

The disposal of the land and the building of Fu Ding Tech Building in New Taipei City to Voltronic Power Technology Corp. was approved by the Company's board of directors on Jan 17th, 2022. The transaction amount was \$1,398,000 thousand.

32. Supplementary Disclosures

- a. significant transactions and b. invested companies:
 - 1) Financing provided to others. (Not applicable)
 - 2) Endorsements/guarantees provided. (Table 1)
 - 3) Marketable securities held. (Table 2)
 - 4) Marketable securities acquired or disposed of at costs or prices accumulated at least NT\$300 million or 20% or greater of the paid-in capital. (Not applicable)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% or greater of the paid-in capital. (Not applicable)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% or greater of the paid-in capital. (Not applicable)

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% or greater of the paid-in capital. (Table 3)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% or greater of the paid-in capital. (Table 4)
 - 9) Trading in derivative instruments. (Not applicable)
 - 10) Information on investees. (Table 5)
- c. Information on investments in mainland China
- 1) Information on any investee in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Not applicable)
 - 2) Significant transactions directly or indirectly through third region with investee companies in mainland China, and their prices, terms of payment, unrealized gain or loss. (Not applicable)
 - a) Purchase amount and percentage, and the ending balance and percentage of the related payables.
 - b) Sales amount and percentage, and the ending balance and percentage of the related receivables.
 - c) Property transaction amounts and the resulting gain or loss.
 - d) Ending balances and the purposes of endorsements/guarantees or collateral provided.
 - e) The maximum remaining balance, ending balance, range of interest rate and total amount of current interest of financing facilities.
 - f) Other transactions having a significant impact on profit or loss or financial position for the period, such as provision or receipt of service.
- d. Information of major shareholders

List of all shareholders with ownership of 5 % or greater showing the names and the number of shares and percentage of ownership held by each shareholder: (Table 6)

33. Segment Information

Founding Construction Development Corp. has provided the operating segments disclosure in the consolidated financial statements for the year ended December 31, 2021.

Founding Construction Development Corp.

ENDORSEMENTS/GUARANTEES PROVIDED

For the Year Ended December 31, 2021

Unit: NT\$ thousands/ Foreign Currency Dollars

Code (Note 1)	Endorser/guarantor Company Name	Endorsee/guarantee		Limits on Endorsement/ Guarantee for Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed with Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent for Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries for Parent (Note 4)	Endorsement/ Guarantee Given for Companies in Mainland China (Note 4)	Remarks
		Company Name	Relationship (Note 2)											
1	Chien-Chiao Co.	Founding Co.	3	\$ 1,109,000	\$ 109,612	\$ 109,612	\$ 109,612	\$ 109,612	42.02	\$ 260,888	N	Y	N	

Note 1. Explanation of the code column as follows:

1. Number 0 represents issuer
2. Investee companies are numbered in order starting from "1" by company.

Note 2. The types of relationship between the endorser/guarantee and the endorsee/guarantor are as follows, please label the number:

1. A company having business relationship with another.
2. A subsidiary directly holding more than 50% of ordinary share equity.
3. An investee company of which the parent company and its subsidiaries holding more than 50% of ordinary share equity.
4. A parent company of which the subsidiary directly or indirectly holds more than 50% of ordinary share equity.
5. A company that is mutually protected under contractual requirements based on the needs of the contractor.
6. A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.

Note 3. The aggregate endorsement/guarantee limit of Chien-Chiao Construction Co., Ltd. shall not exceed 100% of the net equity of company. Endorsement/guarantee limit for a single enterprise shall not exceed 40% of the current net equity. The aggregate limit for the company of which 100% of the voting rights directly and indirectly held by the company shall not exceed 100% of the current net equity. The aggregate limit for a business partner endorsement/guarantee shall not exceed the total amount of transactions with the Company in the most recent year (the purchase or sales amount between the two parties, whichever is higher).

According to the above mentioned regulations, the aggregate limit for a single enterprise endorsement/guarantee of Chien-Chiao Construction Co., Ltd. equals the net equity amounted to \$260,888 thousand, and the aggregate limit for a business partner endorsement/guarantee is \$1,109,000 thousand.

Note 4. Listed (OTC) parent company endorsed/guaranteed for the subsidiaries, subsidiaries endorsed/guaranteed for the listed (OTC) parent company, or endorsement/guarantee for entities in Mainland China shall fill in "Y".

Founding Construction Development Corp. and Subsidiaries

MARKETABLE SECURITIES HELD AT YEAR END

December 31, 2021

Unit: NT\$ thousands

Name of Holding Company	Type and Name of Marketable Security	Relationship with the Issuer of Marketable Security	Name of Account	Ending Balance				Remarks
				Shares (unit)	Carrying Value	Percentage of ownership (%)	Market Value, Net	
Founding Construction Development Corp.	Beneficiary certificates Mega Global Fund	No	Financial assets at fair value through profit or loss - current	73,733.33	\$ 3,222	-	\$ 3,222	
	Shin Kong Taiwan Fu-Kuei Fund	No	"	83,668	5,249	-	5,249	
	Stock GREATFORCE BIOCHEM TECH CO., LTD.	No	Financial assets at fair value through other comprehensive income - non-current	500,000	<u>-</u>	1.84	<u>-</u>	Non-listed (Non-OTC) company
					<u>\$ 8,471</u>		<u>\$ 8,471</u>	
Chien-Chiao Construction Co., Ltd.	Stock Chao-Teng Hydropower Engineering Co., Ltd.	No	Financial assets at fair value through other comprehensive income - non-current	-	\$ 4,104	-	\$ 6,824	Non-listed (Non-OTC) company
	GREATFORCE BIOCHEM TECH CO., LTD.	No	"	500,000	<u>-</u>	1.84	<u>-</u>	"
					<u>\$ 4,104</u>		<u>\$ 6,824</u>	
Hsin-Long-Hsing Investment Co., Ltd.	Stock Yang Ming Marine Transport Corporation	No	Financial assets at fair value through profit or loss - current	200,000	\$ 24,200	0.01	\$ 24,200	Listed (OTC) company
	Tungho Steel Corporation	No	"	134,000	8,991	0.02	8,991	"
	Yeong Guan Energy Technology Group Company Ltd.	No	"	100,000	6,300	0.09	6,300	"
	Chilisin Electronics Corporation	No	"	200,000	<u>18,920</u>	0.08	<u>18,920</u>	"
					<u>\$ 58,411</u>		<u>\$ 58,411</u>	

Founding Construction Development Corp.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OR GREATER OF THE PAID-IN CAPITAL

For the Year Ended December 31, 2021

Unit: NT\$ thousands

Buyer/Seller	Counterparty	Relationship	Transaction Details				Terms and Reasons of Abnormal Transaction		Notes/Accounts Receivable (Payable)		Remarks
			Purchase/ Sales	Amount	% to Total Purchases or Sales	Payment Terms	Unit Price	Payment Terms	Balance	% to Total Notes/Accounts Receivable (Payable)	
Founding Co.	Chien-Chiao Co.	Subsidiary	Purchases (undertaking contracted projects amounted to \$4,142,000 thousand)	\$ 1,109,000	42%	in compliance with the payment term of the contracts	No abnormality	in compliance with the payment term of the contracts	Notes payable \$ 15,750 Accounts payable 215,650	99% 100%	
Chien-Chiao Co.	Founding Co.	Parent company	Sales (undertaking contracted projects amounted to \$4,142,000 thousand)	972,148	100%	in compliance with the payment term of the contracts	No abnormality	in compliance with the payment term of the contracts	Notes receivable 15,750 Accounts Receivable 215,650	100% 100%	

Founding Construction Development Corp.

INVESTEES COMPANY'S TOTAL RECEIVABLES OF RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OR GREATER OF THE PAID-IN CAPITAL

December 31, 2021

Unit: NT\$ thousands

The companies that record such transactions as receivables	Counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue balance of receivables from related parties		Amount received of receivables from related parties after the balance sheet date	Allowance for Bad Debts
					Amount	Action taken		
Chien-Chiao Co.	Founding Co.	Parent company	\$ 231,400	4.56 times	\$ -	—	\$ 87,150	\$ -

Founding Construction Development Corp.

RELEVANT INFORMATION OF INVESTEE COMPANY (NAME, LOCATION, ETC)

For the Year Ended December 31, 2021

Unit: NT\$ thousands

Investor Company	Investee company	Location	Main businesses	Initial investment amount		Held as of the end of the period			Current profit or loss of the investee company	Investment gain (loss) recognized in the current period (Note)	Remarks
				Ending Balance of the Current Period	Ending Balance of the Previous Period	Shares	Ratio %	Carrying Value			
Founding Co.	Chien-Chiao Co.	5F-5 No. 294, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City	business of buildings and civil construction	\$ 51,800	\$ 51,800	15,000,000	100	\$ 42,026	\$ 17,274	\$ 47,927	Note 1
Founding Co.	FUSHIN Hotel Co.	No. 128, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	Restaurant businesses - general hotel businesses	151,000	151,000	15,100,000	94.375	127,115	(56,735)	(67,248)	Note 2
Founding Co.	Hsin-Long-Hsing Co.	5F-8 No. 294, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City	General investment business	300,000	20,000	30,000,000	100	292,633	(7,252)	(7,252)	Note 4
Chien-Chiao Co.	FUSHIN Hotel Co.	No. 128, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City	Restaurant businesses - general hotel businesses	9,000	9,000	900,000	5.625	5,093	(56,735)	(3,189)	Note 3

Note 1. From January 1 to December 31, 2021, Founding Co. recognized incomes of Chien-Chiao Construction Co., Ltd. amounted to \$17,274 thousand and an increase of realized gross profit amounted to \$30,653 thousand.

Note 2. From January 1 to December 31, 2021, Founding Co. recognized losses of FUSHIN Hotel Co., Ltd. amounted to \$53,544 thousand, plus effects from application of IFRS 16 amounted to \$13,067 thousand and amortization on losses of sublease amounted to \$637 thousand.

Note 3. From January 1 to December 31, 2021, Chien-Chiao Co. recognized losses of FUSHIN Hotel Co., Ltd. amounted to \$3,191 thousand, plus effects from application of IFRS 16 amounted to \$2 thousand.

Note 4. In July 2021, Founding Co. increased its investment in Hsin-Long-Hsing Investment Co., Ltd. by \$280,000 thousand.

Founding Construction Development Corp.**Information on Major Shareholders**

December 31, 2021

Shareholder's name	Shares	
	Number of Shares	Percentage of Shares
Mei-Hsiung Investment Co., Ltd.	56,347,212	19.75%
Syntain Co., Ltd.	25,718,571	9.01%
Fu-Long-Chang Investment Co., Ltd.	17,783,000	6.23%
Fu-Hsiung Investment Co., Ltd.	15,299,416	5.36%

Note 1. Information on major shareholders in this table is provided by Taiwan Depository & Clearing Corporation according to information on shareholders holding at least 5% or greater of ordinary shares and preferred shares (including treasury shares) that have been issued and delivered without physical registration by the Company on the last business day at the end of the current quarter. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Note 2. If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For a shareholder who declares its shareholdings as an insider holding more than 10% of shares in accordance with the Securities and Exchange Act, such shareholding information shall include shares held by the shareholder and those delivered to the trust over which the shareholder has the right to determine the use of trust property. For information on declaration of shareholdings by insiders, please visit the Market Observation Post System.

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Founding Construction Development Corp.

Statement of financial assets measured at fair value through profit or loss - current

December 31, 2021

Unit: NT\$ Thousands

<u>Name</u>	<u>Shares (unit)</u>	<u>Carrying Value</u>	<u>Par value</u>	<u>Unit price</u>	<u>Total Amount</u>
Beneficiary certificates					
Mega Global Fund	73,733.33	\$ 3,222	\$ -	43.70	\$ 3,222
Shin Kong Taiwan Fu-Kuei Fund	83,668	5,249	-	62.73	5,249
		<u>\$ 8,471</u>	<u>\$ -</u>		<u>\$ 8,471</u>

Founding Construction Development Corp.

Statement of Construction Inventory

December 31, 2021

Unit: NT\$ thousands

Item	Amount		
	Cost	Valuation at the lower of cost or net realizable value	Net realizable value
Buildings and land held for sale (Statement 3)	\$ 2,406,200	\$ 2,406,200	\$ 2,976,371
Construction in progress (Statement 4)	4,906,884	4,906,884	6,261,992
	<u>\$ 7,313,084</u>	<u>\$ 7,313,084</u>	<u>\$ 9,238,363</u>

Founding Construction Development Corp.**Statement of Construction Inventory - Buildings and Land Held for Sale****December 31, 2021**

Unit: NT\$ thousands

Name	Cost	Valuation at cost and net realizable value		Collateral or pledge
		Cost	Net realizable value	
Buildings and land held for sale				
Buildings and land held for sale	\$2,409,973	\$2,409,973	\$ 2,976,371	Refer to Note 29
Loss on write-downs of inventories	(<u>3,773</u>)	(<u>3,773</u>)	<u>-</u>	"
	<u>\$2,406,200</u>	<u>\$2,406,200</u>	<u>\$ 2,976,371</u>	

Founding Construction Development Corp.

Statement of Construction Inventory - Construction in progress

December 31, 2021

Unit: NT\$ thousands unless otherwise specified

Name	Beginning Balance	Costs incurred during this period				Reclassification during this period			Ending balance	Collateral or pledge	
		Construction in Progress - Land	Construction costs	Transferable development right	Capitalized Interest	Transferred and recorded under Buildings and land held for sale	Reclassification of Other Construction in progress	Transferred to Investment property			
Wen De Sec.											
Construction in Progress - Land	\$ 21,124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,124	None
Construction in Progress - Project	-	-	-	-	-	-	-	-	-	-	"
Fu-Yi Tainan NO.2											
Construction in Progress - Land	-	104,495	-	-	-	-	-	-	-	104,495	Refer to Note 29
Construction in Progress - Project	730	-	23,848	-	1,477	-	-	-	-	26,055	"
Jian Kang Sec.											
Construction in Progress - Land	7,072	-	-	-	-	-	-	-	-	7,072	None
Construction in Progress - Project	-	-	-	-	-	-	-	-	-	-	"
Founding Yi Pin											
Construction in Progress - Land	1,172,545	42,836	-	-	-	-	-	-	-	1,215,381	Refer to Note 29
Construction in Progress - Project	356,858	-	222,882	-	23,828	-	-	-	-	603,568	"
Bei Shan Sec.											
Construction in Progress - Land	13,766	-	-	-	-	-	-	-	-	13,766	None
Construction in Progress - Project	-	-	-	-	-	-	-	-	-	-	"
Asia Pacific Technology Park											
Construction in Progress - Land	482,137	55,093	-	-	-	(537,230)	-	-	-	-	Refer to Note 29
Construction in Progress - Project	54,490	-	(44,991)	(42,499)	-	33,000	-	-	-	-	"
Yi Min Sec.											
Construction in Progress - Land	1,496	-	-	-	-	-	-	-	-	1,496	None
Construction in Progress - Project	-	-	-	-	-	-	-	-	-	-	"
Xin Feng Sec.											
Construction in Progress - Land	-	-	-	-	-	-	-	-	-	-	None
Construction in Progress - Project	745	-	-	-	-	-	-	-	-	745	"
Hou De Sec.											
Construction in Progress - Land	-	-	-	-	-	-	-	-	-	-	None
Construction in Progress - Project	183	-	-	-	-	-	-	-	-	183	"
Founding Li Garden											
Construction in Progress - Land	-	662,901	-	-	-	-	-	-	-	662,901	Refer to Note 29
Construction in Progress - Project	11,850	-	197,696	82,491	13,812	-	-	-	-	305,849	"
Li Ren Sec.											
Construction in Progress - Land	104,495	(104,495)	-	-	-	-	-	-	-	-	None
Construction in Progress - Project	7,524	-	(1,540)	-	-	-	-	-	-	5,984	"
Wu Gu Wang Sec.											
Construction in Progress - Land	662,901	(662,901)	-	-	-	-	-	-	-	-	None
Construction in Progress - Project	101,892	-	(8,436)	(82,491)	-	-	-	-	-	10,965	"

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Name	Beginning Balance	Costs incurred during this period				Reclassification during this period			Ending balance	Collateral or pledge
		Construction in Progress - Land	Construction costs	Transferable development right	Capitalized Interest	Transferred and recorded under Buildings and land held for sale	Reclassification of Other Construction in progress	Transferred to Investment property		
Star Technology (originally Tam Mei Sec.)										
Construction in Progress - Land	\$ 328,897	\$ 19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 328,916	Refer to Note 29
Construction in Progress - Project	16,898	-	181,994	-	7,018	-	-	-	205,910	"
Founding Fu-Yi										
Construction in Progress - Land	417,828	-	-	-	-	(417,828)	-	-	-	Refer to Note 29
Construction in Progress - Project	260,900	-	20,620	-	1,803	(283,323)	-	-	-	"
Fu Xing Sec.										
Construction in Progress - Land	476	-	-	-	-	-	-	-	476	None
Construction in Progress - Project	-	-	-	-	-	-	-	-	-	"
United Tech										
Construction in Progress - Land	834,112	-	-	(30,882)	-	(402,158)	-	-	401,072	Refer to Note 29
Construction in Progress - Project	802,627	-	537,600	30,882	24,071	(768,578)	-	-	626,602	"
Nan Ke Min Men										
Construction in Progress - Land	-	-	-	-	-	-	-	-	-	Refer to Note 29
Construction in Progress - Project	-	-	309	-	-	(309)	-	-	-	"
Chang Chun Sec.										
Construction in Progress - Land	143	-	-	-	-	-	-	-	143	None
Construction in Progress - Project	-	-	-	-	-	-	-	-	-	"
Meditation Garden (originally Xing An Sec.)										
Construction in Progress - Land	318,109	476	-	-	-	-	-	-	318,585	Refer to Note 29
Construction in Progress - Project	-	-	1,806	-	-	-	-	-	1,806	"
Shi Jian Sec.										
Construction in Progress - Land	-	36,807	-	-	30	-	-	-	36,837	None
Construction in Progress - Project	-	-	-	-	-	-	-	-	-	"
Hou Gang Sec.										
Construction in Progress - Land	-	707,167	-	-	745	-	-	(707,436)	476	Refer to Note 29
Construction in Progress - Project	-	-	18,401	159	-	-	-	(18,395)	165	"
Pei Po Sec.										
Construction in Progress - Land	-	593,163	-	-	514	-	-	(593,088)	589	None
Construction in Progress - Project	-	-	9,470	-	-	-	-	(9,466)	4	"
Xing Gong Sec.										
Construction in Progress - Land	-	5,719	-	-	-	-	-	-	5,719	None
Construction in Progress - Project	-	-	-	-	-	-	-	-	-	"
	<u>\$ 5,979,798</u>	<u>\$ 1,441,280</u>	<u>\$ 1,159,659</u>	<u>(\$ 42,340)</u>	<u>\$ 73,298</u>	<u>(\$ 2,376,426)</u>	<u>\$ -</u>	<u>(\$ 1,328,385)</u>	<u>\$ 4,906,884</u>	

Founding Construction Development Corp.

Statement of Prepayments

December 31, 2021

Unit: NT\$ thousands

<u>Item</u>	<u>Memo</u>	<u>Amount</u>
Prepaid commission		\$ 11,700
Other prepayments	(Note)	933
		<u>\$ 12,633</u>

Note: Balance for each item does not exceed 5% of the total account balance.

Founding Construction Development Corp.

Statement of Changes in Investments

December 31, 2021

Unit: NT\$ thousands unless otherwise specified

	Opening Balances		Increase in the period (Note 2)		Decrease in the period (Note 3)		Gain (loss) on investment	OTHER COMPREHENSIVE INCOME/(LOSS)	Closing Balance			Market Price or Equity Net Worth		Valuation Basis	Collateral or Pledge
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Ownership (%)	Amount	Unit Price	Gross Price		
Measured by using equity method															
Non-listed (non-OTC) company															
Chien-Chiao Construction Co., Ltd. (Note 1)	15,000,000	\$ 13,793	-	\$ -	-	\$ 19,727	\$ 47,927	\$ 33	15,000,000	100	\$ 42,026	17.39	\$ 260,888	Equity method	No
FUSHIN Hotel Co., Ltd. (Note 1)	15,100,000	194,363	-	-	-	-	(67,248)	-	15,100,000	94.375	127,115	5.66	85,409	"	"
Hsin-Long-Hsing Investment Co., Ltd. (Note 1)	2,000,000	19,885	28,000,000	280,000	-	-	(7,252)	-	30,000,000	100	292,633	9.75	292,633	"	"
Financial assets measured at fair value through other comprehensive income - non-current															
Non-listed (non-OTC) company															
GREATFORCE BIOCHEM TECH CO., LTD.	500,000	\$ -	-	-	-	-	-	-	500,000	1.84	-	-	-	Market price method	No
		<u>\$ 228,041</u>		<u>\$ 280,000</u>		<u>\$ 19,727</u>	<u>(\$ 26,573)</u>	<u>\$ 33</u>			<u>\$ 461,774</u>		<u>\$ 638,930</u>		

Note 1: It was recognized according to the financial statements for the year ended December 31, 2021 audited by a Certified Public Accountant.

Note 2: The number of shares of Hsin-Long-Hsing Investment Co. Ltd. increased was because the Company has increased investment of \$280,000 thousand in July, 2021.

Note 3: The amount of investment in Chien-Chiao Constructions Co., Ltd. decreased was because it has received employee's compensation of \$1,921 thousand, paid cash dividends of \$18,000 thousand and lost \$3,648 thousand by disposing of investments in equity instruments.

Founding Construction Development Corp.

Statement of Short-term Borrowings

December 31, 2021

Unit: NT\$ thousands

Creditor	Category of borrowings	Ending balance	Terms of Contract	Interest rates range (%)	Financing facilities	Pledge or Guarantee
CTBC Corporate Banking	Land finance	\$ 612,000	107.11.13-111.05.13	1.65	\$ 1,066,000	Founding Yi Pin
"	Buildings finance	25,760	109.05.11-112.11.11	1.75	343,000	Founding Yi Pin
"	Land finance	242,000	106.03.14-111.03.14	2.07	242,000	United Tech
"	Buildings finance	46,800	109.06.29-112.06.29	2.07	390,000	United Tech
"	Land finance	345,000	110.11.18-114.11.18	1.60	500,000	Hou Gang Sec.
Bank of Taiwan Chien-Kuo	Land finance	73,650	105.11.21-111.08.01	1.91	265,000	Founding Fu Yi
"	Buildings finance	30,520	108.07.31-111.08.01	2.06	105,000	Founding Fu Yi
Land Bank of Taiwan Bao-Zhong	Land finance	197,000	107.05.14-112.05.14	1.95	197,000	Founding Li Garden
"	Land finance	228,000	107.09.20-112.09.20	1.95	228,000	Founding Li Garden
Chang Hwa Bank Yung-Chun	Land finance	100,000	110.07.01-114.07.01	1.75	204,000	Meditation Garden (originally Xing An Sec.)
"	Secured loan	-	109.06.04-111.03.31	1.35	70,000	FUSHIN Taipei 2
First Bank Jen-Ai	Land finance	72,000	108.04.01-114.06.01	1.75	72,000	Fu-Yi Tainan NO.2
"	Secured loan	-	105.01.04-111.07.23	1.61	20,000	Tainan Fuward
Hua Nan Nan-Neihu	Land finance	240,000	107.02.23-112.09.01	1.52	240,000	—
"	Credit loans	-	105.01.04-111.10.08	1.65	30,000	Star Technology (originally Tam Mei Sec.)
Bank of Taiwan Wan-Hua	Credit loans	-	106.03.01-111.06.15	1.80	36,000	—
Shin Kong Bank Qing-Cheng	Credit loans	-	106.07.04-111.04.06	1.67	30,000	—
Taichung Bank Nei-Hu	Credit loans	-	105.01.28-111.12.16	1.98	30,000	—
Cathay United Bank	Credit loans	-	106.02.14-111.09.01	1.80	30,000	—
		<u>\$ 2,212,730</u>			<u>\$ 4,098,000</u>	

Founding Construction Development Corp.

Statement of Notes Payable

December 31, 2021

Unit: NT\$ thousands

<u>Name of Customer</u>	<u>Memo</u>	<u>Amount</u>
Non-related parties:		
Others (Note)		<u>\$ 90</u>
Related parties:		
Chien-Chiao Construction Co., Ltd.	Payments for construction contracts	<u>\$ 15,750</u>

Note: The balance of each item does not exceed 5% of the account balance.

Founding Construction Development Corp.

Statement of Accounts Payable

December 31, 2021

Unit: NT\$ thousands

<u>Name of Customer</u>	<u>Memo</u>	<u>Amount</u>
Non-related parties:		
Others (Note)		<u>\$ 83</u>
Related parties:		
Chien-Chiao Construction Co., Ltd.	Payments for construction contracts	<u>\$215,650</u>

Note: The balance of each item does not exceed 5% of the account balance.

Founding Construction Development Corp.

Statement of Contract Liabilities – Current

December 31, 2021

Unit: NT\$ thousands

<u>Item</u>	<u>Memo</u>	<u>Amount</u>
Contract liabilities – current	Fu Gui Ming Di	\$ 9,164
	Founding Yi Pin	220,621
	Founding Fu Yi	30,096
	Nan Ke Ming Men	15,200
	United Tech	39,352
		<u>314,433</u>
		<u>\$ 314,433</u>

Founding Construction Development Corp.

Statement of Long-term Borrowings

December 31, 2021

Unit: NT\$ thousands

Creditor	Terms of Contract	Repayment method	Annual interest rate (%)	Amount			Pledge or Guarantee
				Due in one year	matured over one year	Total	
Hua Nan Nan-Neihu	2020.09.30 ~ 2025.09.30	Evenly split into a total of 60 installments on a monthly basis.	1.49	\$ 29,625	\$ 86,372	\$ 115,997	3/F, White House Tower
"	2018.02.26 ~ 2033.02.26	Interests paid monthly in the first twelve months; starting the 13th month, a total of 168 installments on a monthly basis.	1.62	24,523	278,068	302,591	FUSHIN Tainan
"	2018.07.27 ~ 2033.07.27	Evenly split principal and interest into a total of 180 installments on a monthly basis.	1.62	6,282	73,730	80,012	FUSHIN Tainan
CTBC Corporate Banking	2021.08.02 ~ 2023.08.02	Bullet repayment	1.6	-	188,370	188,370	United Tech
First Bank Jen-Ai	2010.11.23 ~ 2025.11.23	Interests paid monthly in the first thirty-six months; starting the 37th month, evenly split into a total of 144 installments on a monthly basis.	1.55	7,034	21,730	28,764	Tainan Fuward
Bank of Taiwan Chien-Kuo	2012.07.02 ~ 2027.07.02	Interests paid monthly in the first two years; two years later, evenly split into a total of 156 installments on a monthly basis.	1.625	21,077	96,603	117,680	FUSHIN Taichung
Taichung Bank Nei-Hu	2013.04.22 ~ 2023.04.22	Interests paid monthly in the first year; one year later, evenly split into a total of 108 installments on a monthly basis.	1.51	1,303	549	1,852	No. 71, Minzu Rd., Central Dist., Taichung City
Chang Hwa Bank Yung-Chun	2016.05.23 ~ 2036.05.23	Interests paid monthly in the first three years; annuity method applied three years later, evenly split principal into a total of 204 installments on a monthly basis.	1.55	51,166	781,428	832,594	FUSHIN Taipei 2
				\$ 141,010	\$ 1,526,850	\$ 1,667,860	

Founding Construction Development Corp.**Statement of Operating Revenue****2021**

Unit: NT\$ thousands

<u>Item</u>	<u>Memo</u>	<u>Amount</u>
Construction revenue	Land of Bao An Sec.	\$ 788,596
	Founding Glion	59,935
	Di Hua Sec.	114,772
	Universal Technology	350,822
	Fu Gui Ming Di	278,091
	Cosmos Technology	223,096
	United Tech	687,992
	Sun Technology Plaza	585,452
	Fu-Yi Tainan	21,059
	Founding Fu Yi	371,990
		<u>3,481,805</u>
Rental revenue		<u>86,413</u>
		<u>\$ 3,568,218</u>

Founding Construction Development Corp.

Statement of Operating Costs

2021

Unit: NT\$ thousands

Item	Total
Construction in Progress - Project, beginning	\$ 5,979,798
Add: Land under construction	1,441,280
Contracting out of construction	1,109,000
Transfer out of capacity transfer costs	(42,340)
Interest Capitalization	73,298
Construction expenses	56,714
Less: Transferred to deferred expenses	(6,055)
Construction costs incurred during this period	8,611,695
Less: Construction in Progress - Project, end	(4,906,884)
Add: Buildings and land held for sale, beginning	2,410,447
Less: Loss on write-downs of inventories	(13,959)
Transferred to investment property	(1,417,971)
Buildings and land held for sale transferred from property	14,888
Buildings and land held for sale transferred from Investment property	189,716
Less: Buildings and land held for sale, end	(2,409,973)
Costs of Properties and land sold	2,477,959
Loss on write-downs of inventories	3,773
Rental costs	75,802
Operating costs	\$ 2,557,534

Founding Construction Development Corp.

Statement of Operating Expenses

2021

Unit: NT\$ thousands

<u>Item</u>	<u>Memo</u>	<u>Amount</u>
Operating expenses	Salary expenditures	\$ 41,019
	Commission expenditures	39,220
	Taxation	38,698
	Advertising expense	21,103
	Other operating expenses (Note)	<u>54,560</u>
		<u>\$ 194,600</u>

Note: The balance for each item does not exceed 5% of the total account balance.

Founding Construction Development Corp.

Statement of Current Employee Benefits, Depreciation, and Amortization Expenses

For the years ended December 31, 2021 and 2020

Unit: NT\$ thousands

	2021			2020		
	Recorded Under Operating costs	Recorded Under Operating expenses	Total	Recorded Under Operating costs	Recorded Under Operating expenses	Total
Employee benefit expenses						
Salary expenses	\$ 3,949	\$ 41,019	\$ 44,968	\$ 5,024	\$ 40,680	\$ 45,704
Labor and health insurance expenses	315	3,807	4,122	391	3,369	3,760
Retirement benefit expenses	-	2,738	2,738	-	2,330	2,330
Remuneration of directors	-	3,240	3,240	-	3,240	3,240
Other employee benefit expenses	-	9,120	9,120	-	11,316	11,316
Total	<u>\$ 4,264</u>	<u>\$ 59,924</u>	<u>\$ 64,188</u>	<u>\$ 5,415</u>	<u>\$ 60,935</u>	<u>\$ 66,350</u>
Depreciation expenses	<u>\$ 75,802</u>	<u>\$ 2,835</u>	<u>\$ 78,637</u>	<u>\$ 80,826</u>	<u>\$ 1,712</u>	<u>\$ 82,538</u>
Amortization expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64</u>	<u>\$ 64</u>

Note:

1. The number of employees of the Company for the year ended December 31, 2021 and 2020 was 49 and 51, respectively; total number of directors was 9, 5 of whom are natural person, and the number of non-employee directors 4 for both years.
2. The average employee benefit expenses were \$1,354 thousand and \$1,343 thousand for the years ended December 31, 2021 and 2020.
3. The average salary expenses were \$999 thousand and \$972 thousand for the years ended December 31, 2021 and 2020. The average salary expenses increased by 2.78% for both years.
4. The Company has no supervisor, so there is no remuneration of supervisors.
5. Remuneration of directors and officers' compensation of the Company shall be determined based on the position held, education and experience, years of working performance and responsibilities assumed, with reference to the industry standards. In addition, no more than 2% of the Company's surplus at the end of the year, if any, is set aside as directors' remuneration in accordance with the Company's Articles of Incorporation.
6. Employees' compensation of the Company is evaluated according to their abilities from academic and working experiences and their positions. In addition, no less than 0.6% and no more than 3% of the Company's surplus at the end of the year, if any, is set aside as employee compensation in accordance with the Company's Articles of Incorporation.