太平洋建設股份有限公司
PACIFIC CONSTRUCTION CO., LTD.

Stock Code:2506

2021 ANNUAL REPORT

2021

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I. Letter to Shareholders

Review the domestic and foreign economic situation in 2021, the Russia-Ukraine war causes international energy and commodity prices to soar. In addition, Covid-19 Pandemic clearance policy has increased the level of chaos in the global supply chain, aggravated global inflation pressure, and accelerated the tightening of monetary policies by major foreign central banks. As for domestic market, due to the small trade scale and financial exposure of Taiwan to Russia and Ukraine, the actual impact is minor. However, the rise in international raw material prices has led to a rise in domestic prices recently. Although the domestic Covid-19 Pandemic has surged again recently, however because the country has been through the level 3 alert practices, our contingency capability has improved significantly. Moreover, the high vaccine coverage rate and the mild Covid-19 Pandemic situation are expected to reduce the impact of the Covid-19 Pandemic on consumers. In addition, domestic private investment is still strong. As stated above, the Taiwan Institute of Economics Research predicts that the domestic economic growth rate in 2022 will be 4.10%. In addition, in order to combat inflation, the Central Bank will follow up with the US Federal Reserve to raise interest rates by 0.25 % in March 2022. Although Taiwan's inflation issue is not as serious as that of the US, it is expected that there will still be pressure to raise interest rates in the future.

According to the statistics on the number of buildings sold and transferred in the Land Office of the six major cities, the number of buildings sold and transferred in the first quarter of 2022 was 64,900, an increase of about 4% compared with the same period last year. It also hit a new high for the same period in 11 years, so the housing market showed a trend of rising in both price and volume. However, from Q2 of 2022, due to the fluctuation of interest rate and strict government's control measures of the housing market, the Central Bank has clearly stated that it will curb speculative real estate speculation and quickly complete relevant legislative amendments and administrative supervision measures, which has made the housing market more conservative. If inflation causes long-term price increases, it will reduce the real purchasing power of consumers. Real estate is a capital-intensive industry. From land purchase, development, to sales, each cycle has a large demand for capital. Developers are extremely vulnerable to changes in the external environment and affect the capital chain. If the central bank continues to raise interest rates, it will affect fundraising and customers' willingness to buy houses. Real estate has entered a low-profit era in the face of excessive remaining houses in the market and fierce competition.

The Russian-Ukrainian war has led to soaring commodity prices, and due to the Covid-19 Pandemic, the government's border control has affected the introduction of migrant workers. In the past two years, the construction industry has ushered in a severe shortage of labor. The Ministry of Labor said that the number of serious job shortages in various industries has reached 25,758, an increase of more than 11,000 over the same period last year, and labor expenditures have become the main reason for the high construction costs.

As the global Covid-19 Pandemic slows down and vaccination rates increase, many countries have gradually eased Covid-19 Pandemic prevention restrictions, looking forward to returning to normal

life as soon as possible. In Taiwan, the government plans to relax the quarantine measures again. It is expected that from June, people who have finished 3 doses of vaccines to replace home quarantine with rapid test, and the border will be gradually lifted, so that economic activities and labor supply will return back to normal. Construction costs are expected to be reduced, thereby increasing development benefits. In view of the difficulties brought about by the current economic environment, the Company has formulated relevant countermeasures, such as disposing of non-core assets to reduce liabilities and reduce interest burdens, Pre-estimate the construction cost before initiating the case, and then develop the sales strategy. The development focus is mainly on self-owned land such as ***"Yunong Market"*** and "***Feitsui Bay, Wanli District, New Taipei City"*** to reduce the pressure on land purchase funds. Product planning will be in line with demographic changes. In addition to integrating smart technologies and environmentally friendly green buildings, it will also create a living space that meets the needs of residents. The Company is ready to face challenges and strives to enhance the interests of shareholders.

Recently, due to the epidemic and global climate change, people have begun to think about how to coexist with the natural environment. Companies should also think about how to protect the earth when their revenue grows, so that companies can operate sustainably. Therefore, ESG issues have become the focus of the Company. We will work together with downstream manufacturers to jointly contribute to environmental protection and social responsibility, and meet the strict regulatory requirements of the competent authorities in corporate governance. We expect to implement ESG in a rapidly changing business environment to reduce investor risk and fulfill the responsibility of sustainable business operations.

Chairman： 柳逸義

1. Business Results of The Previous Year

(1) Business Results

The company's development in 2021 focused on its own business, supplemented by business of consumer smart life. In view of the difficulty in obtaining land and the high price, the Company continues to integrate and build on its own land, such as the ***"Dunnan Lishe"*** reconstruction of urban unsafe and old buildings project, which was sold out immediately after its launch. We also purchased 1,984 square meters of land near the scheduled high-speed rail station in Yilan City. Compared with the current market construction projects, the price of this land is still reasonable and is expected to generate sound development benefits.

However, in 2021, since no construction projects were completed and recorded, the recognizable operating income decreased compared with last year. Therefore, strategies such as disposing of remaining houses and idle assets, adjusting the financing structure and reducing interest expenses were adopted, so that profits could still be achieved in 2021. Moreover, the investment business, the Pacific Department Stores Co., Ltd. and the Pacific Realtor Co., Ltd., have adopted stable operation measures in response to market changes under the pressure of the rise of e-commerce and brand competition, so they still maintain the results of profitability.

Looking forward to 2022, in view of the continuous expansion of inflation and the possible impact of the Central Bank's interest rate hike, in addition to developing core businesses, we will operate in a debt-free manner, and at the same time consider asset allocation, expect to reduce interest expenses and holding costs, and develop new business opportunities for profit.

Well-measured corporate governance is the cornerstone of business operations, corporate sustainability is the core value of an enterprise, and one of the key strategies for sustainable development is to fulfill social responsibilities for the enterprise. In order to enhance the value of the company's sustainable development, we will improve the transparency of information, provide effective, useful and timely information, and strengthen the communication with stakeholders. Furthermore, we shall strengthen consumers' confidence in our brand, thereby increasing the company's operating performance and sustainable development.

(2) Budget Implementation Status

The consolidated company operating income for the year 2021 was NT$1,669,031 thousand, which was a decrease of NT$1,280,521 thousand or 43.41% from that of the year 2020. After-tax net profit is NT$ 107,732 thousand , an increase of NT$ 73,338 thousand compared with 2020.

(3) Financial Revenue and Expenditure Status

The current ratio in 2021 was 180.97%, compared to 201.35% of 2020. The quick ratio in 2021 was 51.60%, and compared to 57.06% of 2020. The solvency, financial status and income and expenditure situation are all in line with operational needs, and other financial evaluations are in steady growth.

(4) Status of Research Development

In response to the great emerging era of digital, communications and AIoT development in the future, the company pioneered the Pacific Customization HAUTE PACIFIC. Through the four concepts of "ingenuity and customization, all-age service, software and hardware integration, and value innovation", "exclusive design, a better life", the spirit of customized service, the artificial intelligence and AIoT, are incorporated into architectural planning.

2. Summary of the Current Business Plan

(1) Business Strategy

Although the world economy has changed due to the Covid-19 Pandemic and the Russian-Ukrainian war, the Company upholds the construction profession and position. In addition to adjusting our business strategy at any time according to market demand, we continue to focus on land development and investment, and actively integrate digital transformation ahead of the industry so as to enhance product value and deepen brand effect. Land development does not set limits by itself, actively faces challenges, and evaluates the possibility of activation of various land assets with the thinking of enterprise growth. Supplemented by the principle of prudence and steadfastness, we will continue to increase land revenue.

(2) Projected Sales Volume and Its Basis

Projects scheduled by the company this year, such as ***"Dunnan Lishe"*** and ***"Sunshine Four Seasons"*** Phases 1 and 2 have been successfully completed. In addition, we will continue to follow the existing cases and regional characteristics, cooperate with the company's artificial intelligence digital development, and improve the convenience of consumers' lives as the starting point, starting with building software equipment, and then optimize the spatial configuration of building hardware equipment, and further lead consumers into the next-generation home space. As for sales, in order to complete the integrity of the construction project, in the early stage of design, an external professional sales team was introduced to participate in the planning and provide advice, and new thinking and industrial technology development were introduced, so that the product itself not only met the market demand, but also led the market trend, and invisibly improved overall case competitiveness.

As for construction projects, after-sales services are continued for completed house handover cases to enhance customer relationship maintenances and increase customer recognition. Work safety and construction quality are the first priority in construction cases. In addition to strictly controlling the project budget and construction schedule, we also continue to develop and improve construction methods and environmentally friendly building materials. Newly launched cases, such as: the large-scale residential development project of ***"Four Seasons of Sunshine Phase II"*** in Yangmei District, Taoyuan City, and the construction of elite areas around the county government center in Yilan City, etc., the smart home and regional differentiated marketing mentioned above will be used as a marketing strategy to achieve the expected sales target and strive for the best operating profit for the company.

(3) Important Sales and Marketing Strategies

Taking various domestic and foreign political, economic prosperity and environmental indicators into account, in order to achieve the projected business goals, the company's important sales and marketing strategies are:

1.Increase the activity of land development and diversification of real estate products, combine with emerging trends such as time-sharing and popular industries, re-examine existing land and real estate, and seek cooperation possibilities to stimulate asset utilization and create revenue.

2.Conduct multi-party assessment on land development and construction cases, endangered elderly and urban renewal cases. Continue to focus on the development of the original urban renewal project of ZhaoAn Street in Zhongzheng District, and Yunong Market in Shilin District, Taipei City, the overall planning project of Jade Bay in Wanli District, New Taipei City, the reconstruction of urban unsafe and old buildings project on Bairen Street in Xindian District, and, Sunshine Four Seasons large residential development project in Yangmei District, Taoyuan City, etc.

3.Combined with various emerging industries, there are no restrictions on product planning, in order to enhance the overall value and output level, create a market that meets the diverse needs of home purchases, and also leads the direction of market development.

4.Strengthen the professional skills of employees, enhance service and construction capabilities, so as to improve project quality, as well as reshape competitiveness.

3. Company Long-term Business Strategy

"Building Reputation on Architecture" is the company's sustained philosophy.

At this stage, the team continues to return to the basics, returning to the construction industry and essence, and at the same time combining the fashion trends of emerging industries, looking forward to stimulating sparks through the combination of both sides, continuing to innovate, maintaining high quality, and walking at the forefront of the market without the concept of self-imposed limitations, and creating a topic of consumption, so as to virtually enhance the company's market competitiveness, and create the largest niche and profit for shareholders, employees and the company.

4. Influences of External Competitive Environment, Regulatory Environment and the Overall Business Environment

(1)Influences of the External Competitive Environment

Because the real estate belongs to property asset, it occupies a major position in the decisiveness of consumption in terms of geographical area, and it is even more competitive in areas with concentrated urbanized population. In recent years, most of the elite areas in the Taipei and New Taipei Cities have been developed, and it has become increasingly difficult to obtain the rest of the land. However, the Company will continue to enhance its product planning capabilities through continuous brand management, and will attract cooperation opportunities for public and private legal persons, large-scale land development, health-preserving and healthy residences, urban renewal and reconstruction

of urban unsafe and old buildings projects based on market evolution and the Group's advantages. However, since the fourth quarter of 2021, raw materials have risen dramatically, and the assessment of the aforementioned development will be more cautious.

(2)Influences of the Regulatory Environment

In recent years, in order to improve the development of the housing market and curb inflation, the Central Bank has decided to raise interest rates by 0.25% in March 2022, and has implemented four consecutive waves of selective credit control. If the interest rate continues to rise above 0.75%, the pressure on the mortgage burden will gradually emerge, and the impact on the real estate market will be extremely significant. Under the multiple challenges of the government's macro-control and the revision of laws and regulations, the real estate industry is striving to break new ground.

(3)Influences of the Overall Business Environment

Observing the recent domestic and international economic situation, the new variant virus Omicron is still spreading rapidly around the world. The world is facing a new wave of Covid-19 Pandemic challenges, resulting in labor shortages, unstable supply chains and rising inflationary pressures, which continue to affect global economic performance. However, with the improvement of virus testing and vaccine coverage, the number of severe infections and deaths has dropped sharply. Therefore, major countries will not easily restart strict Covid-19 Pandemic prevention measures, and the global economy is still expected to maintain the pace of recovery.

However, according to the economic forecast released by the Taiwan Institute of Economics Research, due to bright exports and investment, the economic growth rate in 2021 will be 6.1%. Despite the sound economic data, the recent annual growth rates of the domestic consumer price index (CPI) and wholesale price index (WPI) have both hit a wave high. In addition, the economic sanctions imposed by western countries due to the Ukrainian-Russian war have also had a serious impact on global food and energy prices, supply chains and the financial system, raising concerns that inflationary pressures will continue to rise.

II. Company Profile

1. Company Profile

The company was founded on June 14, 1967. At the beginning of its establishment, its main business was engineering construction. With the development of Taiwan's economy, it gradually entered the field of construction development, and at the same time, it gradually accumulated strong capital, human resources and technology. After the growth of more than 50 year, the company has established a good foundation in construction, engineering construction, department store retail, and real estate services. However, facing challenges over past few years, the company should fight harder due to rapid market changes

The company's development in 2021 focused on its own business, supplemented by business of consumer smart life. In view of the difficulty in obtaining land and the high price, the Company continues to integrate and build on its own land.

In view of the characteristics of the construction industry, and factors such as rising prices, we will continue to increase revenue and reduce expenditure, adopt strategies such as disposing of remaining houses and idle assets, adjusting the financing structure and reducing interest expenses. Moreover, the investment business, the Pacific Department Stores Co., Ltd. and the Pacific Realtor Co., Ltd., have adopted stable operation measures in response to market changes under the pressure of the rise of e-commerce and brand competition, so they still maintain the results of profitability.

2. Company History

1967	Pacific Construction Co., Ltd. was established on June 14, 1967
1975	Prefabrication construction method was developed for constructing houses with lower cost. This was pioneer in Taiwan.
1976	Kaohsiung Liaison Office was established
1979	Shares was allowed to issue by Taiwan Stock Exchange Corporation on December 22, 1979
1980	Issued shares were offered for sale to the public on February 2, 1980
1982	Singapore Subsidiary Company was established. ChengKung Public House was constructed by us. The 19-story house was completed by using an electric heating modular construction method in 68 days.
1985	Pacific Realtor was established focusing on housing agency business. For expanding retail service, Pacific Department Store was established jointly with Japan Sogo Department Store.
1988	Kaohsiung Liaison Office was changed to Kaohsiung Subsidiary Company. Taichung Subsidiary Company was established. For expanding entertainment business, Green Bay Entertainment Company was established.
1989	For expanding retail business, FongYang Enterprises Company was established.
1990	Pacific Securities Company was established. Construction of Tamsui Bridge bid number

	18, Second North Highway Tunnels and other constructions were constructed by the company.
1992	First unsecured convertible corporate bond in the amount of NT$1.2 billion was issued.
1993	First foreign unsecured corporate bond in the amount of 60 million Swiss Franc was issued.
1994	For expanding entertainment business, Taifu Entertainment Company was established jointly with the Howard Worldhotels. First unsecured corporate bond in the amount of NT$600 million was issued.
1995	ISO-9002 quality management system was certified. Second unsecured corporate bond in the amount of NT$300 million was issued.
1996	Third unsecured corporate bond in the amount of NT$1.5 billion was issued. Fourth unsecured corporate bond in the amount of NT$1.5 billion was issued.
1997	For integrating department store business in China, Pacific Holding Company (China) was established. Second unsecured convertible corporate bond in the amount of NT$1 billion was issued. Second foreign unsecured convertible corporate bond in the amount of US$7.5 million was issued.
1998	For expanding cable TV business, ChinYu Investment Company was established.
1999	Constructions of West Coast Highway bid number WH08, WH56 and WH60.61
2000	Winning bids for constructing Matsu Airport and others.
2001	Construction of Kaohsiung Municipal Nanzhih Special School.
2002	Constructions of Matsu Airport and bid number C337. Reinvested in Qingyu Investment Co., Ltd., merged 41 companies including Qiangyuan and changed its name to Fuyang Investment Co., Ltd.
2003	Constructions of bid number C307, KuanYin E101 and New Wudu Tunnel.
2004	Sale of shares in Pacific Securities Co., Ltd.
2005	Pacific Construction Corporation was established. FuYang Investment Co., Ltd was sold to TaiGu Multimedia Co., Ltd.
2006	Constructions of bid number WH60.61 and Baoshan Reservoir.
2007	Constructions of West Coast Highway bid number WH08 and WH56 and New WuJie Tunnel.
2008	Constructions of Kaohsiung Great Era I and Pacific Lohas. For expanding business in city renovations, Pacific Construction Corporation was acquired.
2009	Constructions of Kaohsiung Era Villas and ChungYen I-Park Estate
2010	Construction of Pacific Fiesta I-SungLu Estate.
2011	Constructions of Nankang Hill and Pacific Fiesta II-KanYi Estate. Concepts of green building were incorporated in these constructions.
2012	Construction of Pacific Fiesta III-Moon Estate.
2013	Completion of the construction of SungLu Estate. Construction of Chungshan North Road-Chungshan Century Estate.
2014	Completion of the constructions of HuiShang Estate, KangYi Estate and Moon Estate of Pacific Fiesta.

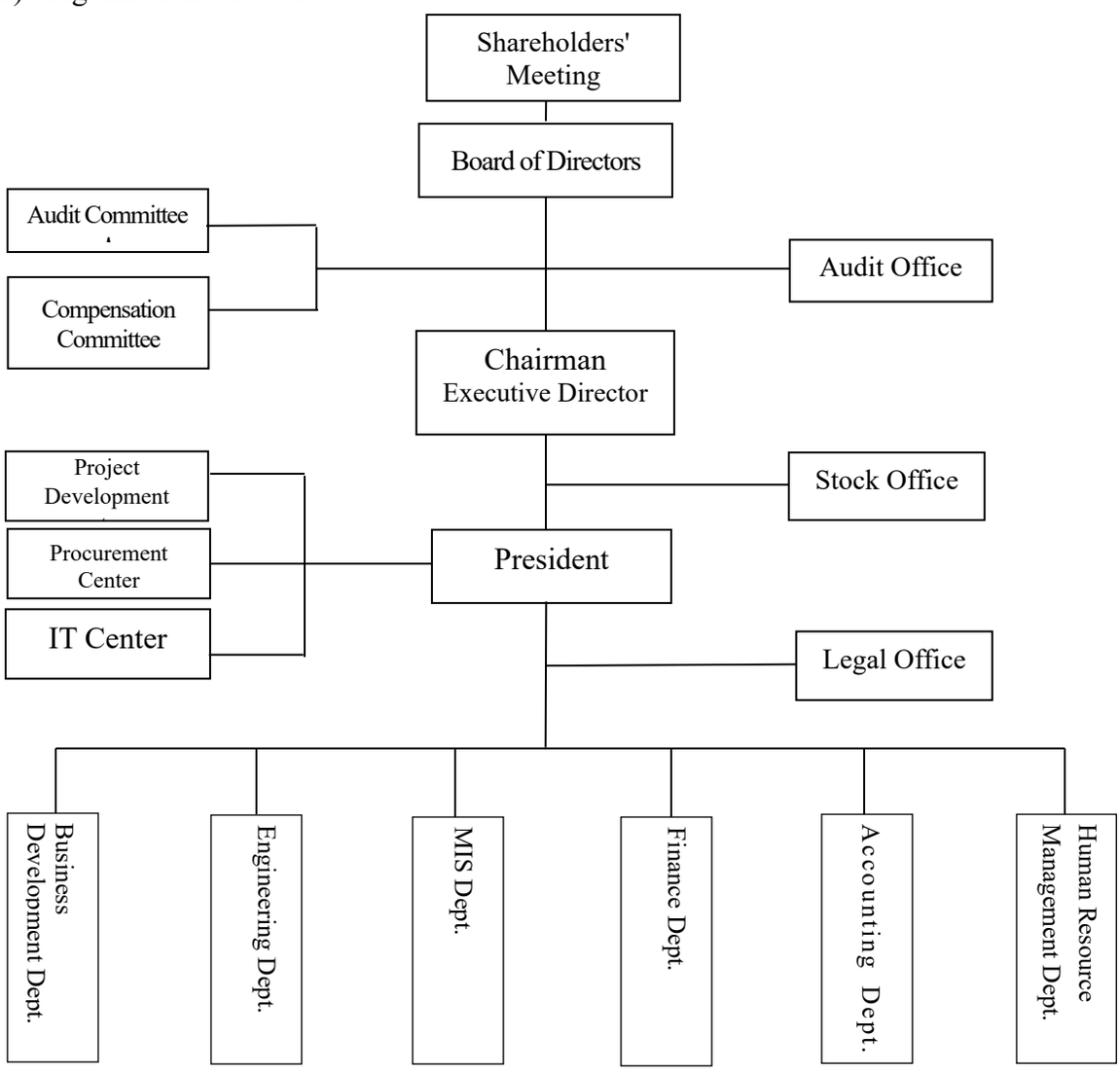
	First secured corporate bond of 2014 in the amount of NT$200 million was issued.
2015	Tingzhou Road urban renewal project was integrated with the Pacific Forest project and officially implemented the renewal plan.
2016	Completion of Chungshan Century Estate, and the pre-sales of Pacific Forest and Pacific Makijing have been sold out. First secured corporate bond in the amount of NT$300 million was issued.
2017	First secured corporate bond in the amount of NT$260 million was issued.
2018	Completion of Pacific Makijing Estate.
2020	The office was moved to No. 495, Guangfu South Road, Xinyi District, Taipei City. Constructed an AI smart home display center. Launched the Sunshine Four Seasons Estate District A. Completion of Pacific Forest Estate.
2021	Launched “Dunnan Lishe” project and purchase the land in the Jianye section of Yilan. First secured corporate bond in the amount of NT$250 million was issued.

III. Corporate Governance Report

1.Company Organization

As of March 31, 2022

(1) Organization Structure



(2) Responsibilities of Major Departments

Department	Responsibilities
Audit Office	• Evaluation and management of internal control procedures • Regularly audit the implementation of internal control in each department • Regularly report internal control audits to the Audit Committee and the BOD • Other related matters
Stock Office	• Handling shareholders' account opening, changes of shareholders' basic information, etc. • Handling stock business operations, such as stock transfer, pledge setting and cancellation, loss reporting and revocation • Convening shareholders meeting • Handling the issuance of cash and stock dividend, and the affairs related to the increase or decrease of capital stock • Handling shareholder inquiry or related stock affairs stipulated by government angencies
Legal Office	• Provision of legal advice, contract review, litigation, non-litigation and other related legal matters • Processing of trademark right application, maintenance and custody • Collection and reseach of law and regulations related to company's right • Handling of other legal matters
Project Development Center	• Project specific land development assessments • Case analysis research and report related matters
Procurement Center	• Execution of engineering-related procurement business
IT Center	• Formulate and develop IT strategies to cater for the need of the company business strategies and management
Business Development Department	• New case architectural design planning and related drawing management • Execution of house sales related business • Management of residual home sales and leasing business • Handling customer compliants and tracking resolution progress
Engineering Department	• Project progress tracking and quality control • Project budgeting, execution and tracking • Project management and quality audit of contractors

Department	Responsibilities
MIS Department	• Planning and design of overall IT architectureand configulation, and be responsible for the procurement of IT hardware and software • Management and maintenance of IT application systems and hardware • Computer data management and information security maintenance
Finance Department	• Long term financial planning • Investment plan evaluation and implementation • Fund scheduling process • Management and recording of receipts and payments of cash, bills and bank transfer
Accounting Department	• Review and compilation of budget, and comparative analysis of budget and actual • Preparation of financial statements and their analytical reports • Various audits, declarations and tax laws related processes • Custody of real estate and pleadings of rights
Human Resource and General Affair Department	• Plan and implement recruitment and hiring processes • Plan and implement employee performance appraisal, bonus, attendance status, health and labor insurance • Formulate and maintain HR policies and procedures • Compensation committee meeting agenda items and proposals planning • Procedural planning for labor-management meeting • Handle the sending and receiving documents of the company and the group, processing, compiling, keeping the official documents • Handle general affairs miscellaneous procurement and payment requests • General assest mmanagement and maintenance

2. Information on the company directors, president, vice presidents, assistant vice presidents, and heads of all company divisions and branch units:

A. Board Members

1. Information Regarding Board Members

As of April 16, 2022

Job Title	Nationality or Record	Name	Gender /Age	Date Elected	Tenure	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held In Another Person's Name		Major Experience & Education	Concurrently Serving Position	Executives, Directors or Supervisor Who are Spouses or Within Two Degrees of Kinship			Remarks
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Job Title	Name	Relation	
Chairman	R.O.C.	Living Spring International Development Co., Ltd.	Male /61~70	2019.06.13	3 years	2013.06.18	5,000,348	1.29%	11,306,091	2.92%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
		Representative / Liu I-Yee		2019.06.13	3 years	2015.10.15	8,363,118	2.16%	5,000,000	1.29%	8,876,118	2.29%	0	0	Chairman of Pacific Construction Co., Ltd.	Director of Pacific Department Stores Co.,Ltd.	N/A	N/A	N/A	N/A
Director	R.O.C.	Living Spring International Development Co., Ltd. Representative / Lei Chien	Female /61~70	2019.06.13	3 years	2013.06.18	5,000,348	1.29%	11,306,091	2.92%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
				2019.06.13	3 years	2016.06.16	0	0	0	0	0	0	0	0	Vice President of ABC,Inc.	Director of Pacific Department Stores Co., Ltd.	N/A	N/A	N/A	N/A
Director	R.O.C.	Allianz investment Co., Ltd. Representative / Chang Chi Ming	Male /61~70	2019.06.13	3 years	2019.06.13	781,020	0.20%	781,020	0.20%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
				2019.06.13	3 years	1983.05.10	0	0	0	0	30,639	0.008%	0	0	Department of Architecture and Urban Design, Chinese Culture University	Chairman of Taitou Xingye Co., Ltd.	N/A	N/A	N/A	N/A
Director	R.O.C.	Living Spring International Development Co., Ltd.	Male /71~80	2019.06.13	3 years	2013.06.18	5,000,348	1.29%	11,306,091	2.92%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
		Representative / Yu Sheng Yi		2019.06.13	3 years	2016.06.16	395,000	0.10%	395,000	0.10%	85,000	0.02%	0	0	Chairman of Qingshi Construction Co., Ltd	Chairman of Qingshi Construction Co., Ltd	N/A	N/A	N/A	N/A
Director	R.O.C.	Fukunaga Investment Co., Ltd. Representative / Lai Yueh Hsin	Male /71~80	2019.06.13	3 years	2016.06.16	7,141,745	1.85%	7,933,745	2.05%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
				2019.06.13	3 years	2006.01.05 (Note)	3,438,218	0.89%	3,438,218	0.89%	1,700,000	0.44%	0	0	Assistant System Coordinator of Institute of Electronicsn, ITRI	Chairman of Fukunaga Investment Co., Ltd.	N/A	N/A	N/A	N/A
Director	R.O.C.	Pacific Urban Management Consulting Co., Ltd.	Male /41~50	2019.06.13	3 years	2019.06.13	7,560,471	1.95%	5,133,471	1.32%	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
		Representative / Chang Kay Jin		2019.06.13	3 years	2019.06.13	5,006,894	1.29%	5,006,894	1.29%	0	0	0	0	BS of College of Science, University of Washington	Director/Deputy GM of Pacific Realtor Co., Ltd.	N/A	N/A	N/A	N/A

Job Title	Nationality or Record	Name	Gender /Age	Date Elected	Tenure	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held In Another Person's Name		Major Experience & Education	Concurrently Serving Position	Executives, Directors or Supervisor Who are Spouses or Within Two Degrees of Kinship			Remarks
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Job Title	Name	Relation	
Independent Director	R.O.C.	Lin Hao Li	Male / 51~60	2019.06.13	3 years	2017.06.16	0	0	0	0	0	0	0	0	EMBA, International Business Management, NTU BS of Electrical Engineering, NTU	Director of Azion Corporation. Chairman of Taiwan Shin Kong International Venture Capital Co., Ltd.	N/A	N/A	N/A	N/A
Independent Director	R.O.C.	Wu Chin Jung	Male / 61~70	2019.06.13	3 years	2019.06.13	0	0	0	0	0	0	0	0	Master of Division of International Economics and Management, Graduate Institute of China Studies, Tamkang University GM of Horizon Securities Corp. 1984 Central Bank Grade B Special Examination 1984 College Entrance Examination International Trade Staff	Independent Director of Inmax Holding Co., Ltd. (Cayman) Director /Deputy GM of Pacific Electric Wire & Cable Co., Ltd.	N/A	N/A	N/A	N/A
Independent Director	R.O.C.	Chen Kin Lung	Male / 61~70	2019.06.13	3 years	2019.06.13	0	0	0	0	0	0	0	0	EMBA, International Business Management, NTU	Chairman of Probright Technology Inc. Independent Director of Co-Tech Development Corp. Independent Director of Albatron Technology Co., LTD.	N/A	N/A	N/A	N/A

Note : Lai Yueh Hsin served as the Legal Director Representative of SOGO Department Stores Co., from January 5, 2006 to September 15, 2006.

Major Shareholders of Institutional Shareholders

April 16, 2022

Names of Institutional Shareholders	Major Shareholders of Institutional Shareholders
Living Spring International Development Co., Ltd.	Dynamic Power Limited (100%)
Allianz investment Co., Ltd.	Zhang Qiu Xiu Qing (14.26%), Cemax Technology Corp. (13.61%), Guo Shu Ling (12.5%), Zhang Min Qiang (11.33%), Zhang Qi Guang (10.6%), Wei Pei Ying (12.5%), Zhang Qi Zheng (10.6%), Chang Su Ming (7.8%), Sun Yung Hung (1.67%), Lin Wei En (4.49%)
Fukunaga Investment Co., Ltd.	Lai Yueh Hsin (39%), Chang Yi Ling (41%), Lai Wei Fan (3.92%), Lai Wei Chia (6.5%)
Pacific Urban Management Consulting Co., Ltd.	Chen Yun Zhu (6.25%) (B.V.I.) Noble Name Limited. (93.75%)

Major Shareholders of Institutional Shareholders Mentioned in the above Table 1

April 16, 2022

Names of Institutional Shareholders	Major Shareholders of Institutional Shareholders
Dynamic Power Limited	Great Time Holdings Limited (100%)
Cemax Technology Corp.	Yi Li Industrial Co., Ltd. (33.27%), Ri Ding Industrial Co., Ltd. (33.27%), Allianz investment Co., Ltd. (33.27%), Shen Chung Hung (0.03%), Jiang Bin (0.03%), Liu Shu Shan (0.03%), Chu Te Hui (0.03%), Wang Yi Ou (0.03%), Wu Huang Ruo Lan (0.03%)
(B.V.I.) Noble Name Limited.	Chen Yun Zhu (100%)

Director Information(2)

1. Professional Qualifications and Experience of Directors

Name	Professional Qualifications and Experience
Chairman / Liu I-Yee	The Chairman of the Company, is also currently the director of some subsidiaries of the Company. There are more than five years of work experience in business, finance and corporate business. Committed to real estate and cable TV investment for more than 30 years, with professional leadership, business marketing, operation management and strategic planning capabilities, focusing on corporate governance and taking the sustainable management of enterprises as the management goal.
Executive Director / Lei Chien	The Executive Director of the Company, holds a master's degree and PhD of the University of Pennsylvania. She was the vice president of the ABC Radio and Television Network Corporation in the United States. She was the highest-ranking Asian person in the mainstream media in the United States at that time. She also served as a director partner of the Singapore Baring Asia Pacific Communication Media Fund. She is also an independent director of IBF Financial Holdings Co., Ltd. Currently, she is also the director of some subsidiaries of the Company. There are more than five years of work experience in business, finance and corporate business, and she has majors in industrial competition, corporate mergers and acquisitions and financial management.
Director / Chang Chi Ming	Graduated from the Department of Architecture of Cultural University, providing planning advice on construction products and helping the company to promote sales. Currently serves as the Chairman of the Group's subsidiary Taitou Xingye Co., Ltd.. There are more than five years of work experience required for business, finance and corporate business, specializing in market strategy and business promotion.
Director / Yu Sheng Yi	As the Chairman of Qingshi Construction Co., Ltd., he has been in the construction business for a long time. He has rich practical experience in the procurement of construction raw materials and project contracting, and understands the development trend of the real estate market, and provides company proposals and construction suggestions.
Director / Lai Yueh Hsin	He used to be an assistant manager of the Institute of Electronics, Industrial Technology Research Institute. He is also currently a director of Ivy Construction Co., Ltd.. He has more than five years of work experience in business, finance and corporate business. Supervise to corporate governance norms, be familiar with company laws and other regulations, and urge corporate governance to become more complete.
Director / Chang Kay Jin	Graduated from the Department of Analytical Chemistry at the University of Washington, USA, and currently serves as the Deputy General Manager of the Group company Pacific Realtor Co., Ltd., in charge of the research and development business. With more than five years of work experience in business, finance and corporate business. He assists the Company to grasp the trend of real estate development .
Independent Director / Lin Hao Li	Graduated from International Business Management Research Institute of NTU, and a bachelor's degree in Electrical Engineering of NTU. He is the Chairman of Taiwan Shin Kong International Venture Capital Co., Ltd. With more than five years of work experience. Proficient in corporate finance and accounting affairs, with rich management and investment experience in the industry.

Name	Professional Qualifications and Experience
Independent Director / Wu Chin Jung	He holds the Master of Division of International Economics and Management of China Studies,Tamkang University, and passed the Second-Class Special Examination of the Central Bank in 1984, and also passed the International Trade Officer in the College Entrance Examination in 1984. Currently, he is the Deputy General Manager of Pacific Electric Wire&Cable Co., Ltd. He used to work in a Financial Management Units of public agencies, specializing in Listed Company Regulations and management mechanisms. Thear are more than five years of work experience required for business, financial and corporate business management, assisting companies in complying with listed company supervision standards to achieve the competent authority's regulation of corporate governance requirements.
Independent Director / Chen Kin Lung	NTU EMBA of International Business Management, and also serves as the Chairman of Probright Technology Inc.. With more than five years of work experience in business, finance and corporate business, He has rich experience in real estate investment and management to provide the Company market strategy and business marketing advice.

2.Independence of Directors

Name	Independence Situation	Numbers of Concurrently Serving as an Independent Director of Another listed Company
Chairman / Liu I-Yee	(1)Not under any of the categories stated in Article 30 of the Company Law. (2)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (3)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director.	None
Executive Director / Lei Chien	(1)Not under any of the categories stated in Article 30 of the Company Law. (2)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (3)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director.	None
Director / Chang Chi Ming	(1)Not under any of the categories stated in Article 30 of the Company Law. (2)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (3)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director.	None
Director / Yu Sheng Yi	(1)Not under any of the categories stated in Article 30 of the Company Law. (2)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (3)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director.	None

Name	Independence Situation	Numbers of Concurrently Serving as an Independent Director of Another listed Company
Director / Lai Yueh Hsin	(1)Not under any of the categories stated in Article 30 of the Company Law. (2)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (3)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director.	None
Director / Chang Kay Jin	(1)Not under any of the categories stated in Article 30 of the Company Law. (2)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (3)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director.	None
Independent Director / Lin Hao Li	The Independent director meets any of the following conditions within 2 years prior to his/her service and during the service period (1)Not employed by the Company or any of the Company's affiliates. (2)Not a Director or Supervisor of the Company or any of the Company's affiliates (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	None
Independent Director / Wu Chin Jung		None
Independent Director / Chen Kin Lung		3

B. Information on GM, Deputy GM, Assistant manager, heads of all company divisions and branch units

April 16, 2022

Job Title	Nationality	Name	Gender	Effective Date	Current Shareholding		Spouse & Minor Shareholding		Shares Held In Another Person's Name		Major Experience & Education	Concurrently Serving Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Job Title	Name	Relation	
General Manager	R.O.C.	Chen Chin Hui	Male	2019.06.13	923	0.00%	0	0.00%	0	0.00%	Department of Accounting of Tamkang University.	Director of Pacific Realtor Co., Ltd.	N/A	N/A	N/A	N/A
Deputy General Manager	R.O.C.	Hsu Fu Lung	Male	2019.08.13	0	0.00%	0	0.00%	0	0.00%	MBA of Tamkang University	Branch Manager of Chun-Tse Asset Management Co., Ltd.	N/A	N/A	N/A	N/A
Deputy General Manager	R.O.C.	Cheng Min Chuang	Male	2019.08.13	0	0.00%	0	0.00%	0	0.00%	Department of Civil Engineering of Chung Yuan Christian University.	N/A	N/A	N/A	N/A	N/A
Supervisor of Financial Dept.	R.O.C.	Huang Te Shin	Female	2006.02.17	19	0.00%	5,580	0.001%	0	0.00%	Department of Accounting of Ming Chuan University.	Supervisor of Taitou Xingye Co., Ltd.	N/A	N/A	N/A	N/A
Supervisor of Accounting Dept.	R.O.C.	Nien Pi Chen	Female	2006.02.17	0	0.00%	0	0.00%	0	0.00%	Department of Accounting of Tamkang University.	N/A	N/A	N/A	N/A	N/A

C. Remuneration Paid to Directors, General Manager, Deputy General Manager

Remuneration of General Directors and Independent Directors for the 18th Term (Individual Disclosure of Names and Remuneration Methods)

Job Title	Name (Note 1)	Remuneration of Director								The sum of A, B, C and D in proportion to Earnings (Note 10)		Remuneration in the capacity as employee								The sum of A, B, C, D, E, F and G to Earnings (Note 10)		Whether remuneration from any reinvestees other than subsidiaries is received? (J) (Note 11)
		Remuneration (A) (Note 2)		Pension (B)		Retained Earnings Distribution (C) (Note 3)		Professional practice (D) (Note 4)				Salaries, bonus and special subsidies (E) (Note 5)		Pension (F)		Employee bonus from earnings (G) (Note 6)						
																the Company		Companies included in the financial statement (Note 7)				
		the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	Cash dividend	Stock dividend	Cash dividend	Stock dividend	the Company	Companies included in the financial statement (Note 7)	
Chairman	Living Spring International Development Co., Ltd.	0	0	0	0	139,448	139,448	0	0	0.31%	0.31%	0	0	0	0	0	0	0	0	0.31%	0.31%	N/A
	Representative / Liu I-Yee (Note 12)	1,384,000	1,384,000	0	0	0	0	45,000	65,000	3.11%	3.16%	0	0	0	0	0	0	0	0	3.11%	3.16%	N/A
Director	Living Spring International Development Co., Ltd.	0	0	0	0	139,448	139,448	0	0	0.31%	0.31%	0	0	0	0	0	0	0	0	0.31%	0.31%	N/A
	Representative / Lei Chien (Note 12)	1,384,000	3,455,200	0	0	0	0	45,000	65,000	3.11%	7.70%	0	0	0	0	0	0	0	0	3.11%	7.70%	N/A
Director	Yang Ming Investment Consulting Co., Ltd.	0	0	0	0	139,448	139,448	0	0	0.31%	0.31%	0	0	0	0	0	0	0	0	0.31%	0.31%	N/A
	Representative / Chang Chi Ming(Note 12)	0	1,205,700	0	0	0	0	35,000	40,000	0.08%	2.73%	0	0	0	0	0	0	0	0	0.08%	2.73%	N/A
Director	Living Spring International Development Co., Ltd.	0	0	0	0	139,448	139,448	0	0	0.31%	0.31%	0	0	0	0	0	0	0	0	0.31%	0.31%	N/A
	Representative / Yu Sheng Yi (Note 12)	0	0	0	0	0	0	45,000	45,000	0.10%	0.10%	0	0	0	0	0	0	0	0	0.10%	0.10%	N/A
Director	Fukunaga Investment Co., Ltd.	0	0	0	0	139,448	139,448	0	0	0.31%	0.31%	0	0	0	0	0	0	0	0	0.31%	0.31%	N/A
	Representative / Lai Yueh Hsin (Note 12)	0	0	0	0	0	0	45,000	45,000	0.10%	0.10%	0	0	0	0	0	0	0	0	0.10%	0.10%	N/A
Director	Pacific Urban Management Consulting Co., Ltd.	0	0	0	0	139,448	139,448	0	0	0.31%	0.31%	0	0	0	0	0	0	0	0	0.31%	0.31%	N/A
	Representative / Chang Kay Jin (Note 12)	0	0	0	0	0	20,830	45,000	45,000	0.10%	0.14%	0	1,189,496	0	0	0	0	0	0	0.10%	2.75%	N/A

Job Title	Name (Note 1)	Remuneration of Director								The sum of A, B, C and D in proportion to Earnings (Note 10)		Remuneration in the capacity as employee								The sum of A, B, C, D, E, F and G to Earnings (Note 10)		Whether remuneration from any reinvestees other than subsidiaries is received? (J) (Note 11)
		Remuneration (A) (Note 2)		Pension (B)		Retained Earnings Distribution (C) (Note 3)		Professional practice (D) (Note 4)				Salaries, bonus and special subsidies (E) (Note 5)		Pension (F)		Employee bonus from earnings (G) (Note 6)						
																the Company		Companies included in the financial statement (Note 7)				
		the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	Cash dividend	Stock dividend	Cash dividend	Stock dividend	the Company	Companies included in the financial statement (Note 7)	
Independent Director	Lin Hao Li (Note 12)	600,000	600,000	0	0	139,444	139,444	80,000	80,000	1.80%	1.80%	0	0	0	0	0	0	0	0	1.80%	1.80%	N/A
Independent Director	Wu Chin Jung (Note 12)	600,000	600,000	0	0	139,444	139,444	80,000	80,000	1.80%	1.80%	0	0	0	0	0	0	0	0	1.80%	1.80%	N/A
Independent Director	Chen Kin Lung (Note 12,13)	0	0	0	0	139,444	139,444	70,000	70,000	0.46%	0.46%	0	0	0	0	0	0	0	0	0.46%	0.46%	N/A

1. Please describe the policy, system, standards and structure of independent directors' compensation and the correlation with the amount of compensation paid based on the responsibilities, risks and time commitment.

The remuneration payment is estimated in accordance with the company's articles of association and processed after discussion by the board of directors and a report at the shareholders meeting. The actual payment has been made with reference to the results of the director's performance evaluation and the recommendations after discussion by the remuneration committee for the board of directors' reference, and will be implemented after approval.

2. Remuneration to Directors providing service to entities within the Company's most recent financial reporting period (such as serving as non-employee consultants), in addition to remuneration disclosed in the above table: None.

Note 1: Names of directors should be separately disclosed (Institutional shareholders should disclose the names of the institutional shareholders and representatives separately). The amount of remuneration should be disclosed in summary.

Note 2: It refers to the directors' compensation received for the recent year (including salaries of the directors, special responsibility allowance, severance pay, various bonuses, incentives, etc.).

Note 3: It refers to the remuneration of directors to be distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors and such proposal has not yet been submitted to the Shareholders' Meeting for approval.

Note 4: It refers to the relevant expenses for business operations paid to directors for the recent year (including transportation allowance, special allowance, various allowances and the provision of dormitory and vehicle, etc.).When a car, house and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also disclose the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration.

Note 5: It refers to the salaries, special responsibility allowance, severance pay, various bonuses, incentives, transportation allowance, special allowance, and the provision of dormitory and vehicle received by the director(s) who concurrently serve(s) as employee(s) (including concurrent General Manager, Deputy General Manager, and other managerial officers and employees) in the recent year. When a house, car, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization.

Note 6: It refers to the employee remuneration (including stock and cash) received by the directors who concurrently serve(s) as employee(s) (including concurrent General Manager, Deputy General Manager, and other managerial officers and employees) in the recent year. It is required to disclose the amount of employee remuneration to be distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors.

Note 7: Disclose the total amount of remuneration paid to the directors by all the companies included in the consolidated financial statements (including the Company).

Note 8: Disclose the name of the directors in the respective range of total remuneration received from the Company.

Note 9: Disclose the name of the directors in the respective range of total remuneration received from all the companies included in the consolidated financial statements (including the Company).

Note 10: It refers to the net income of the recent year. After the adoption of IFRS.

Note 11: a. Specify the amount of remuneration received by directors from ventures other than subsidiaries or from the parent company in this field (Please fill in "None" if none).

b. Where the Company's directors received relevant remuneration from ventures other than subsidiaries or from the parent company, the remuneration received by the Company's directors from ventures other than subsidiaries or from the parent company shall be included in the "I" column of the remuneration bracket table with the column name changed to "the parent company and all invested companies."

c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by the director serving as a director, supervisor or manager of ventures other than subsidiaries or of the parent company.

Note 12: Refers to the 18th term of office of directors from June 13, 2019 to June 12, 2022.

Note 13: Refers to the salary of driver of the Independent Director / Chen Kin Lung paid by the company from January 2021 to December 2021 of NT$ 638,000. (Not included in the remuneration, as explained in Note 4).

Remuneration of General Manager, Deputy General Manager

Job Title	Name	Salary (A)		Pension (B) (Note 1)		Salaries, bonus and special subsidies (C) (Note 2)		Employee bonus allocated from earnings (D) (Note 3)				The sum of A, B, C and D in proportion to Earnings (Note 4)		Whether remuneration from any reinvestees other than subsidiaries is received? (Note 6)
								the Company		Companies included in the financial statement (Note 5)				
		the Company	Companies included in the financial statement (Note 5)	the Company	Companies included in the financial statement (Note 5)	the Company	Companies included in the financial statement (Note 5)	Cash dividend	Stock dividend	Cash dividend	Stock dividend	the Company	Companies included in the financial statement (Note 5)	
GM	Chen Chin Hui	3,000,000	3,000,000	0	0	766,824	766,824	81,000	0	81,000	0	8.43%	8.43%	N/A
Deputy GM	Hsu Fu Lung	1,440,000	1,440,000	87,048	87,048	450,608	450,608	57,000	0	57,000	0	4.46%	4.46%	N/A
Deputy GM	Cheng Min Chuang	1,560,000	1,560,000	94,824	94,824	468,455	468,455	57,000	0	57,000	0	4.78%	4.78%	N/A

Note 1: NT$181,872 in the retirement pension is the amount of provision, and there is no actual payment of retirement pension this year.

Note 2: In 2021, GM and Deputy GM various bonuses, incentives, transportation allowance, special allowance, various allowances, provision of dormitory, vehicle and other in-kind provision and other compensations received amount. The number of accounts includes NT$1,370,000 for bonus and NT$315,887 for fuel and repairs.

Note 3: Refers to the amount of employee compensation approved by the board of directors before the most recent annual shareholders meeting.

Note 4: It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.

Note 5: Disclose the total amount of remuneration paid to the GM and Deputy GM by all the companies (including the Company) included in the consolidated financial statements.

Note 6: Specify the amount of remuneration received by GM and Deputy GM from ventures other than subsidiaries or from the parent company in this field.

Note 7: The concept of the “compensation” disclosed in this Form is different from the income defined under the Income Tax Law. Therefore, the purpose of this Form is for information disclosure not for taxation.

Managerial officers with the Top Five Highest Remuneration Amount (Note 1)

Job Title	Name	Salary (A)		Pension (B) (Note 2)		Salaries, bonus and special subsidies (C) (Note 3)		Employee bonus allocated from earnings (D) (Note 4)				The sum of A, B, C and D in proportion to Earnings (Note 5)		Whether remuneration from any reinvestees other than subsidiaries is received? (Note 7)
								the Company		Companies included in the financial statement (Note 6)				
		the Company	Companies included in the financial statement (Note 6)	the Company	Companies included in the financial statement (Note 6)	the Company	Companies included in the financial statement (Note 6)	Cash dividend	Stock dividend	Cash dividend	Stock dividend	the Company	Companies included in the financial statement (Note 6)	
GM	Chen Chin Hui	3,000,000	3,000,000	0	0	766,824	766,824	81,000	0	81,000	0	8.43%	8.43%	N/A
Deputy GM	Cheng Min Chuang	1,560,000	1,560,000	94,824	94,824	468,455	468,455	57,000	0	57,000	0	4.78%	4.78%	N/A
Deputy GM	Hsu Fu Lung	1,440,000	1,440,000	87,048	87,048	450,608	450,608	57,000	0	57,000	0	4.46%	4.46%	N/A
Director of Financial Dept.	Huang Te Shin	1,308,000	1,308,000	81,540	81,540	365,400	365,400	44,000	0	44,000	0	3.94%	3.94%	N/A
Manager of Accounting Dept.	Nien Pi Chen	1,147,200	1,147,200	69,552	69,552	200,000	200,000	28,000	0	28,000	0	3.16%	3.16%	N/A

Note 1: Managerial officers with the top five highest remuneration amounts refers to managers at the Company, in which the standard for determining managers is the applicable scope set forth in Order Tai-Cai-Zheng-San-Zi No. 0920001301 from the former Securities and Futures Commission, Ministry of Finance dated March 27, 2003. The top five highest remuneration amounts are determined based on the sum of salaries, severance pay, bonuses and allowances, and employee compensation received by a managerial officer from all companies in the consolidated financial statements (i.e., A+B+C+D).

Note 2: NT$332,964 in the retirement pension is the amount of provision, and there is no actual payment of retirement pension this year.

Note 3: In 2021, manager various bonuses, incentives, transportation allowance, special allowance, various allowances, provision of dormitory, vehicle and other in-kind provision and other compensations received amount. The number of accounts includes NT$1,880,000 for bonus, NTS 55,400 for job allowance and NT$315,887 for fuel and repairs.

Note 4: Refers to the amount of employee compensation approved by the Board of Directors for managerial officers with the top five remuneration amounts in the most recent year.

Note 5: The net income after-tax refers to the net income after-tax in the standalone financial statements for the most recent year.

Note 6: The total remuneration paid by all companies in the consolidated statements (including the Company) to managerial officers with the top five highest remuneration amounts must be disclosed.

Note 7: Specify the amount of remuneration received by managerial officers with the top five remuneration amounts from ventures other than subsidiaries or from the parent company in this field.

Note 8: The remuneration disclosed in the table is different from income as defined in the Income Tax Act. This table is therefore provided for disclosure only and is not used for taxation purposes.

D. Employee Rem uneration Distributed to Managers and Distribution Situation:

March 31, 2022

	Job Title	Name	Stock	Cash	Total	Total as a percentage of net income after tax (%)
Managerial officer	GM	Chen Chin Hui	0	267,000	267,000	0.58%
	Deputy GM	Hsu Fu Lung				
	Deputy GM	Cheng Min Chuang				
	Director of Financial Dept.	Huang Te Shin				
	Manager of Accounting Dept.	Nien Pi Chen				

Note：Refers to the amount of employee compensation approved by the Board of Directors for managerial officers in the most recent year. The net income after-tax refers to the net income after-tax in the standalone financial statements for the most recent year.

E. Analysis of the proportion of the total compensation paid to the directors, president and vice president of the company in the last two years by the company and all companies in the consolidated financial statements to the net profit after tax of individual financial reports, and explain the compensation policies, standards and combinations, and procedures for setting compensation structure and its correlation with operating performance and future risks:

1.Analysis of the proportion of total compensation in net profit after tax

Job Title	The Company		All Companies	
	2020	2021	2020	2021
Director	-8.19%	19.85%	-15.62%	22.46%
GM & Deputy GM	-14.64%	17.67%	-14.64%	17.67%

2. Compensation policy

(1) Directors' compensation is in accordance with the spirit of corporate governance, and Directors shall be paid corresponding compensation in accordance with the supervisory and management duties entrusted by the shareholders' meeting.

(2) The compensation of the president and vice president is to ensure that the company's salary and remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents, and are handled in accordance with the established personnel management regulations.

3. The standard and combination of Compensation

(1) Directors

1) Directors' remuneration

According to Article 26 of the Company's Articles of Incorporation, If the company makes a profit during the year, the board of directors shall decide to allocate no more than 2% in cash as the director's remuneration, from the pre-tax profit deducting the amount of benefits before the distribution of employee remuneration and director's remuneration. A report to the shareholders meeting should be submitted. However, when the Company still has accumulated losses, it should reserve the amount to make up in advance, and then allocate the director's remuneration according to the proportion in the preceding paragraph.

2) Business execution costs

Pursuant to Article 21 of the Company's articles of Incorporation, the Company's directors' travel expenses and remuneration shall be determined by the authorized board of directors with reference to the industry standard, and shall also consider the recommendations of the Compensation and Remuneration Committee.

(2) Managerial officers

1) Maintenance salary

It is a recurring payment, and the salary is approved with reference to the salary market conditions, company operating conditions and organizational structure. And timely adjust according to market salary dynamics, overall economic and industrial prosperity changes, and government laws and regulations.

2) Incentive salary

According to Article 26 of the Company's articles of Incorporation, If the company makes a profit during the year, it shall allocate 1% to 2% as employee compensation, which shall be distributed in shares or cash by the resolution of the Board of Directors. The distribution object may include employees of control or subordinate companies who meet certain conditions The employee compensation distribution proposal shall be submitted to the shareholders meeting report. However, when the company still has accumulated losses, it should reserve the amount to make up in advance, and then allocate the employee's remuneration according to the proportion in the preceding paragraph. According to the bonus/year-end bonus issuance method, flexible payment will be made after evaluating the company's operating performance and individual employee differences.

4. The correlation of remuneration and business performance

(1) Directors' remuneration

The company has established a performance evaluation method for the board of directors. According to Article 3 of the method, six major items are evaluated, namely: ①grasping the company's goals and tasks; ②directors' awareness of responsibilities; ③degree of participation in company operations; ④internal relationship management and communication ⑤Professional and continuing education of directors ⑥Internal control. The amount paid this time is based on the self-assessment results of the performance evaluation of directors and members in 2021.

(2) Remuneration of Managerial officers \ General Manager, Deputy General Manager

The company has formulated personnel management measures to evaluate managers' performance. The evaluation items are leadership and planning ability, work achievement ability and efficiency, sense of responsibility, communication and coordination ability, authorization and guidance ability, work attitude, and cost awareness. The assessment results will calculate the payment amount, and the personal bonus remuneration will also be adjusted based on the performance of the current year. The final issued amount will be discussed by the Remuneration Committee and submitted to the Board of Directors for approval before implementation.

(3) Since 2019, Director liability insurance has been insured, and based on the assessment of existing litigation cases, it is unlikely that directors and Managerial officers will be liable, obligated or indebted in the future.

3. The state of Implementation of Corporate Governance

(1) Operations of Board of Directors

The 18th Board held **nine** meetings in 2021. The attendance of Directors was as follows:

Job Title	Name (Note 1)	2021.01.01~2021.12.31			Remarks (Note 2)
		Actual Attendance	Attendance by Proxy	Actual Attendance Rate (%)(Note 2)	
Chairman	Living Spring International Development Co., Ltd. Representative / Liu I-Yee (Note 3)	9	-	100	
Director	Living Spring International Development Co., Ltd. Representative / Lei Chien (Note 3)	9	-	100	
Director	Allianz investment Co., Ltd. Representative / Chang Chi Ming (Note 3)	7	2	78	
Director	Living Spring International Development Co., Ltd. Representative / Yu Sheng Yi (Note 3)	9	-	100	
Director	Fukunaga Investment Co., Ltd. Representative / Lai Yueh Hsin (Note 3)	9	-	100	
Director	Pacific Urban Management Consulting Co., Ltd. Representative / Chang Kay Jin (Note 3)	9	-	100	
Independent Director	Lin Hao Li (Note 4)	9	-	100	Served as Convener of Audit Committee and Meeting Chairman's
Independent Director	Wu Chin Jung (Note 4)	9	-	100	Served as Member of Audit Committee
Independent Director	Chen Kin Lung (Note 4)	8	1	89	Served as Member of Audit Committee

Note 1: The names of corporate shareholders and names of representatives shall be disclosed in case the director and Independent Directorare corporate organizations.

Note 2: (1) In case any director or supervisor resigns before the end of the year, mark the date of resignation on the remarks and the actual attendance rate (%) is calculated by the number of meeting attended during his/her term at the Board of the Directors and the number of actual attendance for calculation.

(2) In case of any director and supervisor reelection before the end of the year, fill in the new and former directors and supervisors in addition to marking the director and supervisor as new or former term, and date of reelection. The actual attendance rate (%) is calculated by the number of meeting attended during his/her term at the Board of the Directors and the number of actual attendance for calculation.

Note 3: Refers to the 18th term of office of directors from June 13, 2019 to June 12, 2022.

Note 4: On June 13, 2019, it was fully re-elected, and an Audit Committee was established in accordance with the law to act in the capacity of the supervisors..

Other items to be specified:

1. Should one of the following occur, the meeting date, period, content of the resolution, opinions of all Independent Directors, and the Company's handling of the opinions of the Independent Directors shall be clearly stated:

(1) All the listed items in Article 14-3 of the Securities and Exchange Act:

Date	Period		Proposal Content	Opinions of Independent Director Oppose or Retention	Independent Directors' opinions	Company's response to the opinions of independent directors:	Resolution Result
2021.01.26	18st session	11th meeting	Regular assessment of the independence of the CPAs	None	Approved Unanimously.	N/A	All the directors present unanimously approved the proposal.
			Proposal of discuss the remuneration of CPAs in 2021.	None	Approved Unanimously.	N/A	All the directors present unanimously approved the proposal.
			Proposal of discuss the Company's 2021 annual business plan.	None	Approved Unanimously.	N/A	All the directors present unanimously approved the proposal.
2021.03.25	18st session	12th meeting	Proposal of The company's "Internal Control Statement" in 2019.	None	Approved Unanimously.	N/A	All the directors present unanimously approved the proposal.
2021.05.11	18st session	13th meeting	Proposed to amend some clauses of the company "Internal Control System for Stock Transfer Agents".	None	Approved Unanimously.	N/A	All the directors present unanimously approved the proposal.
2021.08.10	18st session	15th meeting	Proposed to discuss insuring for the Company's Directors and key employees	None	Approved Unanimously.	N/A	All the directors present unanimously approved the proposal.
2021.09.28	18st session	16th meeting	Proposed to discuss the land purchase case in the Jianye Section of Yilan City, Yilan County	None	Approved Unanimously.	N/A	All the directors present unanimously approved the proposal.
2021.11.09	18st session	18th meeting	Proposed to discuss the company's 2021 internal audit plan	None	Approved Unanimously.	N/A	All the directors present unanimously approved the proposal.
			Proposed to discuss the extension of the share sale plan of subsidiary " Grand Pacific Holdings Limited " to its reinvested company	None	Approved Unanimously.	N/A	All the directors present unanimously approved the proposal.

(2) In addition to the aforementioned, the items in board resolutions regarding which Independent Directors have voiced opposing or qualified opinions on the record or in writing: None.

2. In instances where a Director's circumvention due to the conflict of interest, the minutes shall clearly state the Director's name, contents of the motion and resolution thereof, reason for such circumvention and the voting status:

Date	Period		Proposal Content	Name of Director Who Should Avoid Benefit	Reasons for avoiding interests and participation in voting	Board Resolution Result
2021.01.26	18st session	11th meeting	Proposal of discuss the company's manager's year-end bonus distribution plan of 2020.	Chairman / Liu I-Yee Executive Director / Lei Chien	Proposal of the Executive Director Remuneration.	Except for the directors who did not participate in the discussion and voting in accordance with the law, the other directors present agreed to pass

3. The Company shall disclose the information of Self-Evaluation (or Peer) Evaluation of the Board of Directors, including general evaluation cycle, evaluation period, scope and method of evaluation and content of evaluation as follows:

Execution of Board Performance Evaluation

The company has completed the year 2021 board performance self-evaluation, and the results of the evaluation have been submitted to the board of directors report on January 20, 2022.

Assessment cycle (Note1)	Assessment duration (Note2)	Scope of assessment (Note3)	Assessment method (Note 4)	Assessment details (Note5)
Performed regularly once a year	From Jan.1, 2021 to Dec.31, 2021	Performance evaluation of the Board of Directors	Internal self-evaluation of the board of directors	A. Participation in the operation of the company B. Improve the quality of board decisions C. Board composition and structure D. Director selection and continuing education E. Internal Control
		Performance evaluation of the individual director members	Internal self-evaluation of the self-evaluation of board members	A. Mastery of company goals and tasks B. Awareness of Directors' Responsibilities C. Participation in the company's operations D. Internal relationship management and communication E. Professional and continuing education of directors F. Internal Control
		Performance evaluation of the functional committees.	Internal self-evaluation of the self-evaluation of functional committees	A. Participation in the operation of the company B. Committee's responsibilities C. Improve the quality of committee decisions D. Committee composition and member selection E. Internal Control

Note 1: Refers to the cycle of Board evaluations.

Note 2: Refers to the period covered by the Board evaluation

Note 3: The scope of performance evaluations includes the Board of Directors, individual directors, and functional committees.

Note 4:The evaluation method includes internal self-evaluation by the Board of Directors, self-assessment by directors, peer evaluation, and entrusting external professional institutions and experts or using other appropriate methods for performance evaluation.

Note 5: According to the scope of evaluation, evaluation items must at least include the following items:

(1) Board performance evaluation: At least includes level of participation in company operations, the quality of Board decisions, Board composition and structure, appointment of directors and their continued development, and internal controls.

(2) Individual director performance evaluation: At least includes grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls.

(3) Functional committee performance evaluation: Participation in company operations, understanding of the responsibilities of functional committees, improvement of the decision-making quality of functional committees, composition of functional committees, and member selection and internal control.

4. Measures undertaken during the current year and past year (including the establishment of the Audit Committee, improvement of info transparency, etc.) in order to strengthen the functions of the Board of Directors and assessment of such implementation:

(1) The board of directors of the company performs decision-making and supervision functions such as convening, meeting, meeting and resolution of the board of directors in accordance with relevant laws and regulations, articles of association, corporate governance standards and relevant regulations; independent directors fully express their professional opinions when discussing, and exert their independence and professionalism; The establishment of functional committees such as the Audit Committee and the Salary and Compensation Committee will help improve the efficiency and quality of deliberations through the use of the pre-audit function; implement the company's board of directors' diversification policy while taking into account the equity structure and deliberative efficiency. The convener of the Audit Committee and the Salary and Compensation Committee is the Independent Director / Lin Hao Li. The composition, responsibilities and operation of the relevant committees are disclosed in the annual report and the company's website.

(2) The company has insured directors and managers' liability insurance with an insured amount of US$5 million to diversify the legal liability risks of directors and managers, so that they can perform their business with peace of mind and enhance the company's management and governance capabilities.

(3) The company has a complete corporate governance system, which is reviewed annually by the functional committee and submitted to the company's corporate governance "Articles of Association", "Director Election Method", "Rules of Procedures of the Board of Directors", and "Corporate Social Code of Responsibility Practice, "Rules for the Responsibilities of Independent Directors", "Organization Rules of the Salary and Compensation Committee", "Organization Rules of the Audit Committee", "Operation Procedures for Self-assessment of Internal Control System", "Internal Control System", "Internal Audit Implementation Rules" "Wait. In addition, the company also formulated the "application for suspension and resumption of trading procedures" to protect the rights and interests of investors.

(4) In addition to exposing relevant information in the public information viewing station set up by the competent authority in accordance with the law, the company also fully discloses various business and financial information in the annual report and company website, effectively improving information transparency and operating in accordance with new laws and regulations or practices in a timely manner Propose amendments.

(2) Operations of Audit Committee

The 1th Audit Committee held **five** meetings in 2021. The attendance of the Committee members is summarized as follows:

Job Title	Name	Term of the 1st Audit Committee: 2019.06.13~2022.06.12			Remarks (Note 1)
		Actual Attendance	Attendance by Proxy	Actual Attendance Rate (%)	
Member (Note 2)	Lin Hao Li	5	0	100	Meeting Chairman's
Member (Note 2)	Wu Chin Jung	5	0	100	
Member (Note 2)	Chen Kin Lung	4	1	80	

Note 1: (1) Where a specific independent director may be relieved from duties before the end of the fiscal year, specify the date of discharge in the "Remark" section. Actual attendance rate (%) was calculated based on the number of board meetings held during each director's term and the number of meeting s actually attended by that director.

(2) If an independent director is elected before the end of the year, incoming and outgoing independent directors shall be listed accordingly, and the Remark column shall indicate whether the status of an independent direc tor is "outgoing", "incoming" or "re elected", and the date of election. Actual

attendance rate (%) was calculated on the basis of the number of meetings held by the audit committee during each independent director's term and the number of meetings actuall y attended by that independent director.

Note 2: Refers to the term of the 1st Audit Committee from 2019.06.13 to 2022.06.12.

Other mentionable items:

I. If any of the following applies to the operations of the Audit Committee, the date and session of the Board of Directors' Meeting, as well as the resolutions, resolutions of the Audit Committee and the company's actions in response to the opinions of the Audit Committee shall be stated.

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

Date	Board of Directors	Audit Committee	Proposal Content	Resolution of the Audit Committee	Company's response to the Audit Committees' opinions:	Resolution of the Board
2021.01.26	The 11th meeting of the 18th Board	The 10th meeting of the 1th Audit Committee	Regularly assess the independence of the CPA	All the committee members present unanimously approved the proposal.	N/A	All the directors present unanimously approved the proposal.
			Proposal of discuss the remuneration of CPAs in 2019 and 2020.	All the committee members present unanimously approved the proposal.	N/A	All the directors present unanimously approved the proposal.
			Discuss the company's 2021 annual business plan	All the committee members present unanimously approved the proposal.	N/A	All the directors present unanimously approved the proposal.
2021.03.25	The 12th meeting of the 18th Board	The 11th meeting of the 1th Audit Committee	Proposal of The company's "Internal Control Statement" in 2020.	All the committee members present unanimously approved the proposal.	N/A	All the directors present unanimously approved the proposal.
			Proposal of discussing 2020 business report and financial statement.	All the committee members present unanimously approved the proposal.	N/A	All the directors present unanimously approved the proposal.
			Proposal of discussing 2020 disposition of net earnings.	All the committee members present unanimously approved the proposal.	N/A	All the directors present unanimously approved the proposal.
			Amends some provisions of the Company's "Measures for Supervision of Subsidiaries"	All the committee members present unanimously approved the proposal.	N/A	All the directors present unanimously approved the proposal.
2021.05.11	The 13th meeting of the 18th Board	The 12th meeting of the 1th Audit Committee	Proposal of discussing the Company's 1st Quarter 2021 Consolidated Financial Statements	All the committee members present unanimously approved the proposal.	N/A	All the directors present unanimously approved the proposal.

Date	Board of Directors	Audit Committee	Proposal Content	Resolution of the Audit Committee	Company's response to the Audit Committees' opinions:	Resolution of the Board
			Proposal of discussing the application of "Pacific Holdings Limited" to the Company for short-term financing	All the committee members present unanimously approved the proposal.	N/A	All the directors present unanimously approved the proposal.
			Proposal to amend some provisions of the Company's "Internal Control System for Shareholding Units"	All the committee members present unanimously approved the proposal.	N/A	All the directors present unanimously approved the proposal.
2021.08.10	The 15th meeting of the 18th Board	The 13th meeting of the 1th Audit Committee	Proposal of discussing the Company's 2nd Quarter 2021 Consolidated Financial Statements.	All the committee members present unanimously approved the proposal.	N/A	All the directors present unanimously approved the proposal.
			Proposal of discussing the Company's first half of 2021 cash dividend distribution plan	All the committee members present unanimously approved the proposal.	N/A	All the directors present unanimously approved the proposal.
			Proposal of discussing taking out liability insurance for the directors and important staff of the company	All the committee members present unanimously approved the proposal.	N/A	All the directors present unanimously approved the proposal.
2021.11.09	The 18th meeting of the 18th Board	The 14th meeting of the 1th Audit Committee	Proposal of discussing the Company's 3rd Quarter 2021 Consolidated Financial Statements.	All the committee members present unanimously approved the proposal.	N/A	All the directors present unanimously approved the proposal.
			Proposal of discussing the company's 2022 annual internal audit plan	All the committee members present unanimously approved the proposal.	N/A	All the directors present unanimously approved the proposal.
			Proposal of discussing the extension of the equity sale plan of the subsidiary "Pacific Holdings Co., Ltd." to its reinvested company	All the committee members present unanimously approved the proposal.	N/A	All the directors present unanimously approved the proposal.

(II) Aside from said circumstances, resolution(s) not adopted by the Audit Committee but receiving the consent of two thirds of the Board of Directors: None.

2. The implementation status of independent directors' avoidance of a conflict of interest (shall state the name of the independent director, the content of the proposal, the reasons for the avoidance of interest conflict, and the voting status) : none.
3. Communication between the independent directors and the internal audit supervisors and accountants (shall include the major issues, methods and results of the company's financial and business conditions)

(1) Communication policies between independent directors, audit committee members, accountants and audit supervisors:

1. Independent directors, members of the audit committee and accountants have regular meetings at least once a year. The accountants report to the independent directors and members of the audit committee on matters related to the company's review plan, findings and results. In case of major abnormalities, a meeting will be conducted for discussion at any time.
2. Independent directors, audit committee members and audit supervisors meet at least once a year to report on the company's internal audit status and internal control operations; meetings can be convened at any time in the event of major abnormalities.
3. Independent directors and audit committee members may communicate with accountants and audit supervisors by telephone or email at any time when they deem it necessary.

(2) Communication between independent directors, audit committee members and accountants:

1. The accountant gave a detailed explanation on the scope and time of the company's annual audit, audit findings, narrations of key issues, and the impact of new accounting principles.
2. The accountant discusses and communicates with the questions raised by the participants

(3) Communication between independent directors, audit committee members and audit supervisors:

1. The audit supervisor's explan the scope of the company's audit and its implementation status.
2. The audit supervisor discusses and communicates with the questions raised by the participants.

(4) Summary of the communication between independent directors, audit committee members and accountants:

Date	Communication highlights	Communication conclusion
2021.11.09	1. Key audit findings discussion of 2021 2. Responsibilities, scope and methods of auditors for auditing financial statements 3. Important regulation updates	The audit committee approved the quarterly financial report and submitted it to the board of directors, and reported to the competent authority as scheduled.

(5) Summary of the communication between independent directors and audit committee members and the audit supervisor

Date	Communication highlights	Communication conclusion
2021.11.09	1. Discussion on annual audit report of 2021 2. Inplementation status of 2021 audit plan 3. Other audit affairs discussion	The audit plan of the current year was implemented as planned, no major findings and critical impact on internal control.

(3) Corporate Governance Status, Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Narration	
1. Does the company follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and has the company established and disclosed its own Corporate Governance Best Practice Principles?	V		The company has formulated a code of practice for corporate governance and disclosed it on the company's website.	No significant variances
2. The company's shareholding structure and shareholders' equity				
(1) Does the company stipulate internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigation matters, and implement them according to procedures?	V		The company's spokesperson and the stock office are responsible for handling and responding to shareholders' related issues. In addition, the internal operations of the stock office have been handled in accordance with procedures.	No significant variances
(2) Does the company have a list of the ultimate controllers of the major shareholders and major shareholders of the actual control company?	V		The company maintain a good relationship with major shareholders and has a list of the ultimate controllers of major shareholders.	No significant variances
(3) Does the company establish, implement and control the risk control and firewall mechanism between the enterprises?	V		According to the company's "Policies on Supervision of Subsidiaries", the monitoring of subsidiaries is carried out, and the audit office conducts regular audits.	No significant variances
(4) Does the company stipulate internal regulations and prohibit insiders from using the undisclosed information on the market to buy and sell securities?	V		In accordance with the "Code of Ethical Conduct" set by the company, insiders are prohibited from engaging in relevant securities transactions when the company's important undisclosed information.	No significant variances
3. the composition and duties of the board of directors				
(1) Does the board of directors formulate a diversified policy and implement it in terms of membership?	V		(1) The company has formulated the director diversity policy in Article 20 of the Code of Corporate Governance Practices, and disclosed it on the company's website and the Market Observation Post System. The company will set up other various	No significant variances

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Narration	
			functional committees according to actual needs. (2) Check the member list of the 18th Board of Directors, there is one female member. Some members are good at leadership, operation judgment, operation management, crisis management, and has industry knowledge and international market views, including Liu I-Yee, Lei Chien, Chang Chi Ming, Yu Sheng Yi , Lai Yueh Hsin and Chang Kay Jin, Independent director Lin Hao Li specializing in finance, mergers and acquisitions. Independent director Wu Chin Jung passed the Central Bank Second Class Special Examination and Senior Civil Service Examination in 1984. Besides, Mr. Wu is also specialized in corporate law and securities law. Independent director Chen Kin Lung has expertise in investment and real estate development.(Note 1) (3) The current board of directors of the company consists of nine directors, including two executive directors, three independent directors and four non-executive directors. The members have extensive experience and expertise in finance, business and management. In addition, the company pays attention to gender balance in the composition of the board of directors, and the target ratio of female directors is 33% or more. At present, among the 9 directors, including 1 female director, the ratio is 11%. In the future, efforts will be made to increase the number of female directors to achieve the goal. There are 2 independent directors who are newly appointed within 2 years. Another is a renewal of more than 3 years. Of the 9 directors, 2 are over 70 years old, 5 are between 60 and 69 years old, and 2 are under 60 years old.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Narration	
			(4) Article 20 of the Company's "Code of Practice on Corporate Governance" stipulates that the diversity policy for the member of the board of directors and disclosed it on the company's website and the Market Observation Post System.	
(2) Does the company voluntarily set up other functional committees in addition to the salary remuneration committee and the audit committee?	V		Other functional committees will be established by the company based on actual needs.	No significant variances
(3) Does the company stipulate the performance appraisal methods of the board of directors and their assessment methods, and conduct performance evaluations every year and regularly?	V		The company has passed the "Board Performance Evaluation Policies" at the sixth meeting of the 17th session of the Board of Directors on November 6, 2018, and has issued performance self-evaluation questionnaires to all members of the board of directors in December each year for the evaluation on the overall board performance appraisal, functional committee performance appraisal and self-evaluation for themselves. The company's overall board performance self-evaluation covers the following five aspects: A. The degree of participation in the company's operations. B. Improvement on the quality of board decision-making. C. The composition and structure of the board of directors. D. Selection and continuing education of directors. E. Internal control. The measurement items for the self-performance evaluation of board members cover the following six aspects: A. Mastery of company goals and missions. B. Awareness of directors' responsibilities. C. The degree of participation in the company's operations.	No significant variances

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Narration	
			D. Internal relationship management and communication. E. Professional and continuing education of directors. F. Internal control. Functional committee performance evaluation measurement items: 1) The degree of participation in the company's operations. 2) Recognition of the responsibilities of functional committees. 3) Improvement on the decision-making quality of functional committees. 4) Functional committee composition and member selection. 5) Internal control. After all the questionnaires are collected in January each year, the working unit will analyze the results according to the policies and report the results to the board of directors, with the suggestions for improvement. The evaluation results are also disclosed on the company's official website. The results of the 2021 board performance evaluation are as follows: (out of 5 points) 1. The overall board performance appraisal self-evaluation average score is 4.7 points 2. The overall average score of the board members' self-evaluation is 4.95 points 3. Performance appraisal and self-evaluation of functional committees 1) The average self-evaluation score of the compensation committee performance appraisal is 4.9 points 2) The average self-evaluation score of the audit committee performance appraisal is 4.96 points According to the results of the performance appraisal of the board of directors in 2021, the overall performance of the board of directors is still excellent. The results were reported to the board of	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Narration	
			directors on January 20, 2022. The company pays individual directors' salary and remuneration with reference to the results of performance evaluation. The procedure of director nomination was approved at the meeting of shareholders in June 12, 2020, and the nomination system will be adopted for the election of directors in June 2022 with reference to the director's performance evaluation results as the basis for nomination of candidates.	
(4) Does the company regularly assess the independence of the CPA	V		The accounting department evaluates the independence of certified public accountants once a year and submits the results to the board of directors on January 20, 2022 for review and approval. The accounting department assessed that CPA Chen Zongzhe and CPA Lai Lizhen of KPMG. CPAs all met the company's independence evaluation standards (Note 2), and they are qualified to serve as certified public accountants of the company.	No significant variances
4. Does the listed company have a suitable and appropriate number of corporate governance staff and designates a corporate governance leader to be responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to perform business, assisting directors and supervisors to comply with relevant laws and regulations, handle matters related to meetings of the board of directors and shareholders in accordance with the laws and regulations, prepare minutes of the meetings of the board of directors and shareholders, etc.)?	V		On March 25, 2021, the 12th meeting of the 18th session of the Board of Directors of the Company agreed to appoint a Corporate Governance Supervisor, and appointed Ms. Huang De-Xin, Assistant Manager of the Company's Finance Department, as the Corporate Governance Supervisor. The responsibilities are as follows: 1. Assist in the appointment and training of directors 2. Responsible for providing the information required by the directors to execute their business 3. Assist directors to comply with laws and regulations 4. Handle matters related to the meeting of the board of directors and the shareholders' meeting according to the law 5. Other matters stipulated in the company's articles of association or	No significant variances

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Narration	
			contracts, etc. As for the 2021 annual plan, the implementation status so far is as follows: 1) Directors' liability insurance: On August 10, 2021, the directors and important staff's liability insurance has purchased in accordance with the regulations, and approved by the Board of Directors on the same day. 2) Performance evaluation of the board of directors: The performance evaluation was conducted for the first time in 2021 and was reported to the board of directors on January 26, 2022 3) Director's training: The board meeting unit in 2021 invited the Chinese Corporate Governance Association to arrange seminar courses for directors and forwarded relevant course information of various institutions from time to time for directors' reference 4) Initiated the preparation works for ESG sustainability report 5) Other important matters: Notified the latest laws and regulations or passed the relevant information on policy promotion to the competent authority for the directors' reference	
5. Whether the Company established a mechanism of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	V		In the special area of the company's website for stakeholders, the spokesperson and relevant department personnel will communicate with the stakeholders and provide sufficient information.	No significant variances
6. Whether the company appoint a professional stock affairs agency to handle the the shareholders meeting?		V	The company got approval for stock affairs self-administered, and a stock affairs office is set up to handle the affairs of the shareholders meeting.	No significant variances
7. Information Disclosure (1) Whether the Company establish a corporate website to disclose information regarding its financials and corporate governance status?	V		The company has disclosed the company's financial and business information on the company's website and updated it at any time, and various corporate	No significant variances

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Narration	
			governance-related policies and procedures have also been disclosed on the website.	
(2) Other information disclosure channels (e.g. maintaining an English website, assigning personnel to handle information collection and disclosure, appointing spokespersons, webcasting investorsconference etc.)	V		Already appointed a dedicated person to update company information at any time and expose it on the website. The company also formulated the spokesperson procedure. The briefing of the Institutional Investor Conference has been placed on the company website.	No significant variances
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?		V	The company has planned to announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the financial reports for the first, second and third quarters and the operating status of each month before the prescribed deadline.	The company will evaluate and strive to achieve
8. Whether the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	V		The company has disclosed information of stakeholders, investors, and employees, on the company's website, as well as the operation of the board of directors. In order to strengthen risk management, the company has insured liability insurance for directors and important managers.	No significant variances
9. Other important information that helps to understand the operation of corporate governance (1) When the company convenes the board of directors, all directors and independent directors will attend the meeting in person, except for going abroad or their own important tasks. (2) The directors and independent directors of the company have implemented the avoidance of the interested proposal (3) The company's business development department has after-sales service professionals to provide customer-related services. (4) On March 25, 2021, the 12th meeting of the 18th session of the Board of Directors of the Company agreed to appoint a Corporate Governance Supervisor.				

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Narration	

(5) The training list of directors, independent directors and the corporate governance supervisor is as follows

(i) Directors

Job Title	Name	Advancement Date	Organizer	Course Title	Hours
Chairman	Liu I-Yee	2021.09.16	Taiwan Corporate Governance Association,(TCGA)	Directors' Fiduciary Obligations and Business Judgment Criteria and Analysis of Insider Transactions.	6
		2021.12.21	Taiwan Corporate Governance Association,(TCGA)	Net Zero Emissions 2030/2050 - Sustainability Challenges and Opportunities for Global Businesses	
Director	Lei Chien	2021.09.16	Taiwan Corporate Governance Association,(TCGA)	Directors' Fiduciary Obligations and Business Judgment Criteria and Analysis of Insider Transactions.	6
		2021.12.21	Taiwan Corporate Governance Association,(TCGA)	Net Zero Emissions 2030/2050 - Sustainability Challenges and Opportunities for Global Businesses	
Director	Chang Chi Ming	2021.09.16	Taiwan Corporate Governance Association,(TCGA)	Directors' Fiduciary Obligations and Business Judgment Criteria and Analysis of Insider Transactions.	6
		2021.12.21	Taiwan Corporate Governance Association,(TCGA)	Net Zero Emissions 2030/2050 - Sustainability Challenges and Opportunities for Global Businesses	
Director	Yu Sheng Yi	2021.09.16	Taiwan Corporate Governance Association,(TCGA)	Directors' Fiduciary Obligations and Business Judgment Criteria and Analysis of Insider Transactions.	6
		2021.12.21	Taiwan Corporate Governance Association,(TCGA)	Net Zero Emissions 2030/2050 - Sustainability Challenges and Opportunities for Global Businesses	
Director	Lai Yueh Hsin	2021.09.16	Taiwan Corporate Governance Association,(TCGA)	Directors' Fiduciary Obligations and Business Judgment Criteria and Analysis of Insider Transactions.	6

Evaluation Item		Implementation Status				Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
		Yes	No	Narration		
		2021.12.21		Taiwan Corporate Governance Association,(TCGA)	Net Zero Emissions 2030/2050 - Sustainability Challenges and Opportunities for Global Businesses	
Director	Chang Kay Jin	2021.04.15		Fubon Insurance Co., Ltd.	2021Q2 Fubon Property & Casualty Directors and Supervisors Responsibility and Risk Management Seminar	9
		2021.09.16		Taiwan Corporate Governance Association,(TCGA)	Directors' Fiduciary Obligations and Business Judgment Criteria and Analysis of Insider Transactions.	
		2021.12.21		Taiwan Corporate Governance Association,(TCGA)	Net Zero Emissions 2030/2050 - Sustainability Challenges and Opportunities for Global Businesses	
Independent Director	Lin Hao Li	2021.04.15		Fubon Insurance Co., Ltd.	2021Q2 Fubon Property & Casualty Directors and Supervisors Responsibility and Risk Management Seminar	6
		2021.09.16		Taiwan Corporate Governance Association,(TCGA)	Directors' Fiduciary Obligations and Business Judgment Criteria and Analysis of Insider Transactions.	
Independent Director	Wu Chin Jung	2021.04.15		Fubon Insurance Co., Ltd.	2021Q2 Fubon Property & Casualty Directors and Supervisors Responsibility and Risk Management Seminar	6
		2021.09.16		Taiwan Corporate Governance Association,(TCGA)	Directors' Fiduciary Obligations and Business Judgment Criteria and Analysis of Insider Transactions.	
Independent Director	Chen Kin Lung	2021.04.15		Fubon Insurance Co., Ltd.	2021Q2 Fubon Property & Casualty Directors and Supervisors Responsibility and Risk Management Seminar	6
		2021.08.06		Taiwan Independent Director Association	Practical Operation and Case Analysis of Shareholders' Meeting of Publicly Owned Corporation	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Narration	

(ii) Corporate Governance Supervisor

Name	Advancement Date	Organizer	Course Title	Hours
Huang Te Shin	2021.09.01	Financial Supervisory Commission, Executive Yuan	The 13th Taipei Corporate Governance Forum	9
	2021.09.16	Taiwan Corporate Governance Association,(TCGA)	Directors' Fiduciary Obligations and Business Judgment Criteria and Analysis of Insider Transactions.	
	2021.12.21	Taiwan Corporate Governance Association,(TCGA)	Net Zero Emissions 2030/2050 - Sustainability Challenges and Opportunities for Global Businesses	

(6)The list of managers and supervisors' training situation is as follows

Job Title	Name	Advancement Date	Organizer	Course Title	Hours
GM	Chen Chin Hui	2021.09.16	Taiwan Corporate Governance Association,(TCGA)	Directors' Fiduciary Obligations and Business Judgment Criteria and Analysis of Insider Transactions.	3
		2021.12.21	Taiwan Corporate Governance Association,(TCGA)	Net Zero Emissions 2030/2050 - Sustainability Challenges and Opportunities for Global Businesses	3
Director of Financial Dept.	Huang Te-Shin	2021.04.09	College of Social Sciences, National Taipei University	Seminar of the new Integrated Housing and Land Tax Policy	3
		2021.09.01	Financial Supervisory Commission, Executive Yuan	The 13th Taipei Corporate Governance Forum	3
		2021.09.16	Taiwan Corporate Governance Association,(TCGA)	Directors' Fiduciary Obligations and Business Judgment Criteria and Analysis of Insider Transactions.	3
		2021.12.21	Taiwan Corporate Governance Association,(TCGA)	Net Zero Emissions 2030/2050 - Sustainability Challenges and Opportunities for Global Businesses	3
Senior Manager of Stock Management Office	Cheng Feng-Yu	2021.01.18	Taiwan Depository & Clearing Corporation,(TDCC)	2021Annual Educational Training for Supervisors of Stock Units.	3
		2021.03.25	Taiwan Stock Affairs Association	The 71st Stock Association Symposium	3
		2021.09.16	Taiwan Corporate Governance Association,(TCGA)	Directors' Fiduciary Obligations and Business Judgment Criteria and Analysis of Insider Transactions.	3

Evaluation Item			Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
			Yes	No	Narration	
		2021.12.09	Taiwan Stock Affairs Association		The 72nd Stock Association Symposium	3
		2021.12.21	Taiwan Corporate Governance Association,(TCGA)		Net Zero Emissions 2030/2050 - Sustainability Challenges and Opportunities for Global Businesses	3
Manager of Audit Office	Fu Fang-Hua	2021.04.16	Taiwan Depository & Clearing Corporation,(TDCC)		The internal control system standard specification revision explanation meeting of the stock business unit and the operation explanation meeting for the solicitation and use of the proxy letter of the shareholders' meeting of the year 2021	3
		2021.08.23	Securities and Futures Institute, SFI		Internal Audit on the Operational Practice of the Functional Committee	6
		2021.10.27	Securities and Futures Institute, SFI		Inventory management and MRO procurement process risk assessment and key practices for auditing	6
Manager of Accounting Dept.	Nien Pi-Chen	2021.04.09	College of Social Sciences, National Taipei University		Seminar of the new Integrated Housing and Land Tax Policy	3
		2021.04.16	Accounting Research and Development Foundation		The latest trends of the "Profit-seeking Enterprise Income Tax Act" and enterprise response strategies	3
		2021.04.23	Securities and Futures Institute, SFI		Exchange Rate Risk Management and Accounting Treatment	3
		2021.05.21	Accounting Research and Development Foundation		The company cooperates with the accountant in the audit work: the consideration of legal compliance and the work of using internal auditors	3
		2021.06.18	Accounting Research and Development Foundation		Legal liability and practical case analysis of whistleblower protection	3
		2021.09.16	Taiwan Corporate Governance Association,(TCGA)		Directors' Fiduciary Obligations and Business Judgment Criteria and Analysis of Insider Transactions.	3
		2021.12.21	Taiwan Corporate Governance Association,(TCGA)		Net Zero Emissions 2030/2050 - Sustainability Challenges and Opportunities for Global Businesses	3

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Narration	
10 The operation of corporate governance and the differences and reasons from the code of practice for corporate governance of listed companies The results of the corporate governance evaluation issued by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year explain the situation that has been improved, and propose priority enhancements and measures for those that have not yet improved. **The Company's corporate governance evaluation of 2021 has improved as follows:** 1.The English version of the Meeting Handbook and supplementary information of the shareholders' meeting is disclosed. 2.The English version of the Annual Report is disclosed. 3.The English version of the Annual Financial Report is disclosed. 4.The corporate governance supervisor has been appointed and has completed the training hours according to regulations. **Priority enhancements and measures for the items not yet improved:** 1.The specific implementations of the prohibition of insider trading by directors and employees, including the subject of the course, the number of hours and the number of participants, and disclosed on the company's website. 2.Add one session to explain the remuneration process to take into account the performance evaluation of directors and managers and list important items such as personal performance, performance, contribution, etc. in the Annual Report.				

Note 1: The implementation status of the diversity of board members

The current board of directors of the company consists of 9 directors. All directors have experience in operating and managing listed companies. In addition to leadership decision-making, crisis management and international market outlook, their individual professional descriptions are as follows:

Implement the policy of diversification in the current board member is as follows:

Diversity / Title / Name		Basic components								Professional Background				Expertise and Skills					
		Gender	Nationality	Employee	Age				Seniority of tenure / Independent Less than 3 years	Accounting	Industry	Finance	Technology	Operational judgment	Business management	Leadership & decision making	Crisis Management	Industry Insight	International market outlook
					41 - 50	51 - 60	61 - 70	71 - 75											
Chairman	Liu I-Yee	M	R.O.C.	None			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Executive Director	Lei Chien	F					✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Director	Chang Chi Ming	M					✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Yu Sheng Yi	M						✓			✓			✓	✓	✓	✓	✓	✓
	Lai Yueh Hsin	M						✓		✓	✓	✓		✓	✓	✓	✓	✓	✓
	Chang Kay-Jin	M			✓						✓		✓	✓	✓	✓	✓	✓	✓
Independent Director	Lin Hao-Li	M				✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Wu Chin-Jung	M					✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Chen Kin-Lung	M					✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Name	Professional Qualification and Experience
Chairman Liu I-Yee	The Chairman of the Company, is also currently the director of some subsidiaries of the Company. There are more than five years of work experience in business, finance and corporate business. Committed to real estate and cable TV investment for more than 30 years, with professional leadership, business marketing, operation management and strategic planning capabilities, focusing on corporate governance and taking the sustainable management of enterprises as the management goal.
Executive Director Lei Chien	The Executive Director of the Company, holds a master's degree and PhD of the University of Pennsylvania. She was the vice president of the ABC Radio and Television Network Corporation in the United States. She was the highest-ranking Asian person in the mainstream media in the United States at that time. She also served as a director partner of the Singapore Baring Asia Pacific Communication Media Fund. She is also an independent director of IBF Financial Holdings Co., Ltd. Currently, she is also the director of some subsidiaries of the Company. There are more than five years of work experience in business, finance and corporate business, and she has majors in industrial competition, corporate mergers and acquisitions and financial management.
Director Chang Chi Ming	Graduated from the Department of Architecture of Cultural University, providing planning advice on construction products and helping the company to promote sales. Currently serves as the Chairman of the Group's subsidiary Taitou Xingye Co., Ltd.. There are more than five years of work experience required for business, finance and corporate business, specializing in market strategy and business promotion.
Director Yu Sheng Yi	As the Chairman of Qingshi Construction Co., Ltd., he has been in the construction business for a long time. He has rich practical experience in the procurement of construction raw materials and project contracting, and understands the development trend of the real estate market, and provides company proposals and construction suggestions.
Director Lai Yueh Hsin	He used to be an assistant manager of the Institute of Electronics, Industrial Technology Research Institute. He is also currently a director of Ivy Construction Co., Ltd.. He has more than five years of work experience in business, finance and corporate business. Supervise to corporate governance norms, be familiar with company laws and other regulations, and urge corporate governance to become more complete.

Name	Professional Qualification and Experience
Director Chang Kay-Jin	Graduated from the Department of Analytical Chemistry at the University of Washington, USA, and currently serves as the Deputy General Manager of the Group company Pacific Realtor Co., Ltd., in charge of the research and development business. With more than five years of work experience in business, finance and corporate business. He assists the Company to grasp the trend of real estate development .
Independent Director Lin Hao-Li	Graduated from International Business Management Research Institute of NTU, and a bachelor's degree in Electrical Engineering of NTU. He is the Chairman of Taiwan Shin Kong International Venture Capital Co., Ltd. With more than five years of work experience. Proficient in corporate finance and accounting affairs, with rich management and investment experience in the industry.
Independent Director Wu Chin-Jung	He holds the Master of Division of International Economics and Management of China Studies,Tamkang University, and passed the Second-Class Special Examination of the Central Bank in 1984, and also passed the International Trade Officer in the College Entrance Examination in 1984. Currently, he is the Deputy General Manager of Pacific Electric Wire&Cable Co., Ltd. He used to work in a Financial Management Units of public agencies, specializing in Listed Company Regulations and management mechanisms. Thear are more than five years of work experience required for business, financial and corporate business management, assisting companies in complying with listed company supervision standards to achieve the competent authority's regulation of corporate governance requirements.
Independent Director Chen Kin-Lung	NTU EMBA of International Business Management, and also serves as the Chairman of Probright Technology Inc.. With more than five years of work experience in business, finance and corporate business, He has rich experience in real estate investment and management to provide the Company market strategy and business marketing advice.

Note 2：The list of CPA independence assessment criteria is as follows：

Assessment item	Result	Independence
1. Whether the CPA has a direct or significant indirect financial relationship with the company	No	Yes
2 Whether the CPA has any financing or guarantee behavior with the company or the directors of the company	No	Yes
3. Whether the CPA has a close business relationship and potential employment relationship with the company	No	Yes
4. Whether CPA and their audit team members currently or in the last two years have served as directors or managers of the company or have a significant impact on the audit work	No	Yes
5. Does the CPA provide the company with non-audit service items that may directly affect the audit work?	No	Yes
6. Does the CPA provide intermediary service of the stocks or other securities issued by the company?	No	Yes
7. Whether the CPA has acted as the defender of the company or coordinated conflicts with other third parties on behalf of the company	No	Yes
8. Whether the CPA is related to the company’s directors, managers or persons with positions that have a significant influence on the audit case	No	Yes

(4) Establishment, functions, and operations of the Remuneration Committee:

1.The company established the Remuneration Committee on December 8, 2011. Its main responsibility is to formulate the following proposals and submit them to the board of directors for discussion:

(1) Regularly review the performance evaluation and remuneration system of directors and managers.

(2) Regularly evaluate and recommend director rand manager remuneration and other tasks.

2. The information and operation of the Remuneration Committee members are as follows:

(1) Members of the Remuneration Committee

Job Title (Note 1) / Qualification / Name		Professional qualifications and experiences	Independence status	Number of other public companies where the person holds the title as Remuneration Committee member
Independent Director (Convener)	Lin Hao Li	Note 1	Note 1	Nil
Independent Director	Wu Chin Jung	Note 1	Note 1	Nil
Independent Director	Chen Kin Lung	Note 1	Note 1	3

Note 1: Please refer to pages 16 to 18 for information on directors (2) for related content

(2) Operations of the Remuneration Committee

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

b. This year is the fourth term, and the term of office of the committee members is from June 13, 2019 to June 12, 2022.

c. The Committee held 2 (A) meetings in the 2021 and the attendance of the Committee members is summarized as follows:

Job Title	Name	Actual Attendance (B)	Attendance by Proxy	Actual Attendance Rate (%)(B/A)	Remarks
Convener	Lin Hao Li	2	0	100	Serving for another term of office, Re-elected on June 13, 2019.
Member	Wu Chin Jung	2	0	100	Newly elected, Re-elected on June 13, 2019.
Member	Chen Kin Lung	2	0	100	Newly elected, Re-elected on June 13, 2019.

Other mentionable items:

I. If the Board of Directors does not adopt or amend the Remuneration Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the company's handling of the remuneration committee's opinions (if the remuneration approved by the Board of Directors is superior than that suggested by the remuneration committee, please specify the deviation and reason): None.

II. If a member has a dissenting or qualified opinion, if a member has a dissenting or qualified opinion, that a member has a record or reservation that is recorded or stated in a written statement, the date and session of the Remuneration Committee, the content of the proposal, all members' opinions, and the handling of the opinions of the member of the Remuneration Committee shall be stated: None.

(3) Important resolutions of the Remuneration Committee in 2021

Date	Meeting No.		Content of Motion	Resolution	The Company's response to opinions of the Remuneration Committee:
2021.01.26	4st session	5th meeting	Proposal of discussing 2020 annual year-end bonus for manager	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.
2021.04.09	4st session	6th meeting	Proposal of discussing remuneration for the corporate governance supervisor	All the committee members present unanimously approved the proposal.	All the directors present unanimously approved the proposal.

(5) Implementation of difference between Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons

Evaluation Item	Implementation (Note 1)			Difference between Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Narration	
1. Does the Company establish a full-time (or concurrent) unit to promote sustainable development? Does the board of directors authorize the senior management level to handle relevant tasks and report related situations to the board?	V		The company set up a "CSR Promotion Team" in 2022, which is led by the corporate governance supervisor. It will review the company's core operational capabilities with a number of middle and senior executives in different fields, and identify sustainable issues related to company operations and stakeholders' concerns through meetings, plan and implement annual plans, and track implementation results to ensure that sustainable development strategies are fully implemented in the company's daily operations. The company has planned to complete the 2022 "ESG Corporate Social Management Report" by the end of June 2023, and will report to the board of directors regularly. The company has formulated the "Sustainable Development Code of Practice" and "Corporate Governance Code of Practice", which are published on the company's website.	No significant difference

Evaluation Item	Implementation (Note 1)			Difference between Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Narration	
2. Does the Company perform risk assessments on environmental, social, and corporate governance issues related to its business operations in accordance with the principles of materiality, and stipulate relevant risk management policies or strategies? (Note 2)	V		The company has strived for environmental protection and industrial safety to reduce and prevent adverse environmental protection and occupational safety and health impacts; The Company has also formulated the "Code of Ethics", "Corporate Social Responsibility Code of Practice", "Integrity Management Code", "Integrity Management Operation Procedures and Behavior Guidelines", "Self-assessment Internal Control System", etc. Through the continuous operation of various management systems and procedures, risks related to the operation of the environment, employee safety, customers, suppliers, and various stakeholders can be well managed in timely manner. The company's guiding principle is that the top managers of various departments and functional units conduct regular meetings to identify the risk factors they may face. For the economic, financial, operational, environmental, social and corporate governance issues faced by various operations, each functional unit identifies strategies, operations, finance, hazards, Information security, regulatory compliance, climate change and other risks, As well as evaluates the risks of various issues according to the principle of materiality, selects risk management categories, formulates relevant risk management strategies and preventive measures, quantifies the identification results, and continues to implement improvement countermeasures and preventive measures for each risk category, so that All risks generated are controlled within an acceptable range. Based on the risk assessment, formulate relevant risk management policies or strategies as follows: 1. Environmental aspects: (1) The work schedule of carbon emission inventory and verification has been approved on May 10, 2022, to further formulate carbon reduction plans. (2) For waste reduction, emission reduction, pollution prevention, etc., various	No significant difference

Evaluation Item	Implementation (Note 1)			Difference between Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Narration	
			management measures will be formulated to implement and control, and actively avoid the risk of environmental pollution. (3) Well perform garbage classification, minimize waste, and consider the minimum waste and recyclability rate when developing products. 2 Social aspect (1) Regularly conduct information security training for all employees every year to enhance employees' awareness of information security and avoid the risk of company and customer data leakage. (2) Internal important websites and application systems are isolated from the external Internet by firewalls to improve network security and avoid the risk of external malicious intrusions and attacks, and conduct regular information system disaster recovery drills. (3) Regularly hold employee welfare committees and labor-management meetings to communicate with employees, and provide timely publicity of laws and regulations to avoid labor disputes. Employees can make suggestions through meetings or suggestion boxes, and the company and employees will work together to create a harmonious and good labor-management relationship. (4) To formulate various management measures, and industrial safety personnel will audit the implementation of safety and health conditions of each unit at any time, and propose improvements in a timely manner, with the goal of achieving a safe and healthy working environment. (5) Take the following measures in response to the COVID-19 epidemic: a. Follow the "Guidelines for Continued Operation of Enterprises in Response to Severe Special Infectious Pneumonia (COVID-19) Epidemic"	

Evaluation Item	Implementation (Note 1)			Difference between Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Narration	
			external guidelines as internal countermeasures, and pay attention to the epidemic prevention information released by the CDC, and dynamically adjust the company's epidemic prevention intensity. b. Encourage employees to vaccinate to reduce the company's risk of infection. c. Develop multiple talent-seeking channels to fill the manpower gap. d. Temporarily suspend staff travel and large gatherings. 3 Corporate governance (1) The Company conducts training courses related to corporate governance internally to strengthen employees' awareness of compliance with laws and regulations. (2) Company executives and directors take courses related to corporate governance externally to improve their knowledge of corporate governance. (3) Every year, each department conducts internal control self-assessment to review the implementation of internal control and compliance with laws and regulations in the previous year. (4) In response to industrial changes, including technological changes, insufficient innovation, and changes in business models, take the following measures: a. Economic committee meetings are conducted every week to discuss company development decisions. b. Make regular project progress tracking reports. c. The project plan, cost, market, etc. should be clearly formulated and reported	
3. Environmental issues (1) Does the Company establish an appropriate environmental management system based on its	V		On May 10, 2022, the carbon emission inventory and verification work schedule has been approved, and the inventory schedule has been set as the basis for formulating	No significant difference

Evaluation Item	Implementation (Note 1)			Difference between Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Narration	
industrial characteristics?			carbon reduction plans, and follow-up tracking of emission reduction results. In addition, the wastewater treatment, noise control, and waste recycling and disposal under construction are all in accordance with the environmental safety management system and environmental protection laws and regulations.	
(2) Is the company committed to improving the utilization efficiency of various resources and using recycled materials that have a low impact on the environment?	V		The Company continues to strive to improve the efficiency of the utilization of various resources. For example, the Company does not provide paper cups except for visitors. Employees are required to bring their drinking water cups, and employees are encouraged to bring their own environmentally friendly chopsticks. Envelopes and kraft paper bags are reused and used as official document delivery bags. Conduct paperless meetings.	No significant difference
(3) Does the Company evaluate the potential current and future risks and opportunities of climate change to itself, and take measures to respond to climate-related issues?	V		The Company attaches great importance to issues related to climate change, so employees are asked to take actions in their daily works. For example, documents are printed on both sides as much as possible, recycling boxes are set up next to the photocopier for recycling of recycled paper. The Company uses electronic invoices and encourages employees to transmit official documents or letters electronically, which can greatly reduce paper consumption. In addition, the office sets the air-conditioning temperature at 26 degrees in summer, and uses energy-saving LED T5 lamps for lighting. In response to the company's policy, employees develop a good habit of turning off lights and saving energy, in order to slow down global warming. After assessing the risk factors of climate change at the end of 2021, relevant measures are proposed: the construction projects should use equipment that saves water and electricity.	No significant difference
(4) Does the Company take statistics on greenhouse gas		V	The work schedule for carbon emissions inspection and verification has been approved	Implement relevant work

Evaluation Item	Implementation (Note 1)			Difference between Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Narration	
emissions, water consumption, and total waste weight in the past two fiscal years, and stipulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water conservation, or other waste management?			on May 10, 2022, and will be implemented as planned	according to the timetable approved by the board of directors
4. Social issues (1) Does the Company stipulate relevant management policies and procedures in accordance with relevant laws and the International Bill of Human Rights?	V		The company recognizes and voluntarily follows internationally recognized human rights standards such as the "United Nations Universal Declaration of Human Rights", "United Nations Global Covenant", "United Nations Guiding Principles on Business and Human Rights", and "United Nations International Labor Organization", and respects the protections stipulated in human rights conventions. In accordance with relevant labor laws and regulations, human rights conventions, and occupational safety and health laws and regulations, the Company has formulated "recruitment, selection and appointment methods", "human resources management rules", "sexual harassment prevention measures", etc., so as to protect the rights and interests of employees and protect the health and safety of employees.	No significant difference
(2) Does the Company stipulate and implement reasonable employee welfare measures (including remuneration, vacation and leave, and other relevant benefits, etc.), and appropriately share the results of operating performance in the form of employee remuneration and wage?	V		Employee welfare measures and remuneration policies are implemented in accordance with the Company's HR management policy. In addition, Article 26 of the company's articles of association stipulates that if the company has a profit in the year, it should allocate 1% to 2% as employee compensation. In 2020, employees cannot be paid due to no profit, but certain bonuses are still provided to be distributed according to employee performance. However, when the company still has accumulated losses, it should reserve the amount to make up in advance, and then allocate the employee's remuneration and	No significant difference

Evaluation Item	Implementation (Note 1)			Difference between Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Narration	
			director's remuneration in accordance with the proportion in the preceding paragraph. Employee welfare measures: The company has established an employee welfare committee, and the company allocates welfare funds according to turnover every year to plan and provide high-quality welfare for colleagues, such as: allowance for employee travel, children's scholarship, birthday, marriage, childbirth, funeral, hospitalization, New Year celebrations, etc. The company also provides health check subsidies for colleagues. As for annual leave, two days a week are off, and special leaves are granted in accordance with the Labor Standards Act. When a colleague needs a longer leave in case of childcare, serious injury, serious accident, etc., he/she can also apply for leave without pay so as to meet the needs of personal and family care. As for diversity and equality in the workplace, we realize equal pay for equal work and equal promotion opportunities for men and women, and promote sustainable and inclusive economic growth. In 2021, the average proportion of female staff was 44%, and the average proportion of female supervisors was 31%. The Company attaches great importance to the rights and welfare of employees. In terms of hardware facilities, we provide books and magazines for reading and a pantry for employees.	
(3) Does the Company provide employees with a safe and healthy working environment, and regular safety and health education programs?	V		Providing a safe and friendly workplace is the commitment of the company and the basic guarantee for employees. Therefore, establishing a good working environment and ensuring the workplace safety and physical and mental health of employees is the primary responsibility of the company. In normal times, relevant courses are provided to employees, and regular publicity is given to train employees to evacuate and respond to incidents in the event of an emergency, and to prepare sufficient knowledge and preparations in normal times to reduce the risk of personal injury. Every year, employees are subsidized	No significant difference

Evaluation Item	Implementation (Note 1)			Difference between Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Narration	
			for the annual health check, which is used as a health check management for the prevention of occupational diseases, so that colleagues can control their own health status. Safety slogans for construction precautions are posted on the construction site to remind employees to pay attention to work safety. The site personnel are required to wear appropriate personal protective equipment to reduce the incidence of occupational disasters.	
(4) Does the Company establish effective career development training programs for employees?	V		The Company arranges colleagues to continue to learn and grow through multiple learning methods according to their job responsibilities, and sends relevant personnel to participate in professional training courses externally according to the training plans or needs put forward by each supervisor, so as to cultivate the professional key capabilities of colleagues. A total of 62 people participated in the external training in 2021. During the annual performance appraisal, supervisors help employee tailor-made the best career development plan through regular review and feedback.	No significant difference
(5) With regard to customer health and safety, customer privacy, marketing and labeling of products and services, does the Company comply with relevant laws, regulations and international standards, and stipulate relevant consumer protection policies and complaint procedures?	V		The Company has a dedicated customer service call center to take care of customer complaints, dispute resolution and after-service. Customer data is managed as confidential files in accordance with the Personal Data Protection Law, and non-authorized personnel are not allowed to access. It is handled in accordance with the provisions of the Consumer Protection Law stipulated by the competent authority in order to protect the rights and interests of consumers and meet the requirements of consumers for products and services. The product planning focuses on earthquake-resisting and green buildings to maintain the health and safety of customers.	No significant difference
(6) Does the Company stipulate supplier management	V		In accordance with relevant construction regulations, the Company formulates	No significant difference

Evaluation Item	Implementation (Note 1)			Difference between Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Narration	
policies that require suppliers to comply with relevant regulations regarding environmental protection, occupational safety and health, or labor human rights? If so, what is the result of implementation?			"procurement operation management procedures" and "supplier evaluation management procedures" to manage suppliers. In addition to quality control, suppliers are strictly required to comply with safety and health regulations and labor-related regulations. When a violation of the facts is found, a request for improvement within a time limit will be issued to supplier.	
5. Does the Company take reference to the related internationally accepted standards or guidelines to prepare corporate social responsibility reports and other reports to disclose the Company's non-financial information? Do such reports as mentioned above obtain the certification or verification of the third-party verification unit?		V	he Company has scheduled to complete the preparation of the 2022 Sustainability Report by the end of June 2023. In addition to disclosing the company's financial information, it also discloses the company's non-financial information.	No significant difference
6. If the Company stipulates its own sustainable development guidelines based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please specify the difference between the Company's actual practices and the requirements of established regulations: In August 2015, the Board of Directors of the Company approved the "Code of Practice for Corporate Social Responsibility" of the Company, and in November 2016, August 2020 and January 2022, the Board of Directors approved and revised the Code and changed its name to the "Code of Practice for Sustainable Development" to strengthen the implementation of corporate social responsibility. The company regularly reviews the implementation of this code and makes improvements accordingly. So far, there is no discrepancy in implementation.				
7. Other supporting information for further understanding of the implementation of corporate social responsibility: The Company and its employees adhere to giving back to the society, and will actively participate in a number of social welfare activities in 2021: a.Continue to provide venues for the New Taipei City Wanjinshi Marathon and be the main sponsor of the event b.Provide free parking lot in conjunction with the Crab Event held in New Taipei City c.Provide a venue for the New Taipei City Wanli District Office to hold a disaster prevention community rehearsal d.Promote the environmental protection & loves the earth, and participates in the 2021 New Taipei City Spring Joint Beach Cleanup Activity				

Friendly Environment Participate in Social Welfare Activities

NEW TAIPEI CITY WJS MARATHON 2021

WE CAN 我們可以

2021新北市萬金石馬拉松

感謝狀

太平洋集團 太平洋建設

太平洋建設股份有限公司

熱情贊助

2021新北市萬金石馬拉松

因為有您 讓本活動得以圓滿完成

特頒此狀 以申謝忱

CERTIFICATE OF SERVICE

新北市政府 New Taipei City Government

中華台北田徑協會 Chinese Taipei Athletics

2021.11.21

TAIPEI 臺北

臺北市政府感謝狀

府環資字第 11001393942 號

太平洋建設股份有限公司

響應臺北市政府

「禁用一次性及美耐皿餐具」

營造環保健康飲食新文化

特頒此狀，以茲感謝。

市長柯文哲

中華民國 111 年 1 月 10 日

新北市政府環境保護局

感謝狀

新北環衛字第1100688934號

太平洋建設股份有限公司

協助辦理「110年度新北市春季聯合淨灘活動」共同維護環境清潔。

謹致謝忱

局長程大維

中 華 民 國 110 年 4 月 25 日

新北市萬里區公所 感謝狀

新北萬經字第 1103005893 號

太平洋建設股份有限公司為協助110年萬里蟹活動免費提供翡翠灣停車場供遊客嘉惠本區鄉親

特頒此狀，謹致謝忱。

區長粘雪琴

中華民國 110 年 12 月 03 日

2021
New Taipei City Wanjinshi Marathon

2022
New Taipei City Wanjinshi Marathon

2021
New Taipei City Wanli District Office Disaster Prevention Community Rehearsal

2021
New Taipei City SpringUnited Beach Cleanup

(6) Implementation of Integrity Management and Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons

In order to establish a corporate culture of integrity and sound development, the board of directors approved the "Code of Integrity Management" on August 30, 2011, and revised it for the third time on August 13, 2019, specifying the directors, managers and employees shall comply with laws and regulations and prevent dishonest behavior. The company instructed all departments and subsidiary companies to implement the code, it has been placed on the "Company Rules"/"Company Rules Outline"/"Code of Integrity Management" under "About" column on the company's website for Inquiries from shareholders and employees.

Evaluation Item	Implementation status			Differences with Corporate Governance Best Practice Principles for Listed Companies and reasons
	Yes	No	Narration	
1.Setting business integrity policies and programs				
(1) Does the company set the policy of trust management pass by the board of directors and express its commitment to the policies and practices of integrity management in its regulations and in the external documents, and do the board of directors and the management actively implement the business policies?	V		In order to establish a corporate culture of integrity management and sound development so as to establish a good business operation model, the company has formulated the "Code of Integrity Management" for the active implementation of the board of directors and management.	No significant variances
(2) Has the company set up a program for the prevention of dishonesty as well as analizing and assessing the activity with high dishonest risk, and include Article7 in “Priciple of listed company’s honesty for managment”?	V		In order to establish a good image and maintain personal and corporate reputation, the company will never accept gifts, rewards, or other benefits from others.	No significant variances
(3) Has the company set up procedures, conduct guidelines and a disciplinary in the program for the prevention of dishonesty and appeals system in various programs and implemented them?	V		The company's HR management polices clearly specify the reporting and the punishment and appeal for violations.	No significant variances
2. Implementation of integrity management				
(1) Does the company assess the integrity record of its business partner, and stipulate the terms of conduct on integrity in the contract with the business partner?	V		The company's contracts with major suppliers have relevant provisions on contract termination, and the integrity clauses will be specified in the contract in due course in the future.	No significant variances

Evaluation Item	Implementation status			Differences with Corporate Governance Best Practice Principles for Listed Companies and reasons
	Yes	No	Narration	
(2) Has the company set up a dedicated (or concurrent) corporate integrity promotion unit under the board of directors which regularly reports to the board on its work(at least once a year)?	V		The audit office reports to the board of directors on regular basis	No significant variances
(3) Has the company formulated policies to prevent conflicts of interest, provided appropriate channels for statements and implemented them?	V		The company has formulated a policy to prevent conflicts of interest, and provided appropriate communication channels for reporting, and implemented a grievance system	No significant variances
(4) Has the Company established an effective accounting system and internal control system for the implementation of integrity management, which is checked by the internal auditing unit on a regular basis or audited by external auditors?	V		The internal auditors are required to conduct regular audits on a quarterly basis, and submit audit reports to the board of directors for review.	No significant variances
(5) Does the company hold regular internal and external training on business integrity?	V		In 2021, the company has conducted internal and external trainings on integrity management for board members, key managers and all employees. The training courses includes how to implement the integrity management code; corporate information disclosure and prevention of insider trading; corporate governance; the impact of new financial reports on internal audit practices and the corresponding measures; the impact of the new labor law policy on enterprises and its response; with a total of 62 person-times and 317hours.	No significant variances
3. The implementation status of reporting system.				
(1) Has the company set up specific reporting and reward systems and a convenient reporting channel, and does the company assign appropriate personnel to investigate the person being reported?	V		The company has established a whistleblowing system and an independent whistleblowing mailbox. The HR department will be responsible for the investigation on normal cases. If directors or senior executives are involved, they will be reported to the board of directors, and a dedicated	No significant variances

Evaluation Item	Implementation status			Differences with Corporate Governance Best Practice Principles for Listed Companies and reasons
	Yes	No	Narration	
			person will be assigned to investigate.	
(2) Has the company set up standard investigation procedures and a related confidentiality mechanism for the matter being reported?	V		There are standard procedures and confidentiality mechanisms for the acceptance of reported cases, the investigation process, the results of the investigation, and the record keeping of related documents.	No significant variances
(3) Does the company take measures to protect the reporter from improper treatment?	V		The company shall not dismiss, transfer or give other unfavorable actions due to complaints from colleagues.	No significant variances
4. Strengthening of Information Disclosure: Does the company disclose the contents of its Code of Practice for Business Integrity and the effectiveness on its website and MOPS?	V		The company has established a code of integrity management, which has been disclosed on the company's website and MOPS, and the implementation results are disclosed in the annual report.	No significant variances
5. If the company has its own Corporate Governance Best Practice Principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies", please describe the difference between them : The company has formulated the "Code of Integrity Management" on August 30, 2011, and there is no difference between its operation and the established code.				
6. Other important information that helps to understand the company's integrity management operation (such as the company's review and revision of the company's integrity management code, etc.): The company revised the "Code of Integrity Management" for the third time on August 13, 2019, and implemented it after being approved by the board of directors, and sent it to the audit committee and reported to the shareholders meeting.				

(7) If the company has established a corporate governance code and related regulations, it should disclose its inquiry method.

In the "About Us" section of the company's website, there is a "Company Policies and Procedures" section for investors to query and download the content of the company's policies. In addition, the "Investor Zone" section includes "Material Information" in the "Investor Information" section, and set up “Decision items of the Board Meeting” and “Corporate Briefings” in the “Company Management” to allow investors to inquire and download important information, major issues resolved by the board of directors and other content. Its website is: www.pacific-group.com.tw

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

The company continues to invest resources to strengthen corporate governance operations. On the company's website, after entering the "Investor Zone", there is a "Significant Information" zone in the "Investor Information" to provide information to the public in timely manner.

(9) Implementation of the internal control system

1. Internal Control Statement

Pacific Construction Co., Ltd.

Declaration of the International Control System

Date: March. 10, 2022

The Company inspected the 2021 internal control system autonomously with the following results:

1. The Company is fully aware that the Board of Directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system and it has been established accordingly. The purpose of its establishment was to reasonably ensure the fulfillment of effective operation and efficiency (including profit, performance, and protection of assets safety), and the reliability, timeliness, transparency and regulatory compliance of financial reports.
2. The internal control system design has inherent limitations. No matter how perfect such control is, it can only provide reasonable assurance of the fulfillment of the three objectives referred to above. The effectiveness of such an internal control system could be influenced by changes of the environment and other circumstances. Therefore, the Company internal control system has been designed with a self-monitoring mechanism so that corrective action will be activated immediately upon the identification of any nonconformity.
3. The Company has assessed the effectiveness of the design and implementation of the internal control system in accordance with criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria defined in "the Regulations" include five elements that depend on the management control process: (1) environment controls, (2) risk assessment, (3) control processes, (4) information and communications, and (5) supervision. Each of the five elements is then divided into sub-categories. Please refer to "the Regulations" for details.
4. The Company has implemented criteria for inspection of the internal control system referred to above to ascertain its effectiveness, design and implementation.
5. The Company, based on the inspection results referred to above, declared (on December 31, 2020) that the internal control system, including the supervision and management of subsidiaries, is reasonably effective and achieves the objectives of operation and efficiency, the financial report is of reliability, timeliness, transparency and regulatory compliance.
6. The Declaration of Internal Control System is the main content of the Company's annual report and published prospectus. Any false statement and concealment of the published content referred to above involves liability set out in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. The Declaration of the Internal Control System was resolved at a meeting of the Board of Directors on March 25, 2021 with no objections by any of the nine attending Directors. The contents of the declaration have been accepted without objection.

Pacific Construction Co., Ltd.

Chairman: Liu I-Yee

General Manager: Chen Chin Hui

2. Entrust a CPA to review the internal control system : Nil

(10) Any legal penalty levied on the Company and its personnel, or any penalty, major defects, and state of improvements enacted by the Company on its personnel for violating the rules of the ICS during the most recent year up to the publication date of this report: None.

(11) Major Decisions of Shareholders' Meeting and Board Meetings in the most recent year as o f the publication date of the Annual Report:

1. Important Resolutions at the Meeting of Shareholders

Date	Resolution Result:
2021.07.06	1. Approved the 2020 business report and financial statements. 2. Approval of deficit compensation for 2020. Implementation situation: Set July 5, 2021 as the distribution base date, and July 26, 2020 as the distribution date (distributed cash dividends of NTS 0.4 per share)

2. Important resolutions at board meetings:

The company held a total of 11 board meetings in the year 2021 and ended on April 16, 2022. The important resolutions are as follows:

Date	Meeting No.	Material matters to be resolved
2021.01.26	The 11th meeting of the 18th Board	1. Approved the year-end bonus distribution plan for manager's of the company in 2020. 2.Approval of periodic assessment of the independence of CPAs. 3.Approved the company's 2019 and 2020 remuneration of CPAs proposals. 4.Approved the establishment of the Company's "Procedure for Statistical Verification of Power of Attorney". 5.Approval of the application to Songshan Branch of Hwatai Bank for operating revolving capital financing case. 6.Approval of the company's 2021 annual business operation plan.
2021.03.25	The 12th meeting of the 18th Board	1.Approved the company's 2020 "Internal Control Statement" draft proposal. 2.Approved the 2020 business report and financial statements. 3.Approved the 2020 surplus distribution proposal. 4.Approved amendments to some of the provisions of the company's "Measures for Subsidiary Supervision Operations". 5.Approved amendments to the company's "Standard Operating Procedures for Handling Directors' Requests". 6.Through the company applied to "Beijing Bank Songshan Branch" for the construction financing of "Sunshine Four Seasons Phase 1". 7.Through our company applied to the "Bank of Shanghai East Taipei Branch" for the financing of "Feitsui Bay Castle and Second Parking Lot". 8.Through the company's application to the "Cooperative Bank Zhongxiao Branch" for ordinary corporate bond guarantee lines.

Date	Meeting No.	Material matters to be resolved
		9.Approved the first secured corporate bond of 2021 for the first secured corporate bond of 2021 issued by the company. 10.Approval of the relocation of the company's Stock Transfer office. 11.Approve the appointment of the company to establish a person in charge of corporate governance. 12.Approve the convening of annual shareholders' meetings in 2021.
2021.05.11	The 13th meeting of the 18th Board	1.Approved the company's consolidated financial statements for the Q1 of 2021. 2.Approved the company's application for cash dividend financing to Banxin Commercial Bank 3.According to the company's "Dunnan Lishe" joint construction contract, the Jianjing Company issued a "Renewal Commitment" to request the relevant authorization operation. 4.Approved the proposal of "Pacific Holdings Limited" to apply to the company for short-term financing. 5.Approved the amendment and sanctions against the "Taiwan High Speed Rail Corporation" stock selling price authorization case. 6.Proposal of approved the company's "Corporate Governance Supervisor" Remuneration. 7.Approved the revision of some clauses of the company's "Internal Control System for Stock Transfer Agents".
2021.06.17	The 14th meeting of the 18th Board	In accordance with the policies of the competent authorities, the date and venue of the 2021 Annual Shareholders' Meeting will be re-set.
2021.08.10	The 15th meeting of the 18th Board	1.Approved the company's consolidated financial statements for the Q2 of 2021. 2. Approved the company's distribution of cash dividends to shareholders in first half year of 2021. 3. Approved the case of insuring liability insurance for the directors and some important employees. 4.Approved the authorization case to apply for operating capital financing from Changhua Bank Zhongxiao East Road Branch.
2021.09.28	The 16th meeting of the 18th Board	Approved discussing the land purchase case in the Jianye section of Yilan City, Yilan County.
2021.10.26	The 17th meeting of the 18th Board	Through deferred discussions to discuss and cooperate with investors on the procedures required for the evaluation of " Feicui Bay Park"
2021.11.09	The 18th meeting of the 18th Board	1. Approved the company's consolidated financial statements for the Q3 of 2021. 2. Approvee the proposal of discussing the extension of the equity sale plan of the subsidiary "Pacific Holdings Co., Ltd." to its reinvested company.
2021.12.09	The 19th meeting of the 18th Board	Approve of the application to the Taiwan Cooperative Bank Suao Branch through the company for the "Yilan City Jianye Section" land purchase financing case.

Date	Meeting No.	Material matters to be resolved
2022.01.20	The 20th meeting of the 18th Board	1.Approved the year-end bonus distribution plan for manager's of the company in 2021. 2.Approval of periodic assessment of the independence of CPAs. 3.Approved the company's 2022 remuneration of CPAs proposals. 4.Approved the amendments to some articles of the company's "Corporate Social Responsibility Best Practice Principles". 5..Approved the company's 2022 business plan.
2022.03.10	The 21th meeting of the 18th Board	1.Approve the proposal for 2021 compensation of employee and Directors. 2.Approved the 2021 business report and financial statements. 3.Approved the 2021 surplus distribution proposal. 4. Approved the company's 2021 "Internal Control Statement" draft proposal. 5.Approved the discussion of the company applied to the Taiwan Cooperative Bank Zhongxiao Branch for the guarantee quota of ordinary corporate bonds. 6. Approved the discussion of the company's issuance of the first Secured Ordinary Corporate Bonds in 2022. 7.Approved the amendments to some articles of the company's " Corporate Social Responsibility Best Practice Principles ". 8.Approved the amendments to some articles of the company's " Guidelines for Acquisition and Disposal of Assets". 9.Approved the number of 19th Board of Directors (including Independent Directors). 10.Approved the restriction of lifting directors ' prohibition of competition. 11.Approve the convening of Annual Shareholder' Meetings in 2022. 12. Approve to cooperate with the internal organizational structure of the certified accounting firm to adjust the replacement of accountants and evaluate the independence of the certified certified public accountants after the replacement.

(12) In the most recent year as of the date of this Annual Report, directors or Audit Committee showed different opinions on important resolutions adopted by the Board of Directors with records or written statements: None.

(13) Summary of discharge and resignation of parties relating to the annual report (Chairman, General Manager, Chief Accountant, Financial Officer, Internal Audit Supervisor and R&D Officer) in the recent year and up to the date of publication of this annual report: None.

4. Information on CPA professional fees:

1. Fee Range of CPAs professional fees information

Firm Name	CPA Name		Period Covered by CPA's Audit	Remark
KPMG	Chen, Chung Che	Lai, Li Chen	2021.01-2021.12	N/A

Unit: NT$ thousand

Fee Range \ Fee Items		Audit Fee	Non-audit Fee	Total
1	Less than NT$2,000 thousand	-	590	590
2	NT$2,000 thousand (inclusive)~NT$4,000 thousand	3,070	-	3,070
3	NT$4,000 thousand (inclusive)~NT$6,000 thousand			
4	NT$6,000 thousand (inclusive)~NT$8,000 thousand			
5	NT$8,000 thousand (inclusive)~NT$10,000 thousand			
6	NT$10,000 thousand (inclusive) or above			

2. Non-audit Public Fees

Unit: NT$ thousand

Accounting Firm	CPA Name	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remark
			System Design	Company Registration	Human Resources	Other	Subtotal		
KPMG	Chen, Chung che Lai, Li Chen	3,070				588	3,658	2021.01 ~ 2021.12	Non-audit public expenses are: urban renewal results of NT$100 thousand for future reference, corporate bonds and other financial advisor visa fees of NT$488 thousand.
Anshi United Accounting Firm	Tung Hsiu Lien					2	2		Business registration

3. In the case of a change of CPA firm and the audit fees for the year of the change are less than those of the previous year, please specify the audit fees before and after the change, and the reasons for the change: N/A

4. In the case of the audit fees being 10% less than that of the previous year, please specify the audit fees before and after the change, and the reasons for the change: N/A

5. CPA Replacement Information In The Recent Two Years: N/A

6. Information regarding the Chairman, General Manager, and Financial or Accounting Manager of the company who has worked with the CPA firm which conducts the Audit of the Company or an affiliate of said firm in the recent year: N/A

7. In the most recent year and as of the date of publication of the annual report, directors, managers, and shareholders whose shareholding ratio exceeds 10% of the equity transfer and equity pledge changes:

1. Directors, managers and major shareholders changes in ownership situation:

Job Title	Name	2021		As of April 16, 2022	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	Living Spring International Development Co., Ltd.	6,305,743	0	0	0
	Representative / Liu I-Yee	0	0	5,000,000	0
Director	Living Spring International Development Co., Ltd.	6,305,743	0	0	0
	Representative / Lei Chien	0	0	0	0
Director	Allianz investment Co., Ltd.	0	0	0	0
	Representative / Chang Chi Ming	0	0	0	0
Director	Living Spring International Development Co., Ltd.	6,305,743	0	0	0
	Representative / Yu Sheng Yi	0	0	0	0
Director	Fukunaga Investment Co., Ltd.	682,000	0	110,000	0
	Representative / Lai Yueh Hsin	0	0	0	0
Director	Pacific Urban Management Consulting Co., Ltd.	0	0	(2,314,000)	(2,882,000)
	Representative / Chang Kay Jin	0	0	0	0
Independent Director	Lin Hao Li	0	0	0	0
Independent Director	Wu Chin Jung	0	0	0	0
Independent Director	Chen Kin Lung	0	0	0	0

Job Title	Name	2021		As of April 16, 2022	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
GM	Chen Chin Hui	0	0	0	0
Deputy GM	Hsu Fu Lung	0	0	0	0
Deputy GM	Cheng Min Chuang	0	0	0	0
Supervisor of Financial Dept.	Huang Te Shin	0	0	0	0
Supervisor of Accounting Dept.	Nien, Pi Chen	0	0	0	0
Manager of Audit Office	Fu Fang Hua	0	0	0	0

2. Shareholding transferred (while the counterparty is a related party):

Name	Reason for Eequity Transfer	Transaction Date	Trade Relative Person	Trading counterparties and companies, directors, the relationship between managers and shareholders holding more than 10% of the shares	Number of Shares	Trade Price
Liu I-Yee	acquire	2022.03.21	Hsiao, Yen-Chin	spouse	5,000,000	NT$9.07

3. Shareholding pledged (while the counterparty is not a related party): N/A

8. Information of the top ten shareholders who are of related parties, spouse, relative within second degree kinship to each other:

April 16, 2022

Name	Shares Held by Themselves		Spouse & Minor Shareholding		Shares Held in Another Person's Name		Name, relationship of top 10 shareholders being the related party as spouse or kin within the second tier under the Civil Code		Remark
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Name	Relationship	
Chuang Mei Investment Co., Ltd. Representative / Wang Chun Sen	35,522,000	9.18%	0	0.00%	0	0.00%	N/A	N/A	
	1,963,000	0.51%	778,000	0.20%	0	0.00%	N/A	N/A	
Pacific Department Stores Co.,Ltd. Representative / Lien Chin	24,836,139	6.42%	0	0.00%	0	0.00%	N/A	N/A	
	1,723,794	0.45%	0	0.00%	0	0.00%	Fuhe International Investment Co., Ltd.	1. Ms. Lien Chin is the legal representative of the director appointed by the company to Pacific Department Stores Co.,Ltd. 2. Ms. Lien Chin is the Chairman of Fuhe International Investment Co., Ltd.	
Fong Fu International Development Co., Ltd. Representative / Hsiao Yen Chin	20,999,771	5.43%	0	0.00%	0	0.00%	N/A	N/A	
	8,876,118	2.29%	0	0.00%	0	0.00%	Hsiao Yen Chin	Ms.Hsiao,Yen-Chin is the Chairman of Fong Fu International Development Co., Ltd	
Living Spring International Development Co.,Ltd. Representative / Lu, A-Hsiu	11,306,091	2.92%	0	0.00%	0	0.00%	N/A	N/A	
	0	0.00%	0	0.00%	0	0.00%	N/A	N/A	
Fuhe International Investment Co., Ltd. Representative / Lien Chin	9,914,000	2.56%	0	0.00%	0	0.00%	N/A	N/A	
	1,723,794	0.45%	0	0.00%	0	0.00%	Pacific Department Stores Co.,Ltd.	Ms. Lien Chin is the representative of the legal person director of Pacific Department Stores Co., Ltd.	
Hsiao Yen Chin	8,876,118	2.29%	5,000,000	1.29%	0	0.00%	Fong Fu International Development Co., Ltd.	the Chairman of Fong Fu International Development Co., Ltd	
Fukunaga Investment Co., Ltd. Representative / Lai Yueh Hsin	7,933,745	2.05%	0	0.00%	0	0.00%	N/A	N/A	
	3,438,218	0.89%	1,700,000	0.44%	0	0.00%	N/A	N/A	

Name	Shares Held by Themselves		Spouse & Minor Shareholding		Shares Held in Another Person's Name		Name, relationship of top 10 shareholders being the related party as spouse or kin within the second tier under the Civil Code		Remark
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Name	Relationship	
Pacific SOGO Department Store Co., Ltd. Representative / Huang Ching Wen	7,930,950	2.05%	0	0.00%	0	0.00%	N/A	N/A	
	0	0.00%	0	0.00%	0	0.00%	N/A	N/A	
Yang Ming Investment Consulting Co., Ltd. Representative / Shen Chung Hung	7,439,556	1.92%	0	0.00%	0	0.00%	N/A	N/A	
	25	0.00%	0	0.00%	0	0.00%	N/A	N/A	
Ma Hung Jung	7,152,281	1.85%	0	0.00%	0	0.00%	N/A	N/A	

9. Comprehensive shareholding ratio

April 16, 2022
Unit: thousand shares

Long-term Investment (Note1)	Invested by the Company		Invested by Directors, Supervisor, Management, and enterprises controlled by the Company directly or indirectly		Combined Investment	
	Shares	%	Shares	%	Shares	%
Pacific Realtor Co., Ltd.	7,275	48.50%	5	0.03%	7,280	48.53%
Pacific Department Stores Co., Ltd.	99,176	48.45%	4,456	2.18%	103,632	50.63%
Pacific Construction Co., Ltd.	8,163	100.00%	-	-	8,163	100.00%
Pacific Holdings Limited	343,858	100.00%	-	-	343,858	100.00%
Taitou Xingye Co., Ltd.	22,600	100.00%	-	-	22,600	100.00%

Note : It is investments accounted for using equity method of the Company.

IV. Capital Overview

1. Capital and Shares

(1) Source of Capital

April 16, 2022

Year/ Month	Issuing Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital increased by assets other than cash	Others
2014.07.08	10.00	1,600,000,000	16,000,000,000	387,000,000	3,870,000,000	De-capitalization of Treasury shares in the amount of NT$100,000,000	None	Jin-Guan-Zheng -Jiaozi No.1030026486 dated July 8, 2014.

Type of share	Authorized Capital Stock					Remark
	Outstanding Shares			Unissued Shares	Total	
	Listed	Unlisted (private placement)	Subtotal			
Common Stocks	300,500,419	86,499,581	387,000,000	1,213,000,000	1,600,000,000	

Overview of the declaration system: None

(2) Shareholder Structure

April 16, 2022

Shareholder Structure / Amount	Government Agencies	Financial Institutions	Other Institutions	Individuals	Foreign Institutions & Individuals	Total
Number of Shareholders	2	16	215	68,476	77	68,786
Number of Shares	6	233,687	183,582,089	191,127,691	12,056,527	387,000,000
Shareholding ratio (%)	0.00%	0.06%	47.44%	49.39%	3.11%	100.00%

Note: The company has no capital holdings from mainland China.

(3) Distribution Profile of Share Ownership

Common Stocks

April 16, 2022

Shareholders Ownership	Number of Shareholders	Number of Shares Owned (Shares)	Shareholding ratio (%)
1 ~ 999	56,035	10,152,080	2.62%
1,000 ~ 5,000	10,025	20,109,253	5.20%
5,001 ~ 10,000	1,419	9,869,063	2.55%
10,001 ~ 15,000	400	4,849,743	1.25%
15,001 ~ 20,000	216	3,901,347	1.01%
20,001 ~ 30,000	207	5,270,731	1.36%
30,001 ~ 40,000	86	3,045,806	0.79%
40,001 50,000	53	2,429,136	0.63%
50,001 ~ 100,000	137	9,756,480	2.52%
100,001 ~ 200,000	79	11,180,140	2.89%
200,001 ~ 400,000	39	11,176,964	2.89%
400,001 ~ 600,000	19	9,421,535	2.43%
600,001 ~ 800,000	10	7,148,857	1.85%
800,001 ~ 1,000,000	6	5,378,180	1.39%
1,000,001 and above	55	273,310,685	70.62%
Total	68,786	387,000,000	100.00%

Preferred Shares: None.

(4) Major Shareholders

April 16, 2022

Quantity of shares / Names of Major Stockholders	Total shares owned (Shares)	Shareholding ratio (%)
Chuang Mei Investment Co., Ltd.	35,522,000	9.18%
Pacific Department Stores Co., Ltd.	24,836,139	6.42%
Fong Fu International Development Co., Ltd.	20,999,771	5.43%
Living Spring International Development Co.,Ltd.	11,306,091	2.92%
Fuhe International Investment Co., Ltd.	9,914,000	2.56%
Hsiao Yen Chin	8,876,118	2.29%
Fukunaga Investment Co., Ltd.	7,933,745	2.05%
Pacific SOGO Department Store Co., Ltd.	7,930,950	2.05%
Yang Ming Investment Consulting Co., Ltd.	7,439,556	1.92%
Ma Hung Jung	7,152,281	1.85%

(5) Market Price, Net Value, Earnings and Dividends per Common Share Latest two years

Item / Years			2020	2021	As of April 16, 2022
Market price per share	Highest		13.00	12.4	9.80
	Lowest		8.37	9.06	8.93
	Average (Note 1)		9.68	9.96	9.36
Net value per share	Before distribution		18.81	18.63	18.63 (Note 4)
	After distribution		18.39	18.52	18.52 (Note 4)
Earnings per share	Weighted Average Shares		361,556,006	361,556,006	361,556,006
	EPS		(0.15)	0.13	0.13 (Note 4)
Dividends per Share	Cash Dividend		0	0.10 (Note 3)	-
	Stock Dividends	Surplus allotment	0	0	-
		Capital reserve allotment	0	0	-
	Accumulated Undistributed Dividends		(64.53)	0	-
Investment Return Analysis (Note 2)	Price / Earnings Ratio		24.20	76.62	-
	Price / Dividend Ratio		4.13	99.60	-
	Cash Dividend Yield Rate		0	1.00	-

Note: 1.The annual average market value is calculated based on each year's transaction value and quantity.

2. Price / Earnings Ratio = Average Market Price / Earnings per Share ; Price / Dividend Ratio = Average Market Price / Cash Dividends per Share ; Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price.
3. The 2021 earnings distribution proposal of the company is not yet resolved by the 2022 Annual Shareholders' Meeting,
4. Net value per share and EPS are as of December 31, 2021.

(6) Company Dividend Policy, Status of Execution and Explanation of expected major changes

1) Dividend Policy

(1) The company's surplus distribution or loss allowance can be made after the end of each half year. The surplus distribution or loss allowance proposal should be submitted to the audit committee together with the business report and financial statements for review and then submitted to the board of directors for resolution. If there is a surplus in the semi-annual final accounts, it should be estimated and retained taxable contributions, compensation for accumulated losses, employee compensation and directors' compensation, and 10% of the statutory surplus reserve shall be allocated, but the statutory surplus reserve has reached the company When the amount of paid-in capital is no longer listed.

(2) If there is a surplus in the annual final accounts, the income tax shall be paid in accordance with the law, and after making up the losses in the past years, 10% of the statutory surplus reserve shall be allocated, and the special surplus reserve shall be allocated or converted in accordance with relevant laws and regulations and the competent authority. The annual distributable surplus, and the adjustment amount of the accumulated undistributed surplus for the first half of the year, is the cumulative distributable surplus.

(3) The cumulative distributable surplus shall be distributed by the board of directors. In the case of issuing new shares, it shall be submitted to the shareholders' meeting for distribution after a resolution. In the case of distributing cash, it shall be authorized in accordance with Article 240, Item 5 of the Company Law. The board of directors shall present the distribution by more than two-thirds of the directors and the resolutions approved by more than half of the directors, and report to the shareholders meeting.

(4) The aforementioned cash and stock dividends to be distributed are limited to 30% to 100% of the current year's distributable surplus, but the company may consider future business and major capital expenditure plans, and prioritize the need to retain After the funds are funded, dividends will be distributed.

(5) The company's corporate life cycle is at a mature and stable stage, and the industrial environment is changing. Responding to the boom and market changes, considering business plans, profitability, and investment capital needs, it adopts a residual dividend policy, and distributes cash and stock dividends. The dividend ratio shall not be lower than 20% of the combined cash and stock dividends paid in the current year. However, when the surplus of the shareholders distributed for the year is not more than one yuan per share, or the debt ratio is more than 50%, the full amount may be distributed as stock dividends.

(6) Material changes expected in dividend policy: None.

2) Implementation status

According to the Articles of Incorporation of the Company, the Board of Directors is authorized to make a resolution to distribute the surplus in cash if there is a surplus in the final accounts at the end of each half year. The 2021 cash dividends has approved by the Board of Directors of the Company, the distribution and dividend date are as follows:.

Unit: NT$

2021	Approved Date	Dividend Date	Cash Dividend/ Per Share	Amout of Cash Dividend
First half fiscal year	2021/08/10	Nil	None	0
Second half of fiscal year	2022/03/10	Not yet set	0.1	38,700,000
Total			0.1	38,700,000

(7) Effect on Business Performance and EPS resulting from Stock Dividend distribution proposed by the 2022 Shareholders' meeting: N/A

(8) Compensation of Employees and Directors

1) The percentage or scope of compensation for employees and directors as stated in the Articles of Incorporation (Article 26):

If the company makes a profit for the year, it shall allocate 1 to 2% as employee compensation, which shall be distributed in stock or cash by the resolution of the board of directors. The payment objects may include employees of affiliated companies who meet certain conditions; The above-mentioned opening profit amount shall be determined by the board of directors to allocate no more than 2% in cash as directors' remuneration. The remuneration distribution plan for employees and directors shall be reported to the shareholders' meeting.

2) The remuneration basis for employees and directors; accounting treatment for the differences between estimated and actual amount of remuneration:

Since the year 2020 was a loss condition, the compensation of employees and directors has not been estimated.

3) Information on the amount of compensation for employees and directors approved by the board of directors and the estimated earnings per share for the year 2020.

(1) Actual allocation of employees and directors' remuneration: None.
(2) The number of employee stocks proposed to be allotted and its proportion to the capital increase of surplus: None.
(3) Calculated earnings per share after considering the proposed allotment of employee and director remuneration:
It has been listed as expenses for the remuneration of employees and directors since 2008.
(4) Employee dividends and distribution of remuneration for directors and supervisors in the previous year:

Employee remuneration: None.
Directors' remuneration: None.

(9) Share Repurchases by the Company：None.

2. Issuance of Corporate Bonds

(1) Corporate Bonds

April 16, 2022

Corporate bond category		First secured corporate bond of 2016	First secured corporate bond of 2017
Issue Date		June 8, 2016	April 7, 2017
Par value		NT$1 million	NT$1 million
Place of issuance and transaction (Note)		N/A	N/A
Issue price		Issued at par value	Issued at par value
Total issued		NT$300 million	NT$260 million
Coupon rate		Fixed annual interest rate 1.15%	Fixed annual interest rate 1.15%
Duration		5-Year Term, Due Date: June 8, 2021	5-Year Term, Due Date: April 7, 2022
Guarantor		Taiwan Cooperative Bank	Taiwan Cooperative Bank
Trustee		Jih Sun International Bank, Ltd.	Jih Sun International Bank, Ltd.
Underwriter		Taiwan Cooperative Securities co., Ltd.	Taiwan Cooperative Securities co., Ltd.
Certified attorney		Far East Law Offices. Lawyer, Chiu Ya Wen	Far East Law Offices. Lawyer, Chiu Ya Wen
CPA		KPMG / CPA Lai, Li Chen, CPA and Chang, Shu-Ying,	KPMG / CPA Lai, Li Chen, CPA and Chang, Shu-Ying
Loan principal repayment		Repayment in lump sum upon maturity	Repayment in lump sum upon maturity
Outstanding principal		0	0
Articles for redemption or early liquidation		None	None
Restrictions		The sales target is limited to professional investors specified by TPEx "Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bond".	
Name of Credit Rating Agency, Rating Date and the results of Corporate Bond Ratings		N/A	N/A
Other rights	The amount of ordinary shares, overseas depositary receipts or other securities that have been converted (exchanged or subscribed) as of the publication date of the annual report.	N/A	N/A
	Issuance and conversion (exchange or subscription) method	N/A	N/A
Issuance and conversion, exchange or subscription methods, issuance conditions, possible dilution of equity, and impact on existing shareholders' equity		Please refer to the company's First secured corporate bond of 2016 public brochure.	Please refer to the company's First secured corporate bond of 2017 public brochure.
Name of the commissioned custodian of exchangeable underlying		N/A	N/A

Note: For those who are overseas corporate debts.

April 16, 2022

Corporate bond category		First secured corporate bond of 2021	First secured corporate bond of 2022
Issue Date		June 4 2021	April 1, 2022
Par value		NT$1 million	NT$1 million
Place of issuance and transaction (Note)		N/A	N/A
Issue price		Issued at par value	Issued at par value
Total issued		NT$250 million	NT$230 million
Coupon rate		Fixed annual interest rate 0.63%	Fixed annual interest rate 0.85%
Duration		5-Year Term, Due Date: June 4, 2026	5-Year Term, Due Date: April 1, 2027
Guarantor		Taiwan Cooperative Bank	Taiwan Cooperative Bank
Trustee		Jih Sun International Bank, Ltd.	Jih Sun International Bank, Ltd.
Underwriter		Taiwan Cooperative Bank	Taiwan Cooperative Bank
Certified attorney		Far East Law Offices. Lawyer, Chiu Ya Wen	Far East Law Offices. Lawyer, Chiu Ya Wen
CPA		KPMG / CPAs Chen, Chung Che, Lai, Li Chen,	KPMG / CPAs Chen, Chung Che, Lai, Li Chen,
Loan principal repayment		Repayment in lump sum upon maturity	15% of the principal repayment within the third year from the date of issuance, 15% repayment in the 4th year, 70% repayment in the 5th year.
Outstanding principal		NT$250 million	NT$230 million
Articles for redemption or early liquidation		None	None
Restrictions		The sales target is limited to professional investors specified by TPEx "Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bond".	
Name of Credit Rating Agency, Rating Date and the results of Corporate Bond Ratings		N/A	N/A
Other rights	The amount of ordinary shares, overseas depositary receipts or other securities that have been converted (exchanged or subscribed) as of the publication date of the annual report.	N/A	N/A
	Issuance and conversion (exchange or subscription) method	N/A	N/A
Issuance and conversion, exchange or subscription methods, issuance conditions, possible dilution of equity, and impact on existing shareholders' equity		Please refer to the company's First secured corporate bond of 2021 public brochure.	Please refer to the company's First secured corporate bond of 2022 public brochure.
Name of the commissioned custodian of exchangeable underlying		N/A	N/A

(2) Information of conversion corporate bond: None.

(3) Information of exchange corporate bonds: None.

(4) General declaration of the issuance of corporate bonds :None.

(5) Information on corporate bonds with stock options: None.

3. Handling of preferred shares: None.

4. Information on special stocks with options:None.

5. Handling of overseas depository receipts: None.

6. Handling of employee stock option certificates: None.

7. Restrictions on empl oyees' rights to subscribe for new shares: None.

8. The name, acquisition status and subscription of the managers who obtained the employee stock option certificate and the top ten employees who obtained the stock option certificate and could subscribe for sh ares: None.

9. The names and acquisition status of the managers who acquired the new shares restricting the rights of employees and the top 10 employees: None.

10. Issuing of new shares by M&A of or accepting transfer of shares from other companies: None.

11. The implementation of capital application plans:

(1) Plan details:

1) As of the quarter before the date of this Annual Report, the previous issuance or private placement of securities had not been completed or completed within the last three years and the planned benefits have not yet been shown: None

2) Contents of previous securities offerings or private placement plans

Project Plan	Issue Category	Issue Date	Duration	Issue Amount	Scheduled fund utilization progress
Repay bank loans	First secured corporate bond of 2016	2016.06.08~ 2021.06.08	5-Year Term	NT$300 million	2016 Q2
Enrich working capital					2016 Q4
Repay bank loans	First secured corporate bond of 2017	2017.04.07~ 2022.04.07	5-Year Term	NT$260 million	2017 Q2
Repayment of the principal due for the first secured ordinary corporate bond in 2016	First secured corporate bond of 2021	2021.06.04~ 2026.06.04	5-Year Term	NT$250 million	2021Q2
Repayment of the principal due for the first secured ordinary corporate bond in 2017	First secured corporate bond of 2022	2022.04.01~ 2027.04.01	5-Year Term	NT$230 million	2022Q1

3) Previous changes to the content of the plan, the source and use of funds, the reason for the change, the benefits before and after the change, and the date when the change plan was submitted to the shareholders :None.

(2) Implementation:

First secured corporate bond of 2016: The implementation has been completed in accordance with the progress of the company's debt plan.

First secured corporate bond of 2017: The implementation has been completed in accordance with the progress of the company's debt plan.

First secured corporate bond of 2021: The implementation has been completed in accordance with the progress of the company's debt plan.

First secured corporate bond of 2022: The implementation has been completed in accordance with the progress of the company's debt plan.

V. Operational Highlights

1. Business Activities

(1) Business Scope

◎Major Activities

1. Comprehensive construction industry
2. Housing and Building Development and Rental
3. Manufacture of Metal Structure and Architectural Components
4. Industrial Factory Buildings Lease Construction and Development
5. Specific Area Development
6. Investment, Development and Construction in Public Construction
7. New Towns, New Community Development
8. Process Zone Expropriation and Urban Land Readjustment Agency
9. Real Estate Business
10. Real Estate Rental and Leasing
11. Investment Consulting
12. Fuel Catheter Installation Engineering
13. Pipe Lines Construction
14. Urban Renewal Reconstruction
15. Urban Renewal Reconstruction and Maintenance
16. Other Environmental Sanitation and Pollution Prevention Service
17. Hot Spring Water Obtains and Provides
18. All business items that are not prohibited or restricted by law, except those that are subject to special approval

◎Business Proportion

Major product	Proportion (%)
Construction revenue	73.08
Others	26.92
Total	100.00

◎Major Products

1. Investment in the construction of residential buildings, villa products and commercial buildings.
2. Real estate sales and leasing business.
3. Land development, including urban renewal, reconstruction of urban unsafe and old buildings, land change, urban planning change and other businesses.

◎New Products under development

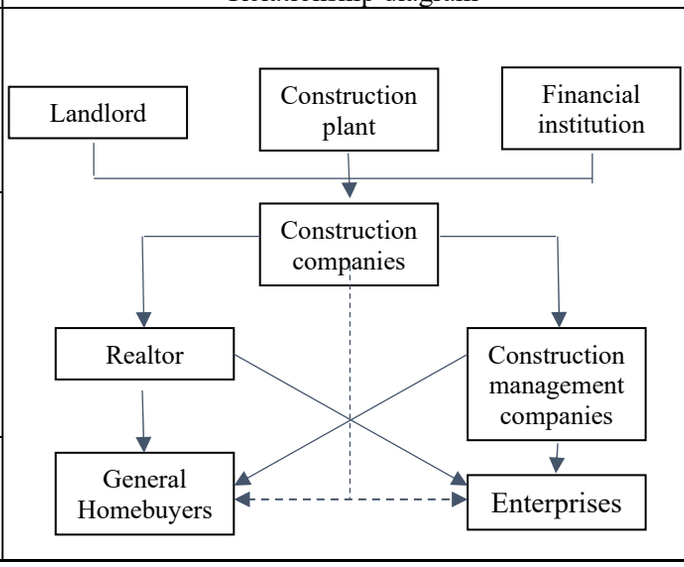
In line with the real estate development strategy, the company will continue to innovate and develop diversified products with better product planning, construction and service quality, and improve operating profits for the company.

(2) Industry Overvie

◎Industry status and overview

According to the latest forecast of the Directorate General of Budget, Accounting and Statistics, Executive Yuan, Taiwan's economic growth rate in 2022 is expected to reach 4.42%, thanks to factors such as booming exports. However, another data revealed a warning sign that excess savings continued to climb to NT$3.58 trillion, a record high, indicating that the flood of idle funds is more serious. The U.S. Federal Reserve started a cycle of rate hikes in March. The Central Bank of Taiwan rarely raised interest rates by 0.25% on the same day, announcing that monetary policy is moving toward tightening. As the Central Bank starts raising interest rates, the flood of idle funds may improve. Under the circumstance of sufficient hot money, strong Taiwan stock market, inflationary pressure, demand for factories and construction costs continue to increase, for consumers with rigid demand, it will be the best time to enter the market to buy a house.

◎The relationship between the upstream, midstream and downstream of the industry

Item	Narration	Relationship diagram
Upstrream	Including land, construction, materials supply industries and financial institutions	
Midstrream	Construction companies and sales related industries, such as realtor, construction management companies	
Downstrream	Mainly for general homebuyers and enterprises	

◎Product development trends and competition

1. With the overall economic growth, the national income has gradually increased. Consumers have gradually upgraded their requirements for the appearance of buildings, indoor space layouts and construction quality. How to plan, construct and serve with better products so as to strengthen the brand image will be one of the key success factors to future product development. In the future, new cases will focus more on the integration of life functions and the safety of structural design to meet the needs and expectations of modern customers for the living environment.

2. For the continuous increase of construction material price and the general situation of shortage of labor and materials, how to actively prepare for the project, strictly control the budget and schedule risk of the project, and continue to develop and improve construction methods and develop environmental friendly materials and equipment will be the focus of the cost control.

3. Residential products have strongly regional characteristics, and the market competition is most likely the competition between cases in the same area. In the future, new cases will actively grasp the product styles and attributes of other cases in the region, and leverage product differentiation and brand image to drive competition advantage.

(3)Technology and R&D Overview

In terms of construction, "Healthy and comfortable, smart home, environmental protection and safety, energy saving and practical" is the current objective of the company. Although the building materials and construction costs for applying for the Green Building Label, Earthquake Resistance Label and Smart Building Label are more than 10-20% higher than that of ordinary houses, this is a corporate responsibility for the environment and young generations, and it is also the basis for sustainable business operations. It is also the most recognized value of the company in the market by consumers.

(4) Short-term and Long-term business plans

1. As for short-term business, the completed construction projects will be equipped with professional property and smart management systems to enhance the overall service value of the case. For those cases under construction, the company will not only pay attention to the changes in construction material costs at all times, but also strictly control the construction quality and safety. For cases in panning phase, depending on regional attributes and changes in market supply and demand, product planning and sales strategies will be flexibly adjusted to create higher sales profits.
2. In terms of long-term business, we will continue to implement the company's core values and business philosophy, be proactive, pursue excellence, implement construction quality, carry forward the brand value in the spirit of sustainable service, and continue to invest in the integration, expansion and upgrade of computer software and hardware and corporate intranet, strengthen customer service management processes and models, and actively implement staff on-the-job training to enhance their professional skills, improve overall work efficiency, and promote corporate competitiveness.

2. Market and Sales Overview

(1) Market Analysis

In 2021, both the volume and price of the housing market increased, and this trend is expected to continue in 2022. However, the impact of the COVID-19 epidemic will still have a certain impact.

As a whole, the growth of real estate this year is affected by the epidemic and policies, but with the support of rigid buying, it is expected that supply and demand will stabilize. With the development of epidemic vaccine research maturity and the vaccination penetration rate, it is expected to bring incentives to the real estate market at the same time. In addition, although the housing market policy tends to be conservative, it has not affected the self-occupancy group, and the market will still be mainly supported by the demand for self-use.

Observing the future supply and demand trend and growth of the market, the overall housing market in 2022 will still be dominated by rigid demand, supplemented by investment. Among

them, the demand for two-bedroom and three-bedroom homes and self-occupied houses is expected to remain the main force in the market.

(2) Important uses and production process of main products

◎Important uses

1. Buildings: high-end buildings, offices, Internet residences and Internet offices, suites (leisure suites, business suites), storefronts and parking lots.
2. Mansion: elevator residence with less than seven floors
3. Shopping malls: department stores, famous store streets.
4. Villas: community-type single-family houses, double villas, vacation villas, etc.

◎Production process

1. Acquisition of land development cases.
2. Planning of land use.
3. Building design and license application review.
4. Construction of the structure of the building.
5. Building decoration construction and construction of electromechanical systems such as water, electricity, air conditioning, elevators, etc.
6. Application for building use license, including examination and survey by various government units.
7. Deliver the house to customers for use.
8. After-sales maintenance service of the building.

(3) Supply status of main raw materials

1. Affected by the COVID-19 epidemic, the transportation quantity and delivery time have increased, the transportation cost has increased, and the price of imported materials has risen, as well as the prices of metal materials, petrochemical materials, and sand and gravel materials are all affected, and steel bars, metal components and copper wires are all showing an upward trend.
2. Uncertainty in river dredging policies indirectly affected the increase in sand and gravel prices, the volatility of concrete prices increased, and the prices of metal raw materials rose. Steel bars, metal components and copper wires are all showing an upward trend. The age of the labor force is getting older, and the migrant workers cannot make up for it due to the epidemic, resulting in a shortage of construction manpower, and wages have also risen accordingly.
3. The China-US trade war continues, the progress of the government's massive infrastructure plan for public works, etc., will all be factors in the fluctuation of raw materials.
4. The labor market has fluctuated recently due to the impact of the COVID-19 epidemic. The manufacturing industry has reduced production capacity due to labor shortages. If the epidemic cannot be controlled in the short term, the cost increase will tend to be significant. The average age of the labor force is getting older, and the migrant workers have not been able to make up for it due to the epidemic, resulting in a shortage of construction manpower, a significant lack of labor, and an increase in wages.
5. In summary, the company makes proper arrangements for the main raw materials in line with the progress of the projects, negotiates prices and long-term supply schedules with third-party manufacturers, so as to meet the progress of work, and deliver them to customers on schedule and with sound quality.

(4) Information on major suppliers in the last two years

Unit：NT$ thousand

Item	2020				2021				2022 to previous quarter			
	Name	Amount	Ratio (%)	Relationship with the issuer	Name	Amount	Ratio (%)	Relationship with the issuer	Name	Amount	Ratio (%)	Relationship with the issuer
1	10% (Note)	-	-	Nil	10% (Note)	-	-	Nil	10% (Note)	-	-	Nil
2	Others	1,776,319	100	Nil	Others	812,676	100	Nil	Others	105,128	100	Nil
	Total	1,776,319	100		Total	812,676	100		Total	105,128	100	

Note :There were no suppliers with more than 10% of the total purchase amount in the last two years and the previous quarter in 2022.

(5) Information on major sales customers in the last two years

Unit：NT$ thousand

Item	2020				2021				2022 to previous quarter			
	Name	Amount	Ratio (%)	Relationship with the issuer	Name	Amount	Ratio (%)	Relationship with the issuer	Name	Amount	Ratio (%)	Relationship with the issuer
1	General buyers	2,169,669	90	Nil	General buyers	933,104	80	Nil	General buyers	3,911	2	Nil
2	Others	250,748	10	Nil	Others	239,336	20	Nil	Others	194,994	98	Nil
	Total	2,420,417	100		Total	1,172,440	100		Total	198,905	100	

(6) Production value table for the most recent two years

Unit：NT$ thousand

Year / Production / Product	2020			2021		
	Capacity	Production	Value	Capacity	Production	Value
Various houses	1 case	1 case	1,776,319	- case	- case	812,676
Total	1 case	1 case	1,776,319	- case	- case	812,676

(7) Sales volume and value table for the most recent two years

Unit：NT$ thousand

Year / Sales / Product	2020				2021			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Various houses	117 households and 171 parking space	2,169,669	-	-	40 households and 72 parking space	933,104	-	-
Lease and others	-	76,590	-	174,158	-	80,059	-	159,277
Total	117 households and 171 parking space	2,246,259	-	174,158	40 households and 72 parking space	1,013,163	-	159,277

3. Employees

March 31, 2022

Year		2020	2021	Up to March 31, 2022
Employee Number	Staff	55	52	55
	Technician	13	14	14
	Others	7	8	8
	Total	75	74	77
Average age		51.19	51.19	51.86
Average years of service		13.2	14	14
Education Distribution	PhD	-	-	-
	Master degree	7%	5%	6%
	College	77%	77%	77%
	High school	13%	15%	14%
	Below high school	3%	3%	3%

Remark：The number of employees does not include overseas branches.

4. Environmental Protection Expenditure

(1) Losses due to environmental pollution in the most recent year and up to the date of publication of the annual report: None.

(2) The company is qualified as a construction company. Therefore, in the process of building and construction of houses, we will specially require that the manufacturers who cooperate with the construction should pay special attention to the construction method and application when implementing projects that are likely to have a greater impact on environmental pollution during the construction process. Construction methods or materials that haveless impact on the environment should be selected. At the same time, it is strictly required that all contractors and their employees who enter the field for construction should strictly abide by the construction specifications, and absolutely implement field safety and hygiene to meet the standards. In addition, the Company has strived in environmental protection, and urged its offices and construction fields to pay attention to environmental cleaning and beautification, and cooperate with the government's resource recycling policy, from large-scale waste dumping and construction waste disposal to the basic classification of daily waste in the company's office premises. Consistent with the concept of environmental protection, and contribute to sustainable life.

5. Labor-management relationship

The company upholds the labor-management relationship of "harmonious work together", and handles various labor-management businesses in accordance with the provisions and spirit of the relevant labor laws and regulations. The recruitment of personnel is openly selected and promoted on the principle of non-discrimination. Practice humanagement. The labor-management relationship has been harmonious for a long time. The performance appraisal, salary system, welfare and professional training of employees are all handled in accordance with the related policies and procedures, and there is no risk of infringement of labor rights.

(1) Employee welfare:

The company has established the "Employee Welfare Committee" since December 19, 1989. It allocates funds based on portion of turnover every year to handle various welfare affairs, including employee training, child scholarships, weddings, funerals, and maternity subsidies, club activities, as well as domestic and foreign tourism. The company has also established preferential treatments for house purchases and employee sales incentives, which can provide employees with exclusive preferential treatments and incentives. Due to the impact of the epidemic, the company adopted flexible working hours adjustment, and employees adjusted their staggered working hours on their own to reduce the risk of infection among employees. Employees have been reconfigured with laptops to enhance the convenience of working from home. In 2021, the total expenditure on employee welfare matters was NT$4,052,297, and the average expenditure per person was NT$53,320.

(2) Employee professional training

In order to strengthen the on-the-job training of employees, the company sets a vocational training fee of NT$4,000 for each employee every year for employees to use for further training. The company has set up the "Employee Training Management Policies", which clearly stipulates that employees can apply for professional off-the-job training courses on their own. The company also conducts various on-the-job training programs and organizes internal and professional training from time to time. The Employee Welfare Committee also provides employees with annual allowance of NT$12,000 per employee per person, encouraging employees to participate in short-term professional training, such as language, computer, tax, engineering management etc.

1. In 2021, employees completed various courses and participated in various courses in a total of 62 person-times; the number of training hours throughout the year reached 317 hours, and the total expenditure on related education and training was NT$ 130,138.

2. The status of the employees holding professional licenses are as follows:

As of March 31, 2022

Professional license name	Safety and Hygiene	Occupational safety and health affair managers	Site manager	Quality control engineer	Civil engineer	Architect	Tax accounting manager	Financial analyst	Internal control	Stock affairs	Senior securities specialist	Securities specialist	Securities specialist	Health specialist
Number	11	11	12	13	1	1	3	9	5	8	3	12	1	1

(3) Employee Conduct or Ethics Code

In accordance with the Labor Standards Act, the company has established sound human resource management policies and “Code of Ethical Conduct” for directors, managers and all employees to follow. The measures clearly stipulate various rights, obligations, rewards and punishments, and communication between management and employees, based on this as a basis for consensus, has been quite effective in the promotion of the company's business and the management of the organization.

(4) Retirement

The company handles employee retirement and pension funds in accordance with the provisions of the Labor Standards Act. Retirement reserves are allocated on schedule every month and deposited in a special account of the Bank of Taiwan Labor Retirement Fund. And review whether the special account is sufficient at the end of each year. The amount is allocated to ensure the adequacy of the account balance. For new employees who are subject to the " Labor Pension Act " or who can choose the new system, the company allocates 6% of his/her monthly salary to the individual retirement pension account in accordance with the regulations. In 2021, a total of NT$2,881,363 was deposited for the employee pension.

(5) Labor disputes

There have been no labor disputes in the past three years. Based on the sound personnel policies, the employment, resignation or dismissal of employees is handled in accordance with the necessary procedures of labor laws and regulations. According to the existing labor contract or business contract, it is expected that no labor disputes, which might incur potential loss, should occur in the future.

(6) Work environment and personal safety protection measures for employees

1. According to the Labor Safety and Health Act, the company has formulated the "Safety and Health Code of Work" to implement security inspections regularly and irregularly
2. In addition to cooperating with the residents' committee to ooutsource a management company for safety maintenance and building management, the company also allocates dedicated security personnel to guard the office space.
3. When entering and leaving the construction site, it is mandatory to comply with the procedures of the safety and health work rules to ensure the work safety of employees. The company insures accident insurance for employees stationed overseas or on construction sites to improve accident protection for employees.
4. Formulate "Sexual Harassment Prevention Measures, Appeals and Disciplinary Measures" to provide employees with a working environment free from sexual harassment.
5. For new employees or existing employees before changing jobs, the company shall enable them to receive the necessary education and training suitable for each job. Training courses include important professional knowledge such as labor safety and hygiene, standard operating procedures, emergency response handling and fire and first aid drills, so that the execution of the work is smooth and the work environment is safe.

6. The company conducts employee physical check-up every year, enabling employees to keep track of their physical health at any time.

6. Significant contracts

Contract type	Contract party	Contract duration	Content	Restriction clause
Superficies contract	Taiwan Sugar Corporation	August, 1991 to August, 2041	Superficial rights are set for 8 lots of No. 947, Sec. 3, Xinxing Section, Xinxing District, Kaohsiung City	1. Restrict the use of land in accordance with the land use zoning control for land urban planning (or regional planning) and relevant regulations of this contract. 2. It shall not be used for the construction of collective housing, gas stations, ancestral halls and religious buildings, funeral facilities, waste cleaning and sewage treatment facilities, or other “Not In My Back Yard (NIMBY)” facilities.

VI. Financial Profile

1. Condensed Balance Sheet, Income Statement and CPA's Auditing Opinions for the Last FiveYears:

(I) Condensed Balance Sheet

A.Consolidated Condensed Balance Sheet

Unit: NT$ Thousand

Item \ Year		Financial Information for the Last Five Years					Financial information available up to March 31, 2022
		2017	2018	2019	2020	2021	
Current assets		8,014,340	8,189,319	8,267,451	8,351,106	7,914,857	8,102,976
Property, plant and equipment		1,912,715	1,880,384	1,807,663	1,769,448	2,102,674	1,999,337
Intangible assets		0	0	0	2,286	2,304	2,304
Other assets		4,505,771	5,647,565	5,882,260	4,374,791	4,020,714	3,873,219
Total Assets		14,432,826	15,717,268	15,957,374	14,497,631	14,040,549	13,977,836
Current liabilities	Before distribution	4,849,735	4,569,063	5,133,893	4,147,464	4,373,509	4,428,578
	After distribution	4,907,785	4,630,983	5,133,893	4,302,264	4,373,509	4,428,578
Non-Current liabilities		2,229,117	2,455,588	2,229,797	1,733,037	1,083,722	1,048,739
Total liabilities	Before distribution	7,078,852	7,024,651	7,363,690	5,880,501	5,457,231	5,477,317
	After distribution	7,136,902	7,086,571	7,363,690	6,035,301	5,457,231	5,477,317
Equity attributable to owners of parent		6,232,852	6,990,280	6,849,947	6,802,501	6,736,092	6,644,859
Ordinary share		3,870,000	3,870,000	3,870,000	3,870,000	3,870,000	3,870,000
Capital surplus		372,981	371,439	371,732	371,732	381,910	381,910
Retained earnings	Before distribution	1,941,327	2,186,679	2,019,875	1,965,939	1,863,641	1,776,824
	After distribution	1,883,277	2,124,759	2,019,875	1,811,139	1,863,641	1,776,824
Other equity		241,751	755,369	781,547	788,037	813,748	809,332
Treasury shares		(193,207)	(193,207)	(193,207)	(193,207)	(193,207)	(193,207)
Non-controlling Interest		1,121,122	1,702,337	1,743,737	1,814,629	1,847,226	1,855,660
Total equity	Before distribution	7,353,974	8,692,617	8,593,684	8,617,130	8,583,318	8,500,519
	After distribution	7,295,924	8,630,697	8,593,684	8,462,330	8,583,318	8,500,519

Note: The above financial information for the year is the consolidated financial statement which has been audited by the accountant. The financial information as of March 31, 2022 has been reviewed by the CPAs.

B. Standalone Condensed Balance Sheet

Unit: NT$ Thousand

Item \ Year		Financial Information for the Last Five Years				
		2017	2018	2019	2020	2021
Current assets		7,593,282	7,760,963	7,848,713	6,894,379	6,534,741
Property, plant and equipment		200,447	186,626	167,788	145,119	168,800
Intangible assets		0	0	0	0	0
Other assets		4,217,875	4,795,297	5,005,450	4,490,160	4,489,692
Total Assets		12,011,604	12,742,886	13,021,951	11,529,658	11,193,233
Current liabilities	Before distribution	3,857,061	3,542,052	3,958,209	3,192,779	3,453,324
	After distribution	3,915,111	3,603,972	3,958,209	3,347,579	3,453,324
Non-Current liabilities		1,921,691	2,210,554	2,213,795	1,534,378	1,003,817
Total liabilities	Before distribution	5,778,752	5,752,606	6,172,004	4,727,157	4,457,141
	After distribution	5,836,802	5,814,526	6,172,004	4,881,957	4,457,141
Ordinary share		3,870,000	3,870,000	3,870,000	3,870,000	3,870,000
Capital surplus		372,981	371,439	371,732	371,732	381,910
Retained earnings	Before distribution	1,941,327	2,186,679	2,019,875	1,965,939	1,863,641
	After distribution	1,883,277	2,124,759	2,019,875	1,811,139	1,863,641
Other equity		241,751	755,369	781,547	788,037	813,748
Treasury shares		(193,207)	(193,207)	(193,207)	(193,207)	(193,207)
Total equity	Before distribution	6,232,852	6,990,280	6,849,947	6,802,501	6,736,092
	After distribution	6,174,802	6,928,360	6,849,947	6,647,701	6,736,092

Note: The above financial information for the year is the financial statement which has been audited by the accountant.

(2) Condensed Comprehensive Income Statement

A. Consolidated Condensed Comprehensive Income Statement

Unit: NT$ Thousand

Item \ Year	Financial Information for the Last Five Years					Financial information available up to March 31,2022
	2017	2018	2019	2020	2021	
Operating revenue	1,563,080	1,626,127	834,419	2,949,552	1,669,031	198,905
Gross profit from operations	763,479	758,218	367,267	906,555	599,473	93,777
Operating profit or loss	53,717	218,307	(60,122)	(23,556)	109,189	2,544
Non-operating income and expenses	119,581	95,719	53,055	91,365	53,391	(34,605)
Net income (losses) before tax	173,298	314,026	(7,067)	67,809	162,580	(32,061)
Net income (losses) of continuing operations	66,563	237,489	(49,132)	34,394	107,732	(38,910)
Loss of discontinued operation	-	-	-	-	-	-
Net income (losses)	66,563	237,489	(49,132)	34,394	107,732	(38,910)
Other comprehensive income (net after tax)	(33,380)	(94,337)	32,617	11,312	35,889	(5,189)
Total comprehensive income	33,183	143,152	(16,515)	45,706	143,621	(44,099)
Net income (loss) attributable to parent company’s shareholders	11,833	182,892	(90,762)	(54,669)	45,610	(48,117)
Net income attributable to noncontrolling interests	54,730	54,597	41,630	89,063	62,122	9,207
Total comprehensive profit and loss attributable to parent company’s shareholders	(23,008)	146,517	(78,706)	(47,446)	78,213	(52,533)
Total comprehensive profit and loss attributable to noncontrolling interests	56,191	(3,365)	62,191	93,152	65,408	8,434
EPS (losses) (in NT$)	0.03	0.51	(0.25)	(0.15)	0.13	(0.13)

Note: The above financial information for the year is the consolidated financial statement which has been audited by the accountant. The financial information as of March 31, 2022 has been reviewed by the CPAs.

B. Standalone Condensed Comprehensive Income Statement

Unit: NT$ Thousand

Item \ Year	Financial Information for the Last Five Years				
	2017	2018	2019	2020	2021
Operating revenue	611,812	1,051,568	326,875	2,420,417	1,172,440
Gross profit from operations	216,019	453,428	88,515	646,110	361,776
Operating profit or loss	2,254	189,413	(89,598)	320,180	115,022
Non-operating income and expenses	100,557	57,709	23,466	(335,505)	(33,924)
Net income (losses) before tax	102,811	247,122	(66,132)	(15,325)	81,098
Net income (losses) of continuing operations	11,833	182,892	(90,762)	(54,669)	45,610
Loss of discontinued operation	0	0	0	0	0
Net income (losses)	11,833	182,892	(90,762)	(54,669)	45,610
Other comprehensive income （net after tax）	(34,841)	(36,375)	12,056	7,223	32,603
Total comprehensive income	(23,008)	146,517	(78,706)	(47,446)	78,213
EPS (losses) (in NT$)	0.03	0.51	(0.25)	(0.15)	0.13

Note: The above financial information for the year is the financial statement which has been audited by the accountant.

(3) Name and Auditing Opinions of the CPAs for the Last Five Years:

Year	Accounting Firm	CPAs' Name	Audit opinion
2017	KPMG	Chen, Chung che / Lai,Li Chen	Unmodified Opinion
2018	KPMG	Chen, Chung che / Lai,Li Chen	Unmodified Opinion
2019	KPMG	Chen, Chung che / Lai,Li Chen	Unmodified Opinion
2020	KPMG	Chen, Chung che / Lai,Li Chen	Unmodified Opinion
2021	KPMG	Chen, Chung che / Lai,Li Chen	Unmodified Opinion

2. Financial Analysis for the Past Five Years

(1) Consolidated financial analysis of Pacific Construction Co., Ltd.

Analysis Item \ Year		Financial analysis for the last five years					Financial information available up to March 31, 2022
		2017	2018	2019	2020	2021	
Financial structure	Liabilities to assets (%)	49.05	44.69	46.15	40.56	38.87	39.19
	Long-term fund for property, plant and equipment (%)	501.02	592.87	598.76	584.94	459.75	477.62
Liquidity analysis	Current ratio (%)	165.25	179.23	161.04	201.35	180.97	182.97
	Quick ratio (%)	25.03	28.16	19.50	57.06	51.60	53.81
	Interest coverage ratio	2.33	3.46	0.94	1.49	2.49	(0.31)
Operation performance analysis	Receivables turnover (times)	11.47	13.31	7.34	27.91	20.77	4.16
	Average collection days	31.82	27.42	49.72	13.07	17.57	87.74
	Inventory turnover (times)	0.12	0.12	0.06	0.31	0.18	0.02
	Payables turnover (times)	1.38	1.95	1.12	4.93	2.44	0.24
	Average inventory turnover days	3,042	3,042	6,083	1,177	2,028	18,250
	Property, plant and equipment turnover (times)	0.81	0.86	0.45	1.65	0.86	0.10
	Total assets turnover (times)	0.11	0.11	0.05	0.19	0.12	0.01
Profitability	Return on assets (%)	1.19	2.25	0.29	0.95	1.37	(0.14)
	Return on equity (%)	0.90	2.96	(0.57)	0.40	1.25	(0.46)
	Pre-tax income to paid-in capital ratio (%)	4.48	8.11	(0.18)	1.75	4.20	(0.83)
	Net income margin (%)	4.26	14.60	(5.89)	1.17	6.45	(19.56)
	EPS (NT$)	0.03	0.51	(0.25)	(0.15)	0.13	(0.13)
Cash flow	Cash flow ratio (%) (Note 2)	-	0.80	-	37.18	5.07	-
	Cash flow adequacy ratio (%)	106.99	73.08	31.42	156.60	143.30	143.30
	Cash flow reinvestment ratio (%)(Note 2)	-	-	-	13.58	0.70	-
Leverage	Operating leverage (Note 2)	8.97	2.76	-	-	4.14	28.94
	Financial leverage (Note 2)	-	2.40	0.33	0.15	-	-

The cause of changes of more than 20% in financial rates over the last two years:

1. Financial Structure - The decrease in the ratio of long-term funds to property, plant and equipment was mainly due to the increase in the amount of property, plant and equipment.
2. The increase in solvency-interest coverage ratio was mainly due to the increase in net profit before tax and interest expense for the current period.
3. Operating Capability - Receivables turnover ratio, real estate, plant and equipment turnover ratio, and total asset turnover ratio decreased mainly due to the decrease in operating income, which increased the average number of days in receipt; inventory turnover ratio and payables turnover ratio decreased mainly due to The decrease in operating costs resulted in an increase in the average days sold.
4. Profitability - The increase in various profitability ratios was mainly due to the increase in net profit for the current period.
5. The decrease in cash flow capability-cash flow ratio was mainly due to the decrease in net cash inflow from operating activities in the current year.

Note 1: The above financial information for the year is the consolidated financial statement which has been auditedd by the accountant. The financial information as of March 31, 2022 has been reviewed by the CPAs.

Note 2: Not applicable when the denominator is 0 or negative.

(2) Standalone -Financial Analysis

Analysis Item \ Year		Financial analysis for the last five years				
		2017	2018	2019	2020	2021
Financial structure	Liabilities to assets (%)	48.11	45.14	47.40	41.00	39.82
	Long-term fund for property, plant and equipment (%)	4,068.18	4,930.09	5,401.90	5,744.86	4,585.25
Liquidity analysis	Current ratio (%)	196.87	219.11	198.29	215.94	189.23
	Quick ratio (%)	24.38	30.26	20.80	33.61	29.49
	Interest coverage ratio	1.84	3.05	0.42	0.88	1.76
Operation performance analysis	Receivables turnover (times)	6.02	11.96	4.33	27.30	15.73
	Average collection days	60.67	30.51	84.30	13.37	23.21
	Inventory turnover (times)	0.06	0.09	0.04	0.28	0.14
	Payables turnover (times)	1.31	2.03	0.83	6.17	2.71
	Average inventory turnover days	6,083	4,055	9,125	1,304	2,607
	Property, plant and equipment turnover (times)	3.52	5.43	1.84	15.47	7.47
	Total assets turnover (times)	0.05	0.08	0.03	0.20	0.10
Profitability	Return on assets (%)	0.94	2.26	0.00	0.42	1.15
	Return on equity (%)	0.19	2.77	(1.31)	(0.80)	0.67
	Pre-tax income to paid-in capital ratio (%)	2.66	6.39	(1.71)	(0.40)	2.10
	Net income margin (%)	1.93	17.39	(27.77)	(2.26)	3.89
	EPS (NT$)	0.03	0.51	(0.25)	(0.15)	0.13
Cash flow	Cash flow ratio (%) (Note 2)	-	-	-	37.19	4.82
	Cash flow adequacy ratio (%)	132.00	97.97	31.73	138.87	124.81
	Cash flow reinvestment ratio (%) (Note 2)	-	-	2.97	13.87	0.15
Leverage	Operating leverage (Note 2)	70.47	2.05	-	1.52	2.30
	Financial leverage (Note 2)	-	2.76	-	1.71	13.09

The cause of changes of more than 20% in financial rates over the last two years:

1. Financial Structure - The decrease in the ratio of long-term funds to property, plant and equipment was mainly due to the increase in non-current liabilities.
2. The increase in solvency-interest coverage ratio was mainly due to the increase in net profit before tax and interest.
3. Operating Capability - Receivables turnover ratio, real estate, plant and equipment turnover ratio, and total asset turnover ratio decreased mainly due to the decrease in operating income, which increased the average number of days in receipt.
   The increase in inventory turnover ratio and payables turnover ratio was mainly due to the decrease in operating costs, which increased the average days of sales.
4. Profitability - The increase in various profitability ratios was mainly due to the increase in net profit for the current period.
5. The decrease in cash flow capability-cash flow ratio was mainly due to the decrease in net cash inflow from operating activities in the current year.
6. Leverage - The increase in operating leverage and financial leverage was mainly due to a decrease in operating profit.

Note 1: The above financial information for the year is the financial statement which has been audited by the accountant.

Note 2: Not applicable when the denominator is 0 or negative.

1. Financial structure
   (1) Debt ratio = Total liabilities/total assets.
   (2) Long term funds to property, plant, and equipment ratio = (Total shareholders' equity + non-current liabilities)/net property, plant, and equipment
2. Solvency
   (1) Current ratio = Current assets/current liabilities

(2) Quick ratio = (Current assets - inventory - prepaid expenses)/current liabilities
(3) Times Interest Earned = Net income before tax and interest expense/current interest expense

3. Operating ability
(1) Accounts Receivable (including account receivable and note receivable from operating) turnover = Net sales/average Receivables (including account receivable and note receivable from operating) balance
(2) Average collection period = 365 days/ accounts receivable turnover
(3) Inventory turnover (times) = Cost of goods sold/average inventory
(4) Accounts Payable (including Account payable and Note payable from operating) turnover = Cost of goods sold/average accounts payable (including Account payable and Note payable from operating)
(5) Average inventory turnover days = 365 days/ inventory turnover
(6) Property, plant, and equipment turnover (times) = Net sales/ average net average property, plant, and equipment
(7) Total asset turnover = Net sales/average total assets

4. Profitability
(1) Return on total assets = [net income + interest expense x (1-tax ratio)]/average total assets
(2) Return on shareholder's equity = Net income/average total shareholder's equity
(3) Profit margin = Net income/ net sales
(4) Earnings per Share = (Net income attributable to parent company's shareholders - preferred stock dividend)/ weighted average number of shares issued

5. Cash flow
(1) Cash flow ratio = Cash flow from operating activities/current liabilities
(2) Net cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividends
(3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends)/ (gross property, plant, and equipment + long-term investments + other non-current assets + working capital)

6. Leverage
(1) Operating leverage = (Net operating income - variable operating cost and expense)/operating income
(2) Financial leverage = Operating income/ (operating income - interest expenses)

3. Audit Committee' Report

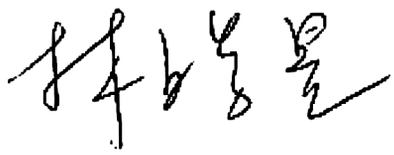
Annual Audit Committee's Review Report of 2021

To the 2022Annual Shareholders' Meeting of
Pacific Construction Co., Ltd.

The board of directors hereby authorizes the company's annual business report, balance sheet, comprehensive income statement, statement of changes in equity, cash flow statement, and earnings distribution statement, including the balance sheet, comprehensive income statement, statement of changes in equity and Cash flow statement (including consolidated financial statements) of the Company for the year 2021，The CPA Chen, Zongzhe and CPA Lai, Lizhen, members of the kpmg, were entrusted by the board of directors to submit an audit report after the audit was completed. The above business report, financial statements (including consolidated financial statements) and the profit distribution proposal have been verified by the Audit Committee to be without any discrepancies. According to Article 14-4 of the Securities and Exchange Act and Article 219 of Company Law, we hereby submit this report as above. Please review and approve the same.

Pacific Construction Co., Ltd.

Audit Committee Convener:



March 10, 2022

4. The audited consolidated financial statements of 2021

Statement

For the fiscal year of 2021 (From Jan. 1, 2021 to Dec. 31, 2021), the companies which should be included in the consolidated financial statements of the Company pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those should be included pursuant to the International Financial Reporting Standards 10. The affiliates' consolidated financial statements that should already be disclosed on the supra parent company have already been disclosed in the consolidated financial statements of the Company. Therefore, the Company will not prepare separate consolidated financial statements for associates.

Hereby declare

Company Name: Pacific Construction Co., Ltd.

Chairman: Liu I-Yee

Date: March 10, 2022

Independent Auditor's Report

To the Board of Directors of Pacific Construction Co., Ltd.:

Opinion

We have audited the consolidated balance sheet of Pacific Construction Co., Ltd. (Pacific Construction Group) and its subsidiaries for the years ended December 31, 2021 and 2020. The related consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flow for the years ended December 31, 2021 and 2020, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other auditors (see Other Matters), the consolidated financial statements present fairly, in all material respects, the financial position of the Group for the years ended December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Financial Reporting Standards and International Accounting Standards, interpretations and notices approved and effective upon promulgation by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audit of the consolidated financial statements as of in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Pacific Construction Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition
   Please refer to Note (4)(17) for the accounting policy of revenue recognition. Information of revenue recognition details are shown in Note (6)(22) of the Consolidated financial statements

Description of Key Audit Matters

Pacific Construction Group's main operating revenue sources are income from department stores and rental income from investment properties. The risk of material misstatement is associated with the truthfulness of revenue recognition. While operating revenue involves the management's operating performance, the management may fail to recognize revenue earlier or defer the recognition of revenue to achieve the expected net profit, resulting in a material misstatement of operating revenue. Accordingly, the revenue recognition test is one of the significant evaluations performed by us in our audit of the consolidated financial statement of Pacific Construction Group.

Auditing Procedures Performed

Our principal audit procedures of the above key audit matters include:

- Understand the process and internal controls of the Sales and Collection Cycle and assess the controls to prevent and detect errors and fraud in revenue recognition.
- Perform a cut-off test on Sale of the Properties and Lease Revenue to assess whether the former revenue is recognized in the appropriate period.
- Perform a verification test on revenue recognition by randomly reviewing relevant documents, including lease contractual terms and conditions, real estate sales contract and Real estate transfer registration. These will be verified with the general entry to assess whether the revenue recognition policy of Pacific Construction Group. complies with applicable bulletins.
- Understand and test the control mechanism of department store's self-operating, and counter collection and revenue recognition operating procedures of Pacific Construction Group.
- Randomly check and understand the contractual terms and conditions to test whether the draw rate complies with the contractual terms and conditions and whether the revenue statements transferred by the information system are correct, recorded and collected in time.
- Evaluate whether Pacific Construction Group's revenue recognition policy for department stores complies with applicable bulletins.

2. Inventory Valuation

Please refer to Note 4(8) and 5 for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainty of the valuation of inventory, respectively. Information of estimation of the valuation of inventory are disclosed in Note 6(5) of the consolidated financial statements.

Description of Key Audit Matters:

The Construction Department's inventory is an important asset of Pacific Construction Group, accounting for approximately 40% of total assets. Inventory is valued in accordance with IAS 2 as the net realizable value of Pacific Construction Group's inventory of the Construction Department is based on management's estimates of future sales prices and construction costs and is likely to be affected by political and economic situations. Where the net realizable value is not properly assessed, it may result in a misstatement in the financial statements. Accordingly, the inventory valuation test is one of the significant evaluations performed by us in our audit of the consolidated financial statement of Pacific Construction Group.

Auditing Procedures Performed:

We obtained information on the net realizable value of Pacific Construction Group's inventory and reassessed the net realizable value reassessment of homes for sales by randomly reviewing sold

contracts from previously disclosed information, with reference to the most recent property price registered by the Ministry of the Interior, or obtaining quotes from nearby transactions or obtaining quotes from nearby transactions. In terms of the net realizable value of construction sites, land and buildings under construction, we acquired and randomly checked the Company's investment return analysis or appraisal report and compared the investment return analysis with market conditions to assess whether the net realizable value of inventories is fairly presented.

Other Matters

We did not audit certain subsidiary's financial statements included in the consolidated financial statements of Subsidiary's of Pacific Construction Group using the equity method; they were audited by the other auditors. Our audits, our opinion on the consolidated financial statements of Subsidiary's of Pacific Construction Group, are based solely on the other auditors' audit reports. The total assets of the above-mentioned subsidiaries as of December 31, 2021 and 2020 accounted for 7% of the consolidated total assets, and the net operating income as of December 31, 2021 and 2020 accounted for 0% of consolidated net operating income. In addition, some of the financial reports of Pacific Construction Group's investments using the equity method, we did not audit about it, they were audited by other accountants. Our audits, our opinion on the consolidated financial statements of Pacific Construction Group, are based solely on the other auditors' audit reports. The amount in investments in certain investees accounted for using the equity method for the years ended December 31, 2020 accounted for 0% of the total consolidated assets and liabilities. The shares of subsidiaries, affiliates and joint ventures accounted for using the equity method accounted for 61% of the consolidated net income before income taxes for January 1 to December 31, 2020.

We have audited and expressed an unqualified opinion on the parent company only financial statements of Pacific Construction Co., Ltd. as of and for the years ended December 31, 2021 and 2020.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers International Financial Reports Standards, International Accounting Standards interpretations, and announcements of interpretations recognized and published by the Financial Supervisory Commission and maintain necessary internal control and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those in charge of governance (including members of the Audit Committee) are responsible for overseeing the reporting process of Pacific Construction Group's.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated 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 the 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 Pacific Construction Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Pacific Construction Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause Pacific Construction Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the Group in order to express an opinion on the consolidated financial statements. The independent auditor is responsible for guiding, supervising, and implementing the Group's audit and is responsible for forming an opinion on the Group's audit.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the 2021 and are therefore the key audit matters. We describe these matters in our auditor's 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.

KPMG

Taipei, Taiwan (Republic of China)

Pacific Construction Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 779,115	6	945,251	7
1170	Accounts receivable, net (Notes 6(3), (22) and 7)	44,707	-	116,028	1
1200	Other receivables (Note 6(4))	3,828	-	25,317	-
1210	Other receivables - related parties (Notes 6(4), (6) and 7)	2,150	-	150	-
1300	Inventory - merchandising business	32,945	-	28,490	-
1320	Inventory (applicable to the construction industry) (Notes 6(5) and 8)	5,625,074	40	5,955,988	41
1461	Non-current assets held for sale (Note 6(6))	928,622	7	928,622	6
1476	Other current financial assets (Notes 8 and 9)	392,243	3	246,764	2
1478	Refundable deposits for construction projects (Note 9)	17,419	-	11,104	-
1479	Other current assets, others (Note 7)	40,295	-	53,654	-
1480	Current assets recognized as incremental costs to obtain contract with customers	48,459	-	39,738	-
		7,914,857	56	8,351,106	57
	Non-current assets:				
1517	Non-current financial assets at FVTOCI (Notes 6(2), (7) and 8)	2,230,969	16	2,231,043	15
1600	Property, plant and equipment (Notes 6(9) and 8)	2,102,674	15	1,769,448	12
1755	Right-to-use assets (Notes 6(10) and 8)	101,639	1	100,627	1
1760	Investment property, net (Notes 6(11) and 8)	1,532,406	11	1,955,583	14
1780	Intangible assets	2,304	-	2,286	-
1840	Deferred tax assets (Note 6(19))	2,264	-	2,736	-
1975	Non-current net defined benefit assets (Note 6(18))	12,739	-	9,977	-
1980	Non-current other financial assets (Note 8)	123,208	1	64,657	1
1990	Other non-current assets, others	17,489	-	10,168	-
		6,125,692	44	6,146,525	43
	Total Assets	**$ 14,040,549**	**100**	**14,497,631**	**100**

Pacific Construction Co., Ltd. and Subsidiaries
Consolidated Balance Sheet (Continued)
December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term loans (Note 6(13))	$ 1,185,755	7	702,070	5
2111	Short-term notes and bills payable (Note 6(12))	240,000	2	-	-
2130	Current contract liabilities (Notes 6(22) and 9)	212,329	2	518,488	4
2150	Notes and accounts payable	446,552	3	430,393	3
2200	Other payables (Note 7)	851,679	6	861,039	6
2230	Current tax liabilities	25,347	-	10,200	-
2280	Current lease liabilities (Note 6(16))	12,452	-	11,923	-
2305	Other current financial liabilities	323,891	2	333,702	2
2321	Issuing bonds, current portion (Note 6(15))	260,000	2	300,000	2
2322	Long-term debt, current portion (Note 6(14))	801,249	6	959,057	7
2399	Other current liabilities, other	14,255	-	20,592	-
		4,373,509	30	4,147,464	29
	Non-Current liabilities:				
2530	Corporate bonds payable (Note 6(15))	250,000	2	260,000	2
2540	Long-term loans (Note 6(14))	629,641	4	1,258,412	9
2570	Deferred tax liabilities (Note 6(19))	1,675	-	1,821	-
2580	Non-current lease liabilities (Note 6(16))	89,947	1	89,040	1
2640	Non-current net defined benefit liability (Note 6(18))	10,373	-	21,120	-
2645	Deposits received	84,241	1	84,857	-
2670	Other non-current liabilities, other	17,845	-	17,787	-
		1,083,722	8	1,733,037	12
	Total liabilities	5,457,231	38	5,880,501	41
	Equity attributable to owners of parent (Note 6(20))：				
3110	Ordinary share	3,870,000	28	3,870,000	27
3200	Capital surplus	381,910	3	371,732	2
3310	Legal reserve	1,221,329	9	1,221,329	8
3320	Special reserve	70,421	1	55,134	-
3350	Retained earnings-unappropriated	571,891	4	689,476	5
3410	Exchange differences resulting from translating the financial statements of foreign operations	203,821	1	178,413	1
3420	Unrealized gains (loss) from investments in financial assets measured at FVTOCI	609,927	4	609,624	4
3500	Treasury shares	(193,207)	(1)	(193,207)	(1)
	Total equity attributable to owners of parent	6,736,092	49	6,802,501	46
36xx	**Non-controlling interest (Notes 6(8) and (20))**	1,847,226	13	1,814,629	13
	Total equity	8,583,318	62	8,617,130	59
	Total liabilities and equity	**$ 14,040,549**	**100**	**14,497,631**	**100**

(See accompanying Notes to Consolidated Financial Statements)

Pacific Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(22) and 7)**	$ 1,669,031	100	2,949,552	100
5000	**Operating costs (Notes 6(5), (17) and (23))**	1,069,558	64	2,042,997	69
5900	**Gross profit from operations**	599,473	36	906,555	31
	Operating expenses (Notes 6(3),(24) and 7)：				
6100	Selling expenses	147,681	9	164,169	6
6200	Administrative expenses	341,670	20	325,596	11
6450	Expected credit (losses) gains	933	-	442,218	15
		490,284	29	931,983	32
6500	**Net other income and expenses (Note 6(11))**	-	-	1,872	-
	Net operating income	109,189	7	(23,556)	(1)
	Non-operating income and expenses:				
7100	Interest revenue	1,478	-	1,461	-
7020	Other gains and losses (Notes 6(7), (25) and 7)	161,140	10	186,418	6
7050	Finance costs (Notes 6(16) and (25))	(109,227)	(7)	(137,908)	(5)
7370	Share of profit of associates and joint ventures accounted for using equity method (Note 6(7))	-	-	41,394	1
		53,391	3	91,365	2
	Net income before tax from continuing operating department	162,580	10	67,809	1
7950	**Less: Income tax expense (Note 6(19))**	54,848	3	33,415	1
	Net loss	107,732	7	34,394	-
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Remeasurements of the defined benefit plan	8,742	1	667	-
8316	Unrealized gains from equity instrument investments measured at FVTOCI	1,739	-	(4,815)	-
8349	Less: Income tax relating to those items not to be reclassified to profit or loss	-	-	-	-
	Total items that may not be reclassified subsequently to profit or loss	10,481	1	(4,148)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences resulting from translating the financial statements of foreign operations	25,408	2	15,460	1
8399	Less: Income tax relating to those items to be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	25,408	2	15,460	1
8300	**Other comprehensive income, net**	35,889	3	11,312	1
8500	**Total comprehensive income**	**$ 143,621**	**10**	**45,706**	**1**
	Profit attributable to:				
8610	Owners of parent	$ 45,610	3	(54,669)	(3)
8620	Non-controlling interest	62,122	4	89,063	3
		$ 107,732	**7**	**34,394**	
	Total comprehensive income attributable to:				
8710	Owners of parent	$ 78,213	6	(47,446)	(2)
8720	Non-controlling interest	65,408	4	93,152	3
		$ 143,621	**10**	**45,706**	**1**
	Loss "per" share (Note 6(21))				
9750	**Basic loss "per" share (in NT$)**	**$**	**0.13**		**(0.15)**
9850	**Diluted loss per share (in NT$)**	**$**	**0.13**		**(0.15)**

Pacific Construction Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent										
			Retained Earnings			Total Other Equity Interest					
	Ordinary Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences Resulting from Translating the Financial Statements of Foreign Operations	Unrealized Gains (losses) from Financial Assets Measured at FVTOCI	Treasury Shares	Total Equity Attributable to Owners of Parent	Non-Controlling Interests	Total Equity
Balance on January 1, 2020	$ 3,870,000	371,732	1,221,329	51,436	747,110	162,953	618,594	(193,207)	6,849,947	1,743,737	8,593,684
Net loss	-	-	-	-	(54,669)	-	-	-	(54,669)	89,063	34,394
Other comprehensive income	-	-	-	-	733	15,460	(8,970)	-	7,223	4,089	11,312
Total comprehensive income	-	-	-	-	(53,936)	15,460	(8,970)	-	(47,446)	93,152	45,706
Appropriation and distribution of retained earnings:											
Special reserve appropriated	-	-	-	3,698	(3,698)	-	-	-	-	-	-
Cash dividend payment to subsidiaries	-	-	-	-	-	-	-	-	-	(22,260)	(22,260)
Balance on December 31, 2020	3,870,000	371,732	1,221,329	55,134	689,476	178,413	609,624	(193,207)	6,802,501	1,814,629	8,617,130
Net loss	-	-	-	-	45,610	-	-	-	45,610	62,122	107,732
Other comprehensive income	-	-	-	-	5,841	25,408	1,354	-	32,603	3,286	35,889
Total comprehensive income	-	-	-	-	51,451	25,408	1,354	-	78,213	65,408	143,621
Appropriation and distribution of retained earnings:											
Special reserve appropriated	-	-	-	15,287	(15,287)	-	-	-	-	-	-
Ordinary shares stock dividend in cash	-	-	-	-	(154,800)	-	-	-	(154,800)	-	(154,800)
Cash dividend payment to subsidiaries	-	-	-	-	-	-	-	-	-	(32,811)	(32,811)
Dividends distributed to subsidiaries to adjust capital surplus	-	10,178	-	-	-	-	-	-	10,178	-	10,178
Proceeds from disposal of equity instruments measured at FVTOCI	-	-	-	-	1,051	-	(1,051)	-	-	-	-
Balance on December 31, 2021	**$ 3,870,000**	**381,910**	**1,221,329**	**70,421**	**571,891**	**203,821**	**609,927**	**(193,207)**	**6,736,092**	**1,847,226**	**8,583,318**

Pacific Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flow
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Net loss before tax for the period	$ 162,580	67,809
Adjustment items:		
Adjustments to reconcile profit (loss)		
Depreciation expense	135,985	132,182
Amortization expense	4,632	4,073
Expected credit (losses) gains	933	442,218
Interest expense	109,227	137,908
Interest revenue	(1,478)	(1,461)
Dividend income	(108,615)	(24,234)
Lease modifications loss	594	-
Share of profit of associates and joint ventures accounted for using equity method	-	(41,394)
Loss (gains) of disposal and scrapping of property, plant and equipment	373	(5,930)
Proceeds from disposal of Impairment loss of Investment property	-	(1,872)
Proceeds from disposal of investments accounted for using equity method	-	(46,838)
Impairment loss of Investment property	-	6,000
Other revenue	(422)	-
Total adjustments to reconcile profit	141,229	600,652
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes & accounts receivable	70,388	(25,727)
Other receivables	19,489	(28,894)
Inventory	311,251	1,252,701
Other current assets	13,359	84,223
Other current financial assets	(13,008)	26,387
Non-current net defined benefit assets	352	6,240
Incremental costs to obtaining a contract	(8,721)	24,302
Refundable deposits for construction projects	(6,315)	18,050
Total changes in operating assets	386,795	1,357,282
Changes in operating liabilities:		
Contract liabilities	(306,159)	(308,145)
Notes and accounts payable	16,159	31,834
Other payables	(11,250)	(28,317)
Other financial liabilities	(10,427)	5,099
Other current liabilities	(6,337)	393
Non-current net defined benefit liability	(5,119)	(2,427)
Total changes in operating liabilities	(323,133)	(301,563)
Total changes in operating assets and liabilities	63,662	1,055,719
Cash inflow (outflow) generated from operations	367,471	1,724,180
Interest received	1,478	1,461
Interest paid	(107,922)	(138,203)
Income tax paid	(39,375)	(45,226)
Net cash flows from (used in) operating activities	221,652	1,542,212

Pacific Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flow (Continued)
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at FVTOCI	1,813	-
Proceeds from disposal of investments accounted for using equity method	-	4,985
Acquisition of property, plant and equipment	(14,345)	(36,541)
Proceeds from disposal property, plant and equipment	9	7,085
Acquisition of Investment property	(3,077)	-
Proceeds from disposal of Investment property	-	7,778
Other financial assets	(191,022)	(33,258)
Other non-current liabilities	480	-
Deferred credit	-	2,667
Dividends received	108,615	24,234
Other operating assets	(12,483)	(4,111)
Net cash flows from (used in) investing activities	(110,010)	(27,161)
Cash flows from (used in) financing activities:		
Increase in short-term loans	483,685	-
Proceeds from short-term loans	-	897,645
Repayments of short-term loans	-	(1,851,569)
Short-term notes and bills payable	240,000	-
Corporate bonds payable	250,000	-
Redemption of bonds	(300,000)	-
Decrease in long-term loans	(786,579)	-
Proceeds from long-term loans	-	118,571
Repayments of long-term loans	-	(248,663)
Lease principal repayment	(13,664)	(13,189)
Cash dividend payment	(144,622)	-
Changes in non-controlling interests	(32,811)	(22,260)
Net cash outflows (inflows) from financing activities	(303,991)	(1,119,465)
Effects of exchange rate changes on cash and cash equivalents	26,213	8,179
Increase (decrease) in cash and cash equivalents for the period	(166,136)	403,765
Beginning cash and cash equivalents	945,251	541,486
Closing cash and cash equivalents	**$ 779,115**	**945,251**

Pacific Construction Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company History

Pacific Construction Co., Ltd. (hereinafter referred to as "the Company") was established on June 14, 1967. On February 2, 1980, the Company began listing and trading with approval of the Financial Supervisory Commission, Securities and Futures Bureau. Its primary businesses are contracting civil construction projects, land development and housing construction, housing and building development and rental, construction material manufacturing, precast housing, agency and trading of various construction materials and their export business.

2. Approval Date and Procedures of The Consolidated Financial Statements

The accompanying consolidated financial statements were authorized for issuance by the Board of Directors and issued on March 10, 2022.

3. Application of New and Revised Accounting Standards and Interpretations:

(1) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC").

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendment to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"
- Amendment to IFRS 16 "COVID-19-Related Rent Concessions after June 30, 2021"

(2) The impact of IFRS endorsed by FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"
- Annual Improvement s to IFRS Standards 2018 – 2020 Cycle
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group assesses that the adoption of the following new amendments, but have not yet to be endorsed by the FSC, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 "Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction"

4. Summary of Significant Accounting Policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows and have been applied consistently to all periods presented in these financial statements.

(1) Statement of compliance

The Group’s accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”) and the IFRSs, IASs, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC (collectively as “Taiwan-IFRSs”).

(2) Basis of preparation

(i) Basis of measurement

The accompanying consolidated financial statements have been prepared on a historical cost basis except for the following items in the balance sheets:

1) Financial instruments measured at fair value through profit or loss (including derivative financial instruments and contingent consideration measured at fair value);
2) Net defined benefit liabilities (assets) are recognized as the present value of the defined benefit obligation less the fair value of the plan assets and the effect of the asset ceiling mentioned in note 4(19).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Group’s consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional currency. Except when otherwise indicated, all financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(3) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The accompanying consolidated financial statements incorporate the financial statements of the Company and its controlled entities (the subsidiaries) in which the Company is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company transactions, balances and resulting unrealized income and loss are eliminated on consolidation. Total comprehensive income (loss) of a subsidiary is attributed to the shareholders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, financial statements of subsidiaries are adjusted to align the accounting policies with those adopted by the Company.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized in equity and attributed to the shareholders of the Company.

When the Group loses control over a subsidiary, the assets (including goodwill) and liabilities of the former subsidiary and non-controlling interests are eliminated from the consolidated financial statements at the carrying amount at the date of loss of control. Any investment retained in the former subsidiary is recognized at its fair value at the date when control is lost. The gain or loss on disposal is the difference between: (1) the aggregate of the fair value of the consideration received and the fair value of any investment retained in the former subsidiary at the date when control is lost. And (2), the aggregate carrying amount in assets (including goodwill) and liabilities of subsidiaries and non-controlling interests at the date when control is lost. All amounts previously recognized in other comprehensive income in relation to that subsidiary should be accounted for on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

(ii) Subsidiaries included in the consolidated financial statements

Subsidiaries included in the consolidated financial statements include:

			Percentage of Ownership (%)		
Investor	**Name of Subsidiary**	**Business Nature**	**December 31, 2021**	**December 31, 2020**	**Description**
The Company	Pacific Holdings	Investments, Trading	100.00%	100.00%	Subsidiaries in which the Company directly holds more than 50% of the ordinary shares
The Company	Pacific Construction Co., Ltd. (Note 1)	Construction Projects, or Acts as an Agency for Civil Engineering, Construction, Plumbing, Electrical and Air-Conditioning, and Decoration Projects	100.00%	100.00%	Subsidiaries in which the Company directly holds more than 50% of the ordinary shares
The Company	Tai-Tou Construction Co., Ltd.	General Business	100.00%	100.00%	Subsidiaries in which the Company directly holds more than 50% of the ordinary shares
The Company	Pacific Realtor Co., Ltd.	Real Estate Agency	48.50%	48.50%	Subsidiaries in which the Company directly holds less than 50% of the ordinary shares but has control over

Investor	Name of Subsidiary	Business Nature	Percentage of Ownership (%) December 31, 2021	Percentage of Ownership (%) December 31, 2020	Description
The Company	Pacific Department Stores Co., Ltd.	Department Store	48.45%	48.45%	Subsidiaries in which the Company directly holds less than 50% of the consolidated shareholding but has control over
The Company	Pacific Freshlife Industrial Company Limited (Note 2)	Retail sale of Agricultural Products	- %	- %	Subsidiaries in which the Company directly holds more than 50% of the ordinary shares
Tai-Tou Construction Co., Ltd.	Chun-Tse Asset Management Co., Ltd.	Management Consulting Services, General Hotel Industry	100.00%	100.00%	Subsidiaries in which the Company directly holds more than 50% of the ordinary shares
Pacific Holdings	Beijing Tai-Kong Consulting Services Co., Ltd.	Management Consulting Services	100.00%	100.00%	Subsidiaries in which the Company directly holds more than 50% of the ordinary shares

Note 1: The Company has been approved to become an inactive company by the general meeting held in December 2016 in accordance with the Hong Kong Companies Ordinance.

Note 2: The subsidiary has completed the relevant liquidation procedures of the court were completed on August 6, 2020.

(iii) List of subsidiaries which are not included in the consolidated financial statements:

Although the Company directly and directly owns 50% of Tai-Fu Recreation Co., Ltd. the Company does not have the right to hold more than half of the voting rights at the board of directors of the investment company, which is controlled by the board of directors. In accordance with IFRS 10, it is not included in the consolidated financial statements.

The Group sold all the shares of Tai-Fu Recreation Co., Ltd. in June 2020.

(4) Foreign currencies

1. Currencies transaction

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(1) Fair value through other comprehensive income equity investment;

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

(3) Qualifying cash flow hedges to the extent that the hedge is effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's functional currency at exchange rates of the reporting date. Except when an economy is identified as highly inflationary, the income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Group's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation differences in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(5) Classification of current and non-current assets and liabilities

Except for the construction segment, which usually has a business cycle longer than one year, the criteria for distinguishing between current and non-current for the other segment of the Group are as follows:

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

1. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
2. It holds the asset primarily for the purpose of trading;
3. It expects to realize the asset within twelve months after the reporting period; or
4. The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

1. It expects to settle the liability in its normal operating cycle;
2. It holds the liability primarily for the purpose of trading;
3. The liability is due to be settled within twelve months after the reporting period; or
4. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not impact its classification.

(6) Cash and cash equivalents

Cash comprises cash on hand, demand deposits, cash equivalents are highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. They are reported as cash equivalents.

(7) Financial instruments

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

1. Financial assets

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

   Financial assets are classified as: amortized cost, fair value through other comprehensive income (FVOCI) – equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income ("FVOCI")

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, the Group is able to make an irrevocable election to present subsequent changes in the fair value of investments in equity instruments that is not held for trading in other comprehensive income. This election is made on an instrument-by-instrument basis.

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

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

Dividend income derived from equity investments is recognized on the date that the Group's right to receive the dividends is established (usually the ex-dividend date).

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets).

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is always measured at an amount equal to lifetime ECL.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than a year past due or the borrower is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings".

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than a year past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets, or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

2. Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Classification of debt or equity

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

3) Treasury shares

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

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

(8) Inventory

The original cost of construction inventories is the expenditure necessary in bringing the inventories to a saleable or production-ready condition and location. When the cost of inventory exceeds the net realizable value, the cost must be written down to its net realizable value, and the amount in the write-down recognized as the cost of goods sold in the period in which it occurs. The net realizable value is determined as follows:

1) Land for construction: The net realizable value is based on estimated selling price (based on current market conditions) less estimated selling expenses.

2) Construction in process: The net realizable value is based on the estimated selling price (based on current market conditions) less costs to be incurred to completion and selling expenses.

3) Property for sale: Net realizable value is the estimated selling price (based on current market conditions) less selling expenses incurred in selling the premises.

4) Merchandise inventory: Net realizable value includes the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(9) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through a sale transaction, rather than through continuing use, are reclassified as non-current assets held for sale. Immediately before the initial classification of the non-current assets (or disposal groups) as held for sale, the carrying amount of the assets (or all the assets and liabilities in the Group) is measured in accordance with the Group's applicable accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value, less, costs to sell. Any impairment loss on a disposal group will first be allocated to goodwill, and then the remaining balance of impairment loss is allocated to assets and liabilities on a pro rata basis, except for the assets within the scope of IAS 36 - Impairment of Assets, which are continue to be measured in accordance with the Group's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on re-measurement are recognized in profit or loss; nevertheless, the reversal gains are not recognized in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment are no longer amortized or depreciated when they are classified as held for sale. Besides, the equity method of accounting is discontinued from the date when equity-method investments are classified as held for sale.

(10) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or join control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The parent-company-only consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees after adjustments to align the accounting policies with those of the Group from the date that significant influence commences until the date that significant influence ceases. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the change in equity attributable to its share of the associate as capital surplus in proportion to its equity in the associate.

Unrealized gains and losses arising from transactions between the Group and its associates are recognized in the financial statements only to the extent of the unrelated investor's interests in the associates.

When the Group's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(11) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment. Cost includes costs directly attributable to the acquisition of investment property. The cost of self-constructed investment property includes raw materials and direct labor, any other costs directly attributable to bringing the investment property to be capable of operating, and borrowing capitalized costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

The rental income of an investment property is recognized in other income on a straight-line basis over the lease term. Lease incentives granted are recognized as part of lease income over the lease term.

When the purpose of investment properties is changed and reclassified as property, plant and equipment, the reclassification is based on the carrying amount at the time of the change of purpose.

(12) Property, plant and equipment

1)Recognition and measurement

Property, plant and equipment are recognized and measured at cost, less accumulated depreciation and eventual impairment. Cost includes expenses that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes raw materials and direct labor, a directly attributable cost to bringing the asset to its intended location and use, the cost of dismantling and removal and site restoration, and the cost of borrowings to capitalize the eligible assets.

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

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

2) Subsequent cost

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

3) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

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

Buildings	5～55 years
Machinery and equipment	3～10 years
Other equipment	2～10 years

Depreciation method, useful life and residual value at each reporting date are reviewed by the Group. If expectations differ from previous estimates, appropriate adjustments are made when necessary, and any change is accounted for prospectively as a change in accounting estimate.

(13) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1) As a lessee

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

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

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

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

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

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

For short-term leases or leases of low-value underlying assets for certain land, buildings and structures, office equipment and transportation equipment, The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Sale and leaseback transactions are assessed in accordance with IFRS 15 to determine whether the transfer of an asset by the seller-lessee satisfies the requirements of IFRS 15. If the asset is judged as a sale, the asset is derecognized, and the part of the right that has been transferred to the seller-lessee is recognized as profit or loss. The lessee accounting model is applied to the leaseback transaction and the right-to-use asset is measured at the original carrying amount in the leased back portion. If it is judged that the requirements for the disposal of sales are not met, it will be treated as financing.

2) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(14) Intangible assets

1) Recognition and measurement

The Group's acquisition of other intangible assets with finite useful lives and non-determined service life is measured at cost less accumulated amortization and accumulated impairment losses.

2) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and non-determined service life from the date that they are available for use.

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

Computer software 1～5 years

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

(15) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and assets from employee benefit) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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

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

If the recoverable amount in an individual asset or cash-generating unit is less than its carrying amount, the Group must recognize an impairment loss.

An impairment loss is recognized immediately in profit or loss. It reduces the carrying amount in the amortized goodwill of the cash-generating unit first. It then reduces the carrying amount in each asset in proportion to the carrying amount in each other asset in the unit.

Non-financial assets other than goodwill are reversed only to the extent that the carrying amount in the asset (excluding depreciation or amortization), determined when the asset was not recognized for the prior impairment loss.

(16) Provision for Liabilities - Excise Duty

Provisions for liabilities are recognized when the Group has a present obligation as a result of a past event, and a transfer of economic benefits will probably be required to settle the obligation and the amount in the obligation can be reliably estimated. The provision for liabilities is discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liabilities. The amortization of the discount is recognized as an interest expense.

When purchasing the asset, or using the asset for purposes other than the production of inventories during a specific period, the original estimated cost of dismantling and removing the asset and restoring the site arising from the acquisition of the asset or the use of the asset for purposes other than the production of inventory during a specific period should be recognized as interest expense annually at the original discount rate. The carrying amount should be increased until the asset is removed from service at the end of its useful life. At this time, the carrying amount is accumulated to the estimated cost of removal from service.

(17) Revenue Recognition

1) Revenue from customer contracts

Revenue is measured as the consideration to which the Company expects to be entitled in exchange for the transfer of goods and services. The Group recognizes revenue when the performance obligation is satisfied by transferring control over a customer's good or service. The Group's major revenue items are described as follows:

(1) Land development and property sale

The Group develops and sells residential real estate and often pre-sells real estate during or before construction. The Group recognizes revenue when the control of the real estate is transferred. Due to contractual restrictions, such real estate is not usually used for other purposes by the Group. However, after completion of delivery or transfer of legal title of the real estate to the customer, the Group has an enforceable right to payment for performance completed to date. Accordingly, the Group recognizes revenue at the point of completion of transferring the legal title of the property or real estate to the customer.

Revenue is measured based on the transaction price of a contractual agreement. Upon selling a completed house, in most cases, consideration may be received upon the transfer of legal title to real estate; in few cases, payment may be deferred in accordance with contractual agreements, but the deferral period should not exceed 12 months. Accordingly, the transaction price is not adjusted to reflect the impact of the significant financial components. In the case of pre-sale of

real estate, payment is usually received between the signing of the contract and the transfer of the real estate to the customer in installments. Where the contract contains a significant financial component, the transaction price is adjusted during the period to reflect the effects of the time value of money according to the interest rate of the proposed project borrowing. The amounts received in advance are recognized as contract liabilities. When the effect of the time value of money adjustment is judged to be necessary, interest expense and contract liabilities are recognized. Accumulated contract liabilities are reclassified as income when a property is transferred to customers.

Some contracts contain multiple deliverables, such as the sale of residential real estate and decorating services - decorating services are deemed as a separate performance obligation, and the transaction price is apportioned on a stand-alone selling price basis. If there is no observable price, the stand-alone selling price is estimated based on the expected cost and profit. Decorating services are recognized as revenue at the point of completion of the service.

(2) Customer loyalty program

The Group uses customer loyalty programs to incentivize customers to buy goods or services. Customers buying goods or services are granted customer points, which can be redeemed for awards such as discounted goods or services. The Group considers that these points provide customers with important rights that would not have incurred if the contract had not been obtained, and therefore the commitment to provide points to customers is a performance obligation. The Group appends the product's transaction price and those points on a relative stand-alone selling price basis. Based on historical experience, management estimates the stand-alone selling price of each point based on the discount given when the point is redeemed and the possibility of redemption. The stand-alone selling price when it is sold based on the retail price of the product. The Group recognizes contract liabilities on the aforementioned basis at the sale of products and reclassified as revenue when these points are transferred or expired.

(3) Service

The Group engages in Real estate agency and Real estate agency, and recognizes relevant revenue in which financial reporting of services is performed. Fixed-price contracts are recognized as revenue based on the ratio of services actually rendered to total services as of the reporting date. This ratio is determined by the ratio of incurred costs to the estimated total cost of the transaction.

If circumstances change, revenues, costs and completion will be revised and the changes will be reflected in gains and losses in the period of the change in which the management is informed of.

Under a fixed-price contract, customers pay a set amount according to the agreed schedule. When the amount paid exceeds, the amount paid for the services rendered, a contract asset is recognized; when the amount paid exceeds the amount paid for the services rendered, a contract liability is recognized.

(4) Lease income

Lease income generated from investment property is recognized over the lease term on a straight-line basis. Lease incentives given are considered part of the total lease income and are recognized as a reduction of lease income over the lease term on a straight-line basis. Revenue from a property sublease is recognized as lease income from investment properties under operating income.

(5) Special revenue from department store counters

When the Group acts as an agent rather than a principal in a transaction, revenue is recognized on the net commission basis received.

(6) Hotel service provision

The Group provides hotel room accommodation, catering and other labor services, and recognizes related income during the financial reporting period for the provision of labor services.

Some contracts contain multiple delivery items, most of which are simple projects that do not include integrated services and can be executed by other parties, so they are regarded as a separate performance obligation, and the transaction price is shared on the basis of the stand-alone selling price. If there is no directly observable price, estimate the stand-alone selling price based on expected cost-plus profit

(7) Financial components

The Group expects that the time interval between the transfer of a good or service from all customer contracts to customers and when customers pay for the goods or services will not exceed one year. Therefore, the Group does not adjust the time value of money of the transaction price.

2. Cost of customer contracts

(1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group adopts the practical expedient method of the Standard. If the incremental cost of obtaining a contract is recognized as an asset and the asset is amortized over a period of one year or less, the incremental cost is recognized as an expense when incurred.

(18) Government subsidies

The Group recognized energy subsidy related government grants with no conditions attached as other non-operating income when the grants became receivable. For other asset-related grants, the Group recognizes the deferred revenue at fair value when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. The deferred revenue is recognized as other non-operating income of depreciation expense over the useful life of the asset on a systematic basis.

(19) Employee Benefit

1. Defined contribution plan

The contribution obligation of the defined contribution pension plan is recognized as an expense over the period of service provided by the employees.

2. Def

The Group's net obligation for defined benefit plans is calculated by discounting the present value of future benefit amounts earned by employees for current or prior service, deduct the fair value of any plan assets.

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

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

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

3. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(20) Income Taxes

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

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized for the following:

1) Assets and liabilities that are initially recognized from non-business combination transactions, with no effect on net income or taxable gains (losses).

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

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

A deferred tax asset is recognized for unused tax losses available for carry-forward, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits and deductible temporary differences are also re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized.

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

1) if the entity has the legal right to settle tax assets and liabilities on a net basis; and

2) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

(i) levied by the same taxing authority; or

(ii) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation; or where the timing of asset realization and debt liquidation is matched.

(21) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Group. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Group divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares. Potential dilutive ordinary shares of the Group include stock dividends to employees.

(22) Operating segments

The operating segment, which is a component of the Group, engages in operating activities that earn revenue and incurs expenses, including revenues and expenses relating to transactions with other Consolidated Company components. The operating results of all operating segments are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. For which discrete financial information is available.

5. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

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

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

The accounting policies involve significant judgment and have a material effect on the amounts recognized in the financial statements as follows:

(1) Rental period

The decision on the lease term is the non-cancellable period of the lease and the lessee can reasonably determine the period covered by the option to exercise the lease extension, and the lessee can reasonably determine the period covered by the option to not exercise the lease termination option. When assessing whether the lessee exercises the aforementioned options, the combined company considers all relevant facts and circumstances that will generate economic incentives for the lessee. It will be reassessed when there are subsequent major events or circumstances that are within the lessee’s control and will affect whether it can reasonably determine whether to exercise or not exercise the option. When there is a change in the assessment during the lease period, the lease liability is re-evaluated and the right-of-use asset is adjusted. Please refer to Note 6 (10) for details.

(2) Judgment on Lease

The Group leases the land rights and houses. Since the contract involves the use of an identified asset, the right to obtain all economic benefits during the entire period of use; and the right to direct the use of the identified asset. Accordingly, the merging company determined that the contract was a lease, and the merging company recognized the right-to-use assets and lease liabilities on the lease start date. Please refer to Note 6 (10) for details.

(3) Judgment on whether the Group has substantial control over its subsidiaries

The Group holds less than half of the voting rights of Pacific Realtor and Pacific Department Stores Co., Ltd. However, it considers that the remaining shares of these companies are extremely fragmented, and the level of participation of other shareholders in past shareholders' meetings indicates that the Group has the practical ability to direct the relevant activities unilaterally. Also, there is no indication that there is an agreement among other shareholders to make collective decisions. Accordingly, the Group deems Pacific Realtor and Pacific Department Store Co., Ltd. as its subsidiaries. Please refer to Note 6(8).

(4) Judgment of Commission Income Principal and Agent

The Group's role in commission income (the counter net income) transactions is an agent rather than a principal as the Group assesses that it does not have control over specific commodities prior to transferring them to customers. The following judgmental factors are taken into account:

1) the Group is not obligated to provide the goods when the supplier is unable to transfer the goods to the customer or responsible for the goods' acceptability.
2) the Group does not promise to obtain goods from suppliers before customers purchase them, and nor does the Group have any responsibility for damaged goods or returned goods.
3) the Group shall not adjust the sales price set by the supplier by more than 1%.

The following assumptions and estimated uncertainties have a significant risk of causing significant adjustments to the book value of assets and liabilities in the next financial year, and have reflected the impact of the new crown virus epidemic. The relevant information is as follows:

1) Allowance for losses on accounts receivable

The allowance for losses on the Group's accounts receivable is estimated based on the assumption of default risk and expected loss rate. The Group considers historical experience, current market conditions and forward-looking estimates at each reporting date in determining assumptions and input selected when calculating impairments. For details associated with assumptions and inputs, please refer to Note 6(3).

2) Valuation of Inventory

As inventories are measured at the lower of cost or net realizable value, the evaluation of the Group's net realizable value of inventories at the reporting date is based on estimates of future market sales prices and constructions costs which are prone to be affected by changes in the political and economic environment, resulting in significant changes in net realizable value. For details of the valuation of inventory, please refer to Note 6(5)

3) Determine the measure of benefit obligations

The defined benefit costs and net defined benefit liabilities (assets) that should be recognized in the defined benefit retirement plan are actuarially evaluated using the projected unit benefit method, and the actuarial assumptions used include discount rate, employee turnover rate and future salary increase rate, etc. Changes in these assumptions as a result of changes in market and economic conditions could materially affect the amounts of expenses and liabilities recognized. For details of the description of the significant actuarial assumptions and sensitivity analysis used by the actuarial please refer to Note 6 (18)

Valuation process

The Group's accounting policies and disclosures include adopting fair value measurements for its financial and non-financial assets and liabilities. The Group has established an internal control system for fair value measurement. The internal control system includes establishing a valuation team responsible for reviewing all significant fair value measurements (including Level 3 fair values). The team reports directly to the CFO. The valuation team reviews significant unobservable inputs and makes adjustments regularly. If external third-party information (such as a broker or pricing service) is used to measure fair value inputs, the valuation team will evaluate the evidence provided by the third party to support the inputs to determine whether the valuation and its fair value hierarchy classification meet the requirements of IFRS.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the assets or liabilities that are not based on observable market data.
Further information on the assumptions used to measure fair value
For details associated with the assumptions used to measure fair value, please refer to Note 6(26) – Financial Instruments.

6. Explanation of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Petty cash	$ 26,194	19,556
Demand deposit and Check deposit	629,171	863,695
Deposit account	123,750	62,000
Cash and cash equivalents in the Consolidated Cash Flows Statements	**$ 779,115**	**945,251**

For the disclosed information on the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group, please refer to Note 6(26).

(2) Financial Assets at Fair Value through Other Comprehensive Income ("FVTOCI")

	December 31, 2021	December 31, 2020
Equity instruments measured at FVTOCI:		
Listed (OTC) stocks - domestic	$ 128,464	139,480
Unlisted (OTC) stocks - domestic	2,102,505	2,091,563
Total	**$ 2,230,969**	**2,231,043**

1) The equity instrument investment held by the Group is a long-term strategic investment and not held for trading purposes, so it has been designated to be measured at FVTOCI.

2) The Group through the aforementioned investments in equity instruments designated as measured at FVTOCI, the Group's recognized dividend income for 2021 and 2020 totaled NT$108,615 thousand and NT$24,234 thousand, respectively.

3) The Group sold part of equity instruments measured at FVTOCI in 2021. The fair value at the time of disposal was NT$1,813 thousand, and the accumulated disposal benefit was NT$1,051 thousand. Therefore, the accumulated disposal benefit has been transferred from other interests to retained earnings. In addition, no strategic investment was disposed of in 2020, and accumulated profits and losses during this period were not transferred in equity.

4) For market risk information, please refer to Note 6(26).

5) For details of the above financial assets pledged as collaterals for bank loans and financing guarantees pledged. Please refer to Note 8.

(3) Notes receivable and Account receivable

	December 31, 2021	December 31, 2020
Notes receivable - arising from operations	$ 311	15,233
Accounts receivable - measured at amortized cost	104,060	181,987
Less: Allowance for losses	(59,664)	(81,192)
	$ 44,707	**116,028**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including general economic and related industry information. The expected credit losses of the note receivables and trade receivables were as followed:

	December 31, 2021		
	Gross Carrying Amount	Weighted-Average Loss	Loss Allowance Provision
Current	$ 25,470	0.06%	15
Less than30~360 days past due	22,036	14.73%	3,245
Past due 361~720 days	2,869	91.81%	2,634
More than 720 days past due	53,996	99.58%	53,770
	$ 104,371		**59,664**

	December 31, 2020		
	Gross Carrying Amount	Weighted-Average Loss	Loss Allowance Provision
Current	$ 73,885	0.06%	45
Less than30~360 days past due	46,422	13.91%	6,457
Past due 361~720 days	3,822	86.97%	3,324
More than 720 days past due	73,091	97.64%	71,366
	$ 197,220		**81,192**

The changes of loss allowance of notes and accounts receivable of the Group is as follows:

	2021	2020
Balance at beginning of the year	$ 81,192	73,795
Impairment losses recognized	1,014	5,067
Amounts written off	(22,106)	(1,108)
Reclassification	(160)	3,569
Gains and losses from foreign currency translation	(276)	(131)
Balance at end of the year	**$ 59,664**	**81,192**

The above financial assets were not pledged or guaranteed for the years ended December 31, 2021 and 2020.

(4) Other receivables (Include long-term)

	December 31, 2021	December 31, 2020
Other receivables (Include long-term) - loans of funds	$ 829,354	1,024,724
Other receivables (Include long-term) - Other	1,937,384	2,001,522
Less: Allowance for losses	(2,760,760)	(3,000,779)
	$ 5,978	**25,467**

The Group's other accounts receivable allowance for losses debt changes for 2021 and 2020 are as follows:

	2021	2020
Balance at beginning of the year (Note)	$ 3,000,779	2,595,765
Impairment (reversed) loss recognized (Note)	(81)	437,151
Amounts written off	(216,127)	(1)
Gains and losses from foreign currency translation	(23,971)	(28,567)
Reclassification	160	(3,569)
Balance at end of the year	**$ 2,760,760**	**3,000,779**

Note: Evaluation of other receivables of Beijing Tai-Yun Building Co., Ltd. in the 2020, please refer to Note 6(6) and 9(3)3.

(5) Inventory - construction

	December 31, 2021	December 31, 2020
Buildings and land held for sale	$ 1,252,736	1,934,782
Construction land	3,320,051	3,160,057
Construction in progress	2,382,790	2,212,629
Prepayment for land	12,169	-
Total	6,967,746	7,307,468
Less: Allowance to reduce inventory to market	(1,342,672)	(1,351,480)
Net	**$ 5,625,074**	**5,955,988**
Inventory expected to be recovered in more than 12 months	**$ 4,899,093**	**5,161,613**

1) As of December 31, 2021 and 2020, the inventories of the Group had been pledged as collateral for bank borrowings, please refer to Note 8.

2) Some parts of Wanli UFO Village, Wanli Section, Erchong River, Lihe Section in Xinyi District and Yongping Section in Shilin District have already entered an appointment agreement and trust deed agreement with trustees and will be transferred to The Group at an appropriate time.

3) Agricultural land under the trust under a trust deed is the agricultural land be developed for construction. An appointment agreement and trust deed agreement have been entered into with trustees and transferred to the Group after the land title is changed.

4) For the years ended December 31, 2021 and 2020, the capitalization of interest on construction in progress by the Group, please refer to Note 6(25).

5) The Group decided to convert the inventory to self-use building in 2021, and reclassify the real estate as property, plant and equipment at the cost of change of use, please refer to Note 6(9).

6) Allowance to reduce inventory to market

Changes in the allowance to reduce inventory to market for 2021 and 2020 are as follows:

		2021	2020
Balance on January 1	$	1,351,480	1,397,356
Reversal benefits for recognized impairment losses		(8,808)	(45,876)
Balance on December 31	**$**	**1,342,672**	**1,351,480**

The Group's reversal benefits of impairment losses were due to the sale of certain inventories in the Group in 2021 and 2020. Factors that caused the net realizable value to be lower than cost have disappeared, resulting in an increase in net realizable value and the recognition of a decrease in operating costs.

(6) Non-current assets held for sale

The Group passed a resolution of the board of directors on December 15, 2020 to sell the equity of Beijing Tai-Yun Building Co., Ltd. an affiliated company evaluated by the equity method, and classified it as non-current for sale in accordance with International Financial Reporting Standards 5 Assets, based on the lower of their book value and fair value minus the cost of sale, are transferred to the amount of non-current assets to be sold NT$928,622 thousand; transfer will also be listed after assessing the recovery progress of the Group's other receivable claims The impairment loss of US$14,564,000 (NT$419,670,000), please refer to Note 9(3)3 for the relevant information.

(7) Investments accounted for using equity method

1. The components of investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2020
Associates	**$ -**

In June 2020, the Group will dispose of Tai-Fu Recreation Co., Ltd. for NT$0 (NT$1 deducted from tax), and recognize the disposal of investment benefits of NT$48,321,000, which have been included in the "Other gains and losses" in the consolidated income statement." under, please refer to Note 6(25).

In June 2020, the Group disposes of part of the shares of GOOD TV Broadcasting Corp., causing its shareholding ratio to drop from 23.53% to 17.65% and losing significant influence on it. The disposal price is NT$4,985 thousand. Its disposal loss of NT$1,705,000 has been included in the "Other gains and losses" item of the consolidated income statement, please refer to Note 6(25). The remaining equity is transferred to financial assets at FVTOCI-non-current NT$15,000 thousand.

2. Associates

Information on affiliates that are significant to the Group:

Associates Name	Nature of Relationship with the Group	Principal Places of Business/Country of Registration	Ratio of Ownership Rights and Voting Rights	
			December 31, 2021	December 31, 2020
Beijing Tai-Yun Building Co., Ltd. (Note)	Wholesale and retail commercial facilities within the planning area of development, construction, sales and leases	China	47.50%	47.50%

Note: The Group was approved by the board of directors on December 15, 2020. It plans to sell its equity in Beijing Tai-Yun Building Co., Ltd. The book value of the equity investment is transferred to the non-current assets for sale, please detailed note 6 (6).

Summarized financial information of the Group's significant associates is as follows - the financial information has been adjusted from the amounts included in the IFRS consolidated financial statements of each associate to reflect the fair value adjustments by the Group when obtaining the associate's equity interest and adjustments for differences in accounting policies:

Summarized financial information of Beijing Tai-Yun Building Co., Ltd.

	Jan.-Nov., 2020
Operating revenue	$ -
Other revenue (Note)	$ 272,772
Net income of continuing business units for the period	$ 87,371
Other comprehensive income	31,562
Total comprehensive income	$ 118,933
Total comprehensive income attributable to non-controlling interests	$ -
Total comprehensive income attributable to owners of investment companies	$ 118,933

Note: For other revenue, please refer to Note 9.

	2020
The Group's share of net assets of associate at the beginning of the period	$ 872,129
Total comprehensive income attributable to the Group for the period	56,493
Reclassification to Non-current assets held for sale	(928,622)
The Group's share of net assets of associate at the end of the period	$ -

Summarized financial information of the Group's individually insignificant associates under the equity method is as follows - the financial information is included in the Group's consolidated financial statements:

	December 31, 2020
Carrying amount of individually insignificant joint ventures' equity (Note)	$ -

	Jan.-Jun., 2020
Attributable to the Group:	
Net income (loss) of continuing business units for the period	$ (107)
Other comprehensive income	-
Total comprehensive income	**$ (107)**

Note: During the current period, the Group disposes part of the equity of affiliated companies that adopt the equity method, resulting in the loss of significant influence and reclassification to financial assets at FVTOCI non-current.

3. Guarantee

For the years ended December 31, 2021 and 2020, the Group's investments accounted for using the equity method were not pledged as collateral.

(8) Subsidiaries with material non-controlling interests

Subsidiaries with material non-controlling interests to the Group are as follows:

Name of Subsidiary	Principal Places of Business / Country of Registration	Percentage of Ownership Interest and Voting Right of Non-Controlling Interests	
		December 31, 2021	December 31, 2020
Pacific Department Stores Co., Ltd.	R.O.C.	51.55%	51.55%

The following combined financial information, prepared in conformity with the Regulations and IFRSs approved by the FSC, reflects any adjustments to the fair value at the acquisition date and adjustments to accounting policy differences. The amount of inter-company transactions before elimination are as follows:

Combined financial information on Pacific Department Stores Co., Ltd.:

	December 31, 2021	December 31, 2020
Current assets	$ 136,388	148,030
Non-current assets	3,903,153	3,941,528
Current liabilities	(250,963)	(231,041)
Non-current liabilities	(57,552)	(176,204)
Net assets	**$ 3,731,026**	**3,682,313**
Carrying amount of ending non-controlling interests	**$ 1,813,216**	**1,785,570**

	2021	2020
Operating revenue	**$ 339,274**	**375,435**
Profit	$ 111,909	105,142
Other comprehensive income	(1,790)	(22,128)
Total comprehensive income	**$ 110,119**	**83,014**
Total comprehensive income attributable to non-controlling interests	**$ 57,686**	**54,198**

	2021	2020
Cash flows from operating activities	$ 50,137	103,070
Cash flows from investing activities	114,102	24,160
Cash flows from financing activities	(160,048)	(89,484)
Net increase in cash and cash equivalents	**$ 4,191**	**37,746**

(9) Property, plant and equipment

1. In 2021 and 2020, details of changes in cost, depreciation, and impairment loss of property, plant, and equipment of the Group are as follows:

	Land	Buildings and Construction	Machinery Equipment	Other Equipment	Construction in Progress	Total
Cost or Deemed Cost:						
Balance on January 1, 2021	$ 1,115,958	1,251,056	115,380	295,953	-	2,778,347
Addition	-	679	1,794	11,872	-	14,345
Reclassification from Inventory	-	15,139	-	116	400	15,655
Reclassification from prepaid for the construction	-	-	-	512	-	512
Reclassification from Investment Property	134,395	435,081	3,078	-	-	572,554
Disposal and Scrap	-	-	(8)	(1,685)	-	(1,693)
Balance on December 31, 2021	**$ 1,250,353**	**1,701,955**	**120,244**	**306,768**	**400**	**3,379,720**
Balance on January 1, 2020	$ 1,126,896	1,273,870	112,757	254,418	13,844	2,781,785
Addition	-	-	8,430	23,865	4,246	36,541
Disposal and Scrap	(71)	(361)	(5,807)	(615)	-	(6,854)
Reclassification	-	-	-	18,090	(18,090)	-
Reclassification to Investment Property	(10,867)	(22,453)	-	-	-	(33,320)
Reclassification from Right-of-use Asset	-	-	-	195	-	195
Balance on December 31, 2020	**$ 1,115,958**	**1,251,056**	**115,380**	**295,953**	**-**	**2,778,347**
Depreciation and Impairment Losses:						
Balance on January 1, 2021	$ 4,722	703,786	96,557	203,834	-	1,008,899
Depreciation	-	32,408	7,870	27,515	-	67,793
Reclassification from Investment Property	-	201,485	180	-	-	201,665
Disposal and Scrap	-	-	(1)	(1,310)	-	(1,311)
Balance on December 31, 2021	**$ 4,722**	**937,679**	**104,606**	**230,039**	**-**	**1,277,046**
Balance on January 1, 2020	$ 4,722	694,674	93,660	181,066	-	974,122
Depreciation	-	23,987	7,897	23,037	-	54,921
Disposal and Scrap	-	(235)	(5,000)	(464)	-	(5,699)
Reclassification to Investment Property	-	(14,640)	-	-	-	(14,640)
Reclassification from Right-of-use Asset	-	-	-	195	-	195
Balance on December 31, 2020	**$ 4,722**	**703,786**	**96,557**	**203,834**	**-**	**1,008,899**
Carrying Amount:						
Balance on December 31, 2021	**$ 1,245,631**	**764,276**	**15,638**	**76,729**	**400**	**2,102,674**
Balance on January 1, 2020	**$ 1,122,174**	**579,196**	**19,097**	**73,352**	**13,844**	**1,807,663**
Balance on December 31, 2020	**$ 1,111,236**	**547,270**	**18,823**	**92,119**	**-**	**1,769,448**

2. For the years ended December 31, 2021 and 2020, details of bank loans and financing guarantees pledged, please refer to Note 8.
3. The Group decided to decide to convert the inventory and investment real estate into a building for self-use in 2021, and has reclassified the cost of such property as a property, plant and equipment at the cost of the change of use. please refer to Note 6(5) and (11).

(10) Right-of-use assets

Details of changes in cost and depreciation of Land Surface Rights, Buildings and construction and transport equipment of the Group are as follows:

	Land Surface Rights	Buildings and Construction	Transportation Equipment	Total
Cost of Right-of-use Assets:				
Balance on January 1, 2021	$ 86,467	36,714	3,184	126,365
Changes in Future Lease Payment	9,306	-	-	9,306
Additions	-	5,803	-	5,803
Early Termination	-	(717)	-	(717)
Deductions	-	(878)	-	(878)
Balance on December 31, 2021	**$ 95,773**	**40,922**	**3,184**	**139,879**
Balance on January 1, 2020	$ 105,880	44,739	3,379	153,998
Additions	-	364	-	364
Changes in Future Lease Payment	(19,413)	-	-	(19,413)
Reclassification to Property, Plant and Equipment	-	-	(195)	(195)
Other	-	(8,389)	-	(8,389)
Balance on December 31, 2020	**$ 86,467**	**36,714**	**3,184**	**126,365**
Depreciation for Right-of-use Assets:				
Balance on January 1, 2021	$ 9,157	15,321	1,260	25,738
Depreciation	4,003	8,130	694	12,827
Early Termination	-	(325)	-	(325)
Balance on December 31, 2021	**$ 13,160**	**23,126**	**1,954**	**38,240**
Balance on January 1, 2020	$ 4,923	8,714	729	14,366
Depreciation for the period	4,234	7,738	726	12,698
Reclassification to Investment Property	-	-	(195)	(195)
Other	-	(1,131)	-	(1,131)
Balance on December 31, 2020	**$ 9,157**	**15,321**	**1,260**	**25,738**
Carrying Amount:				
Balance on December 31, 2021	**$ 82,613**	**17,796**	**1,230**	**101,639**
Balance on January 1, 2020	**$ 100,957**	**36,025**	**2,650**	**139,632**
Balance on December 31, 2020	**$ 77,310**	**21,393**	**1,924**	**100,627**

For the years ended December 31, 2021 and 2020, details of bank loans and financing guarantees pledged, please refer to Note 8.

(11) Investment property

Investment properties include the Group's self-held assets and office buildings leased to third parties as operating leases. The initial non-cancellable period of the leased investment properties is two months to twenty-one years, while some lessees have the option to extend the period at the end of the lease. Details of changes in the Group's investment properties:

	Self-Owned Assets		
	Land and Improvement	Buildings and Construction	Total
Cost or deemed cost:			
Balance on January 1, 2021	$ 441,707	3,147,096	3,588,803
Addition	-	3,077	3,077
Reclassification to Property, Plant and Equipment	(134,396)	(438,158)	(572,554)
Balance on December 31, 2021	**$ 307,311**	**2,712,015**	**3,019,326**
Balance on January 1, 2020	$ 436,477	3,176,267	3,612,744
Reclassification from Property, Plant and Equipment	10,867	22,453	33,320
Disposal and Scrap	(5,637)	(51,624)	(57,261)
Balance on December 31, 2020	**$ 441,707**	**3,147,096**	**3,588,803**
Depreciation and Impairment Losses:			
Balance on January 1, 2021	$ -	1,633,220	1,633,220
Depreciation	-	55,365	55,365
Reclassification to Property, Plant and Equipment	-	(201,665)	(201,665)
Balance on December 31, 2021	**$ -**	**1,486,920**	**1,486,920**
Balance on January 1, 2020	$ -	1,599,372	1,599,372
Depreciation	-	64,563	64,563
Reclassification from Property, Plant and Equipment	-	14,640	14,640
Impairments	-	6,000	6,000
Disposal and Scrap	-	(51,355)	(51,355)
Balance on December 31, 2020	**$ -**	**1,633,220**	**1,633,220**
Carrying Amount:			
Balance on December 31, 2021	**$ 307,311**	**1,225,095**	**1,532,406**
Balance on January 1, 2020	**$ 436,477**	**1,576,895**	**2,013,372**
Balance on December 31, 2020	**$ 441,707**	**1,513,876**	**1,955,583**
Fair Value:			
Balance on December 31, 2021			**$ 2,914,457**
Balance on December 31, 2020			**$ 2,748,226**

1. Due to the decline in the market price of investment real estate in 2020, an impairment loss of NT$6,000 thousand is recognized, and other benefits and losses are accounted for.
2. The fair value of investment properties is determined on the basis of a valuation of an independent appraiser (with relevant professional qualification and should have recent experience in the location and category of the investment property evaluated). The valuation is mostly performed based on the weighted average of the income method and the comparative method.
3. Investment properties include a number of commercial properties leased to others. Each lease contract includes an initial non-cancellable term of two months to twenty-one years. The subsequent lease renewals can be negotiated with the lessee. Also, the Group decided to change the leased building to self-use, so it transferred the self-investment real estate into real estate, plant and equipment, please refer to Note 6(9).
4. For the years ended December 31, 2021 and 2020, The Group entered into a trust contract with its employees due to participating in the land development project. The Group designated them as the nominees of the land and building ownership registration. In order to ensure the preservation of the Group's assets, the Group has registered the property right with notice and all titles are kept by the Group.
5. For the years ended December 31, 2021 and 2020, details of bank loans and financing guarantees pledged, please refer to Note 8.

(12) Short-term notes and bills payable

	December 31, 2021
Commercial paper payable	**$ 240,000**

1. The new amount in 2021 is NT$240,000 thousand yuan, the interest rate is 2.45%, and the maturity date is April 2022.
2. Collateral for bank loans.

For the Group’s pledged assets as Secured for bank loans, please refer to Note 8.

(13) Short-term loans

The Group’s Short-term borrowings details were as follows:

	December 31, 2021	December 31, 2020
Unsecured bank loans	$ -	20,000
Secured bank loans	1,185,755	682,070
Total	**$ 1,185,755**	**702,070**
Unused credit lines	**$ 1,361,972**	**690,936**
Range of interest rates	**1.25%~3.41%**	**1.3%~3.44%**

For the Group’s pledged assets as Secured for bank loans, please refer to Note 8.

(14) Long-term loans

The Group's Long-term loans details, conditions, and provisions were as follows:

	December 31, 2021			
	Currency	**Range of Interest Rates**	**Maturity**	**Amount**
Secured bank loans	NTD	1.30%~2.75%	2022~2036	$ 1,295,806
〃	RM	2.15%~3.57%	2022~2034	135,084
				1,430,890
Less: current portion				(801,249)
Total				**$ 629,641**
Unused credit lines				**$ -**

	December 31, 2020			
	Currency	**Range of Interest Rates**	**Maturity**	**Amount**
Secured bank loans	NTD	1.50%~2.75%	2021~2023	$ 2,021,945
〃	RM	2.15%~3.57%	2022~2034	195,524
				2,217,469
Less: current portion				(959,057)
Total				**$ 1,258,412**
Unused credit lines				**$ 102,451**

For the Group's pledged assets as Secured for bank loans, please refer to Note 8.

(15) Corporate bonds payable

The details of the Group bonds payable were as follows:

	December 31, 2021	**December 31, 2020**
Amount in the issuance of domestic ordinary corporate bonds	$ 510,000	560,000
Less: current portion	(260,000)	(300,000)
Ending balance: bonds payable	**$ 250,000**	**260,000**

The Group will issue the first secured ordinary corporate bonds in 2021 of NT$250,000 thousand, coupon rate 0.63%, interest payment once a year, issuance period of five years; repayment of the secured ordinary corporate bond issued in June 2016 of NT$300,000 thousand. Another 2020 unissued, repurchased or redemption of bonds. The relevant details are as follows:

1. The Group's domestic secured ordinary corporate bond obligations for the years ended December 31, 2021 and 2020 are as follows:

Item	The first secured ordinary corporate bonds in 2016
Total Issuance	NT$300,000 thousand
Date of Issue	June 8, 2016
Coupon Rate	1.15%
Issuance Period	June 8, 2016~June 8, 2021
Guarantee Agency	Taiwan Cooperative Bank
Trustee	Jih Sun International Bank, Ltd.
Repayment Method	The Group may repay the principal of the corporate bonds in one lump sum at the expiration of five years from the date of issuance.

Item	The first secured ordinary corporate bonds in 2017
Total Issuance	NT$260,000 thousand
Date of Issue	April 7,2017
Coupon Rate	1.15%
Issuance Period	April 7,2017~April 7,2022
Guarantee Agency	Taiwan Cooperative Bank
Trustee	Jih Sun International Bank, Ltd.
Repayment Method	The Group may repay the principal of the corporate bonds in one lump sum at the expiration of five years from the date of issuance.

Item	The first secured ordinary corporate bonds in 2021
Total Issuance	NT$250,000 thousand
Date of Issue	June 4, 2021
Coupon Rate	0.63%
Issuance Period	June 4, 2021~June 4, 2026
Guarantee Agency	Taiwan Cooperative Bank
Trustee	Jih Sun International Bank, Ltd.
Repayment Method	The Group may repay the principal of the corporate bonds in one lump sum at the expiration of five years from the date of issuance.

(16) Lease Liabilities

The carrying amount in the Group’s lease liabilities:

	December 31, 2021	December 31, 2020
Current	$ 12,452	11,923
Non-current	$ 89,947	89,040

For maturity analysis, please refer to Note 6(26) - Financial Instruments.

Amounts recognized in profit or loss are as follows:

	2021	2020
Interest expense on lease liabilities	**$ 2,655**	**2,725**
Gains on subleasing right-to-use assets	**$ 18,760**	**25,986**
Expenses of short-term leased	**$ 2,878**	**3,929**
Expenses to low-value leases assets (Low-value leases that do not include short-term leases)	**$ 1,436**	**1,240**

Amounts recognized in the cash flow statements are as follows:

	2021	2020
Total cash outflow from leases	**$ 20,633**	**21,083**

The Group leases land surface rights for a period of fifty years. The Group leases buildings and structures for department store operations for a period of five years. Lease payments for certain contracts are calculated based on changes in local price indices.

The period for some of the Group's leased land, offices, employee dormitories, office equipment and transportation equipment are generally one to three years. These leases are short-term or low-value subject leases. The Group elects to apply for the recognition exemption and does not recognize its related right-of-use assets and lease liabilities.

(17) Operating Leases

Lessor leases

The Group leases its investment properties and subsidiary machinery and equipment. These are classified as operating leases as nearly all the risks and rewards of ownership of the underlying assets have not been transferred. Please refer to Note 6(11) Investment Property.

An analysis of matured lease payments based on the total undiscounted lease payments to be received after the reporting date:

	December 31, 2021	December 31, 2020
Under 1 year	$ 108,713	154,719
One to two years	67,701	97,110
Two to three years	42,433	60,862
Three to four years	28,202	41,887
Four to five years	19,103	35,978
More than five years	70,273	182,274
Total undiscounted lease payments	**$ 336,425**	**572,830**

For lease income generated from investment property for 2021 and 2020, please refer to Note 6(22); expenses generated from maintenance and leasing totaled NT$157,791 thousand and NT$159,747 thousand, respectively.

(18) Employee benefits

1. Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value were as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 107,328	116,053
Fair value of plan assets	(109,694)	(104,910)
Net defined benefit net (asset) liability	**$ (2,366)**	**11,143**
Net defined benefit assets	**$ 12,739**	**9,977**
Net defined benefit liability	**$ 10,373**	**21,120**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The balance of the Group labor pension reserve account in the Bank of Taiwan amounted to NT$109,694 thousands as of reporting date. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

In 2020, the subsidiary settled its pension and cancelled the labor pension reserve account of the Bank of Taiwan, and received the Labor Retirement Reserve Fund cheque of NT$6,820 thousand for the settlement of the account via Xin Lao Gei Zi No. 10950152241 on July 1, 2020. Therefore, as of December 31, 2020, the balance of the labor pension reserve account of the subsidiary's Bank of Taiwan has been zero.

2) Movements in the present value of the defined benefit obligations

The Group's movements in the present value of defined benefit obligations for 2021 and 2020 were as follows:

		2021	2020
Defined benefit obligations on January 1	$	(116,053)	(127,642)
Current service cost and interest		(1,008)	(1,709)
Net defined benefit liability (asset) remeasurement			
- Actuarial gains and losses from experience adjustments		3,859	1,177
- Actuarial gains and losses from changes in demographic assumptions		(124)	(16)
- Actuarial gains and losses from changes in financial assumptions		3,403	(4,469)
Benefits (loss) from upfront service costs		(381)	532
Benefit paid by the plan		2,976	16,074
Defined benefit obligations on December 31	**$**	**(107,328)**	**(116,053)**

3) Movements of the fair value of defined benefit plan assets

The Group's movements in the fair value of the defined benefit plan assets for 2021 and 2020 were as follows:

		2021	2020
Fair value of plan assets on January 1	$	104,910	119,644
Interest revenue		328	821
Net defined benefit liability (asset) remeasurement			
- Return on plan assets (excluding current interest)		1,604	3,976
Contributions paid by the employer		5,828	4,468
Benefits planned to be paid		(2,976)	(16,074)
Settle the amount returned to the company		-	(6,820)
Plan asset liquidation or reduction of payment		-	(1,105)
Fair value of plan assets on December 31	**$**	**109,694**	**104,910**

4) Expenses recognized in profit or loss

The Group’s expenses recognized in profit or loss for 2021 and 2020 were as follows:

		2021	2020
Service costs for the period	$	637	805
Net interest of net liabilities (asset) for defined benefit obligations		43	83
Early service cost and liquidation profit and loss		381	573
	$	**1,061**	**1,461**
Construction in progress	$	-	171
Selling expenses		-	281
Administrative expenses		1,061	1,009
	$	**1,061**	**1,461**

5) Actuarial assumptions

The Group determines the present value of defined benefit obligations at the end of the financial reporting date. The material actuarial assumptions are as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.65%～0.70%	0.30%～0.35%
Future salary increase rate	2.00%	2.00%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is NT$488 thousands.

The weighted-average lifetime of the defined benefit plan is 7-11 years.

6) Sensitivity analysis

If the main actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Defined Benefit Obligation	
	Increased by 0.25%	Decreased by 0.25%
Balance on December 31, 2021		
Discount rate	(2,358)	2,436
Future salary increase rate	2,398	(2,333)
Balance on December 31, 2020		
Discount rate	(2,805)	2,903
Future salary increase rate	2,848	(2,767)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

The method and assumption used in the sensitivity analysis is consistent with prior period.

2. Defined contribution plan

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates the labor pension at a specific percentage to the Bureau of the Labor Insurance without additional legal or constructive obligations.

According to the regulations of the Employees' Social Security Act for the defined contribution plan for the Group's Malaysian branch, a rate of 13% of the employees' monthly wage is a contribution to the personal account of SOCSO. Under such a plan, after the Group contributes a fixed amount to the Bureau of Labor Insurance, there is no legal or constructive obligation for the Group to pay additional amounts.

For 2021 and 2020, the Group contributed NT$7,150 thousand and NT$6,886 thousand, respectively, to the Bureau of Labor Insurance under the Defined Contribution Pension expense.

(19) Income Tax

1. Income tax expense

Details of the Group's income tax expenses for 2021 and 2020 are as follows:

		2021	2020
Current income tax expense			
Incurred during the period	$	21,232	17,713
Additional surtax on earnings-unappropriated		1,793	1,454
Adjustment for prior periods		11,145	(12,145)
Land value increment tax		20,352	25,033
		54,522	32,055
Deferred income tax expense			
Occurrence and reversal of temporal differences		326	1,360
	$	**54,848**	**33,415**

2. A reconciliation of the Group's income tax expenses and net income before tax for 2021 and 2020 is as follows:

		2021	2020
Net income before tax	$	162,580	67,809
Income tax calculated using the domestic tax rate where the Group operates		32,516	13,562
Effects on tax rate difference in foreign jurisdictions		8,649	20,154
Non-deductible expenses		12,557	13,092
Tax-free income		(12,025)	(63,452)
Investment gains or losses recognized under the equity method		-	(8,279)
Current tax losses on unrecognized deferred income tax assets		2,180	(6,423)
Changes in unrecognized temporary differences		(12,361)	(7,753)
Early (high) underestimation		11,145	(12,145)
Additional surtax on earnings-unappropriated		1,793	1,454
Land value increment tax		20,352	25,033
Other		(9,958)	58,172
Total	**$**	**54,848**	**33,415**

3. Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

For the years ended December 31, 2021 and 2020, no-deferred tax liabilities were recognized for temporary differences associated with investments in subsidiaries as the Group could control the timing of the reversal of the temporary differences and is fairly confident that the temporary differences will not reverse in the foreseeable future. Its relevant amounts are as follows:

	December 31, 2021	December 31, 2020
Foreign investment gains or losses recognized under the equity method	**$ 20,050**	**20,478**

2) Unrecognized deferred tax assets

The Group unrecognized deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deferred credit	$ 27,011	27,414
Bad debt disallowance	377,730	374,049
Unrealized impairment loss on assets	17,617	17,617
Unused tax losses carryforwards	139,173	160,553
Other	20,017	38,919
	$ 581,548	**618,552**

Under the ROC tax laws, approved tax losses can be carried forward for 10 years to offset future taxable profits. These assets are not recognized as deferred income tax assets. It is not probable for the Group to have sufficient taxable income in the future to allow for these temporary differences.

As of December 31, 2021, the expiration period for abovementioned unrecognized deferred tax assets of unused tax losses carryforwards were as follows:

Year of Assessment	Unrecognized Deferred Tax Assets	Expiration in Year
2012	$ 251,988	2022
2013	177,913	2023
2014	49,583	2024
2017	72,722	2027
2018	52,859	2028
2019	81,332	2029
2020	1,775	2030
2021	7,691	2031
	$ 695,863	

3) Recognized deferred tax assets / liabilities

Changes in deferred tax assets (liabilities) for 2021 and 2020:

	Deferred Tax Assets			Deferred Tax Liabilities		
	Defined Benefit Plans	Other	Total	Defined Benefit Plans	Other	Total
Balance on January 1, 2021	$ 354	2,382	2,736		(1,821)	(1,821)
Debit (credit) on income statement	(354)	(118)	(472)	(670)	816	146
Balance on December 31, 2021	**$ -**	**2,264**	**2,264**	**(670)**	**(1,005)**	**(1,675)**
Balance on January 1, 2020	$ 840	2,492	3,332		(1,057)	(1,057)
Debit (credit) on income statement	(486)	(110)	(596)	-	(764)	(764)
Balance on December 31, 2020	**$ 354**	**2,382**	**2,736**	**-**	**(1,821)**	**(1,821)**

4. Income tax verification

1) The Group's income tax returns up to 2019 have been verified by the tax authorities.

2) The income tax returns of the Group's subsidiaries up to 2019 and 2020 in Taiwan have been verified by the tax authorities.

(20) Capital and Other equity interests

As of December 31, 2021 and 2020, the Company's authorized common stock consisting of 1,600,000 thousand shares with a par value of 10 New Taiwan dollar per share amounted to NT$16,000,000 thousand of which 387,000 thousand shares were issued. Among these, 86,500 thousand shares ordinary shares for each year were privately placed. All issued shares were paid up upon issuance.

1. Capital surplus

The Company's balance of capital surplus is as follows:

	December 31, 2021	December 31, 2020
Conversion premium for bonds payable	$ 350,720	350,720
Treasury shares transactions	29,196	19,018
Difference arising from subsidiary's equity	199	199
Other	1,795	1,795
	$ 381,910	**371,732**

As required by the Company Act, the capital surplus must first be used to make up for losses before new shares or cash can be issued to shareholders in proportion to the realized capital surplus. The realized capital surplus referred to in the preceding paragraph includes the proceeds from the share issuance in excess of the par value of the proceeds from donations. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital surplus may be allocated from capital. The total allocation amount each year may not exceed 10% of the paid-in capital.

2. Retention of surplus

In accordance with the Company's Articles of Incorporation, if there are any earnings in the final accounts, income taxes must be paid as required by the law. After previous losses have been made up, 10% of the legal reserve shall be set aside, and according to applicable regulations and competent authorities, distributable earnings are accumulated from the special reserve appropriated or reversed, and the accumulated distributable earnings of the previous year with the distributable earnings of the year.

The company passed the resolution of the shareholders' meeting on June 12, 2020 to amend the company's articles of association, stipulating that the distribution of surplus or loss allowance shall be made after the end of each half year. If there is any surplus in the semi-annual final accounts, it shall be distributed in accordance with the above procedures.

The above-mentioned cumulative distributable surplus shall be distributed by the board of directors. When new shares are issued, it shall be submitted to the shareholders meeting for distribution after a resolution. When cash is issued, it shall be in accordance with Article 240, Item 5 of the Company Law. Authorize the board of directors to distribute with more than two-thirds of the directors and the resolutions approved by more than half of the directors, and report to the shareholders meeting.

The distribution of cash and stock dividends shall be limited to 30% to 100%. However, the Company must also take into account the future business and major capital expenditure plans and shall reserve the necessary funds as a priority before the distribution of dividends.

Give the Company is in a mature and stable stage of its corporate life cycle. However, it is in a volatile industrial environment and able to cope with the economy and market changes. The Company adopts a residual dividend policy to distribute cash and stock dividends by taking into account its business plans, profitability and investment capital needs. The cash dividend ratio is limited to no less than 20% of the total cash and dividends distributed in the year. However, when the earnings distributed to shareholders for the year does not exceed NT$1 per share, when the debt ratio exceeds 50%, the earnings may be distributed entirely by stock dividends.

1) Statutory surplus

   Where there is no loss in the Company, the shareholders' meeting may resolve to distribute new shares or cash from the legal reserve. However, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

2) Special reserve

   In accordance with FSC. Certificate. Issue. Tzi No. 1010012865 Letter issued on April 6, 2012, when the Company allocates distributable earnings, the difference between the net decrease in other stockholders' equity and the balance of the special reserve is added to the special reserve from profit or loss for the period and prior period's undistributed retained earnings. The decrease in other shareholders' equity accumulated in prior periods is not distributable from the special reserve from undistributed retained earnings of prior periods. If there is a reversal of the decrease in the amount in other shareholders' equity later, earnings may be distributed accordingly.

   In accordance with FSC. Certificate. Issue. Tzi No. 1010047490 Letter issued on November 21, 2012, the difference between the market value of a subsidiary's shares and the carrying amount in the parent's shares at the end of the period shall not be distributed as a special reserve based on the ratio of the shares being held. If the market price recovers later, the amount may be transferred to a special reserve in proportion to the number of shares being held.

   The annual general meetings held on July 6, 2021 and June 12, 2020 resolved to special reserve appropriated of NT$15,287 thousand and NT$3,698 thousand, respectively, for the motion of earnings distribution for 2020 and offset losses for 2019.

3) Earnings distribution

   The annual general meetings held on July 6, 2021 and June 12, 2020 resolved the motion of earnings distribution for 2020 and offset losses for 2019. The amounts of dividends distributed to owners are as follows:

	2020	
	Amount Per Share (Dollars)	**Amount**
Common stock dividends per share:		
Cash	**$ 0.40**	**154,800**

3. Treasury shares

Subsidiaries holding the Company's treasury stock:

	December 31, 2021	December 31, 2020
Number of the Company shares the subsidiaries hold	25,444	25,444
Carrying amounts	$ 193,207	193,207
Stock market price	$ 247,825	253,422

4. Other equity interests

	Exchange Differences Resulting from Translating the Financial Statements of Foreign Operations	Unrealized Gains (losses) from Investments in Financial Assets Measured at FVTOCI	Total
Balance on January 1, 2021	$ 178,413	609,624	788,037
Exchange differences on foreign operations	25,408	-	25,408
Proceeds from disposal of equity instruments measured at FVTOCI	-	(1,051)	(1,051)
Unrealized gains (losses) from investments in financial assets measured at FVTOCI	-	1,354	1,354
Balance on December 31, 2021	$ 203,821	609,927	813,748
Balance on January 1, 2020	$ 162,953	618,594	781,547
Exchange differences on foreign operations	15,460	-	15,460
Unrealized gains (losses) from investments in financial assets measured at FVTOCI	-	(8,970)	(8,970)
Balance on December 31, 2020	$ 178,413	609,624	788,037

5. Non-controlling interest

	2021	2020
Balance at beginning of the year	$ 1,814,629	1,743,737
Net profit from non-controlling interests	62,122	89,063
Remeasurements of the defined benefit plan	2,901	(66)
Unrealized gains (losses) from investments in financial assets measured at FVTOCI	385	4,155
Subsidiary issues cash dividends to non-controlling interests	(32,811)	(22,260)
Balance at end of the year	$ 1,847,226	1,814,629

(21) Earnings (loss) per share

1. Basic earnings (loss) per share

The Group's basic earnings (loss) per share for 2021 and 2020 was calculated using the net loss attributable to equity holders of the Company's ordinary shares and the weighted-average number of common shares outstanding. The related calculations are as follows:

	2021	2020
Net (losses) attributable to equity holders of the Company's ordinary shares	**$ 45,610**	**(54,669)**
Weighted-average number of outstanding ordinary shares	**361,556**	**361,556**
	$ 0.13	**(0.15)**

2. Diluted loss per share

The diluted earnings per share were calculated based on the net profit attributable to equity holders of the Company's ordinary shares and the weighted-average number of ordinary shares outstanding after adjusting the dilutive effect of all potential ordinary shares for 2021 and 2020. The related calculations are as follows:

	2021	2020
Net (losses) attributable to equity holders of the Company's ordinary shares	**$ 45,610**	**(54,669)**
Weighted-average number of outstanding ordinary shares	361,556	361,556
Dilutive effects on potential ordinary shares Employee compensation	129	註
	361,685	**361,556**
	$ 0.13	**(0.15)**

Note: With anti-dilution, it is therefore not included in the calculation of diluted earnings per share.

(22) Revenue from contracts with customers

1. Disaggregation of revenue

	2021				
	Construction Segment	Leasing Segment	Department Store Segment	Property Management Segment	Total
Primary geographical markets:					
Taiwan	$ 1,032,092	61,355	339,025	80,500	1,512,972
Malaysia	-	-	-	156,059	156,059
	$ 1,032,092	**61,355**	**339,025**	**236,559**	**1,669,031**

	2021				
	Construction Segment	Leasing Segment	Department Store Segment	Property Management Segment	Total
Major products/Services lines:					
Sales of real estate	$ 933,104	-	-	50,348	983,452
Lease revenue	-	61,355	18,753	156,151	236,259
Department store income	-	-	320,271	-	320,271
Service revenue	98,930	-	-	-	98,930
Other revenue	57	-	-	30,062	30,119
	$ 1,032,091	**61,355**	**339,024**	**236,561**	**1,669,031**

	2020				
	Construction Segment	Leasing Segment	Department Store Segment	Property Management Segment	Total
Primary geographical markets:					
Taiwan	$ 2,253,414	60,209	375,185	86,586	2,775,394
Malaysia	-	-	-	174,158	174,158
	$ 2,253,414	**60,209**	**375,185**	**260,744**	**2,949,552**
Major products/Services lines:					
Sales of real estate	$ 2,169,669	-	-	71,180	2,240,849
Lease revenue	-	60,209	17,826	174,250	252,285
Department store income	-	-	357,359	-	357,359
Service revenue	83,678	-	-	-	83,678
Other revenue	67	-	-	15,314	15,381
	$ 2,253,414	**60,209**	**375,185**	**260,744**	**2,949,552**

2. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable	$ 311	15,233	15,436
Accounts receivable	104,060	181,987	153,727
Less: Allowance for losses	(59,664)	(81,192)	(73,795)
Total	**$ 44,707**	**116,028**	**95,368**
Contract liabilities - Sales of real estate	$ 188,400	497,222	802,797
Contract liabilities - Voucher	13,362	13,984	14,219
Contract liabilities - Other	10,567	7,282	9,617
Total	**$ 212,329**	**518,488**	**826,633**

The Group has launched a customer loyalty program to stimulate sales of department store products. When customers spend NT$100 or for a single purchase, the Group will award 1 point, and these points and be redeemed for gifts or commodity voucher.

For the years ended December 31, 2021 and 2020, the Group's deferred revenues were NT$1,638 thousand and NT$1,705 thousand, respectively, (recorded as Current contract liabilities). The amounts represent the fair value of the consideration received or receivable from the original sale of products attributable to points given but not yet converted.

The Group's role in commission income transactions of department stores' counters is an agent rather than a principal. Management considers the following judgment factors:

1) The Group does not acquire ownership of products and is not responsible for the sale of products.
2) The Group does not hold the right to adjust the sales prices of suppliers.
3) The Group only receives a fixed percentage of commission on the products sold from department stores' counters.

For the disclosure of notes and accounts receivable and impairment losses, please refer to Note 6(3).

Changes in contract liabilities are mainly due to the difference between the time when the Group transfers goods or services to customers to meet performance obligations (that is, when contract liabilities are recognized as revenue) and when customers pay. There were no other significant changes for the years ended December 31, 2021 and 2020.

(23) Costs

Details of the Group costs for 2021 and 2020 are as follows:

	2021	2020
Department stores costs	$ 135,417	149,982
Lease cost	157,791	159,747
Construction costs	701,115	1,719,720
Commission costs	61,334	50,400
Other operating costs	22,709	9,024
Gain from price recovery of inventory	(8,808)	(45,876)
	$ 1,069,558	**2,042,997**

(24) Remuneration to Employees, Directors and Supervisors

As stipulated in the Company's Articles of Incorporation, 1% to 2% of the annual profit shall be allocated as remuneration to employees. The distribution of remuneration in shares or cash is resolved by the board of directors' meeting, and these employees must be employees of the controlling or subordinate companies who meet certain requirements. No more than 2% of the annual profit shall be allocated in cash as remuneration to directors by resolving the Board of Directors. The motion of distribution of remuneration to employees and directors shall be proposed to the shareholders' meeting. However, where there are accumulated losses, the Company shall first retain a certain amount before allocating remuneration to Employees and Directors as referred to in the preceding paragraph.

For the years ended December 31, 2021, the Company estimated its employee compensation at $1,255 thousand, and directors' remuneration at $1,225 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles. These remunerations were expensed under operating costs or operating expenses for the period. If there is a difference with the actual distribution amount in the next year, it will be treated according to the change in accounting estimates, and the difference will be recognized as the profit or loss of the next year. The company has operating losses in 2020, and there is no need to estimate the remuneration of employees and directors.

There is no difference between the company's 2020 and 2019 employees, directors, and supervisors' compensation amount and the actual distribution situation. Relevant information can be found on MOPS.

(25) Non-operating income and expenses

1. Other gains and losses

Details of the Group's other gains and losses are as follows:

	2021	2020
Foreign currency exchange gains or losses	$ 17,590	28,368
Gains (loss) of disposal of property, plant and equipment	(373)	5,930
Disposal share of profit of associates evaluated accounted for using equity method.	-	46,838
Impairment loss of Investment property	-	(6,000)
Royalty revenue	11,524	12,140
Dividend income	108,615	24,234
Income from disposal of trademark rights	-	54,992
Other gains and losses	23,784	19,916
	$ 161,140	**186,418**

2. Finance costs

Details of the Group’s financial costs are as follows:

	2021	2020
Interest expense	$ 107,019	135,183
Lease liabilities interest	2,655	2,725
Less: Capitalization of interests	(447)	-
	109,227	**137,908**
Capitalization rate	**1.85%~2.75%**	**-**

(26) Financial Instruments

1. Credit risk

1) Exposure of credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Given the Group has a large customer group and does not have a significant concentration of transactions with a single customer. It has scattered sales regions, there is no concern of the credit risk of accounts receivable being significantly concentrated. In an effort to reduce the credit risk, the Group also assesses the financial situation of its customers regularly. The Group does not usually require customers to provide collaterals.

3) Credit risk of accounts receivable

For the credit risk exposure information on notes receivable and accounts receivable, please refer to Note 6(3). For other financial assets measured at amortized cost, including other receivables, please refer to the allowance for losses for the 2021 and 2020 at Note 6(4).

Financial assets above are with low credit risk, therefore, allowances for losses are measured based on the expected credit loss amount for 12 months.

2. Liquidity risk

The following is a table showing expiration dates of contracts, including estimated interests but excluding the effects on netting agreements.

	Carrying Amounts	Contract Cash Flow	Within 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Balance on December 31, 2021						
Non-derivative finance liabilities						
Floating rate instruments	$ 2,616,645	2,757,745	1,033,047	993,620	349,313	381,765
Fixed rate instruments	750,000	767,484	505,926	6,750	254,808	-
No interest-bearing liability	1,706,363	1,706,363	1,706,363	-	-	-
Lease liabilities	102,399	120,742	14,591	19,591	11,765	74,795
	$ 5,175,407	**5,352,334**	**3,259,927**	**1,019,961**	**615,886**	**456,560**
Balance on December 31, 2020						
Non-derivative finance liabilities						
Floating rate instruments	$ 2,919,539	3,050,455	1,506,216	1,444,647	45,939	53,653
Fixed rate instruments	560,000	565,288	304,493	260,795	-	-
No interest-bearing liability	1,937,620	1,937,620	1,937,620	-	-	-
Lease liabilities	100,963	118,548	13,568	18,489	15,258	71,233
	$ 5,518,122	**5,671,911**	**3,761,897**	**1,723,931**	**61,197**	**124,886**

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

3. Marketing risk

1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2021			December 31, 2020		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial Assets						
Monetary Items						
USD	$ 4,237	27.68	117,280	4,147	28.48	118,107
JPY	12,431	0.241	2,996	12,431	0.276	3,431
RMB	3,469	4.340	15,055	7,748	4.380	33,936
Non-Monetary Items						
USD	5,730	27.68	158,606	5,730	28.48	163,190
Financial Liabilities						
Monetary Items						
HKD	168,667	3.549	598,599	168,667	3.673	619,514

2) Sensitivity analysis

The Group exchange rate risk is mainly due to foreign-currency-denominated cash and cash equivalents, accounts receivable, other receivables, bank borrowings and other payables, etc., which foreign exchange gains and losses arise upon translation. When NTD decreased or increased by 5% against the USD, HKD, JPY and CNY, for the years ended December 31, 2021 and 2020 with all other factors held constant, the net income would have increased or decreased by NT$23,163 thousand and NT$23,202 thousand, respectively. The same basis was used for the analysis for both periods.

3) As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2021 and 2020, the foreign exchange losses, including both realized and unrealized, amounted to NT$17,590 thousand and NT$28,368 thousand, respectively.

4. Interest rate risk

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.5%, when reporting to management internally, which also represents the assessment of the Group's management for the reasonably possible interval of interest rate change.

Assuming all other variable factors remaining constant, if the interest rate had increased or decreased by 0.5%, the impact to the Net profit would be as follows for the years ended December 31, 2021 and 2020 would have increased or decreased by NT$10,467 thousand and NT$11,678 thousand, mainly due to The Group floating-rate loans.

5. Other price risk

If there are changes in the prices of equity securities (The same basis was used for the analysis for both periods and other variable factors held constant was assumed), the effect on the comprehensive income items would have been as follows:

	2021		2020	
Prices of Securities at the Reporting Date	Other Comprehensive Income (Loss) (Net of Tax)	Net Income (Loss) (Net of Tax)	Other Comprehensive Income (Loss) (Net of Tax)	Net Income (Loss) (Net of Tax)
Increase 1%	$ 22,310	-	22,310	-
Decrease 1%	$ (22,310)	-	(22,310)	-

6. Fair value information

1) The Group's financial assets measured at FVTOCI are measured at fair value on a recurring basis. The carrying amounts and fair values (including fair value hierarchy information, but information on reasonable approximation of fair value on the carrying amount in financial assets not carried at fair values and lease liabilities are not required to be disclosed by regulations) of all types of financial assets and financial liabilities are listed as follows:

	December 31, 2021				
		Fair Value			
	Carrying Amounts	Level 1	Level 2	Level 3	Total
Financial Assets at FVTOCI	$ 2,230,969	128,464	-	2,102,505	2,230,969

	December 31, 2020				
		Fair Value			
	Carrying Amounts	Level 1	Level 2	Level 3	Total
Financial Assets at FVTOCI	$ 2,231,043	139,480	-	2,091,563	2,231,043

2) Valuation techniques for financial instruments not measured at fair value

The Group’s valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

2.1) Financial assets and liabilities measured at amortized cost.

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

3.1) Non-derivative financial instruments

If a quoted price is in an active market for a financial instrument, the quoted price is used as the fair value in an active market. Market prices announced by major exchanges and popular bonds judged by the TPEx are the basis for the fair value of listed equity instruments and debt instruments with active market quotations.

If quotations of financial instruments are regularly obtained from an exchange, broker, underwriter, industry association, pricing service or competent authority in a timely manner, and the prices represent actual and frequent fair market transactions. Such financial instruments have an active market for quotations. If the above criteria are not met, the market is deemed inactive. Generally, a large bid-ask spread, a significant increase in the bid-ask spread, or a low trading volume are all indicators of an inactive market.

If the financial instrument held by the Group has an active market (TWSE or TPEx listed companies whose financial assets have standard terms and conditions that are traded in an active market), its fair value is determined by taking reference from quoted market prices.

Except for the aforementioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by taking reference from quoted prices of counter-parties. A fair value obtained through a valuation technique may be calculated by taking reference from the current fair value of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method or other valuation techniques, including model calculations based on market information available at the reporting date (e. g. TEPx's yield curves and Reuters' average quotations for the rate of promissory notes).

If the financial instrument held by the Group has no active markets, their types and characteristics are listed as follows:

- Equity instruments without quoted prices: The fair value is estimated using a discounted cash flow model. The main assumption is measured by discounting the expected future cash flows of the investee at a return rate to reflect the time value of money and investment risk.
- Equity instruments without quoted prices: The fair value is estimated using the market comparable company method. The main assumption is measured by the estimated earnings before interest, depreciation and amortization of the investees and the earnings multiplier derived from the quoted market prices of comparable listed (OTC) companies. These estimates have been adjusted for the discount effect of the lack of marketability of the equity securities.

4) Any transfers between Level 1 and Level 2: None.

5) Details of changes in Level 3

	Unquoted Equity Instruments Measured at FVTOCI
Balance on January 1, 2021	$ 2,091,563
Recognized in other comprehensive income	10,942
Balance on December 31, 2021	**$ 2,102,505**
Balance on January 1, 2020	$ 2,051,898
Recognized in other comprehensive income	24,665
Reclassification	15,000
Balance on December 31, 2020	**$ 2,091,563**

The above stated total gains or losses are reported in "Other gains and losses" and "Unrealized valuation gains (losses) on financial assets at FVTOCI. "Among these, assets still being held in 2021 and 2020 by:

	2021	2020
Total profit (losses) recognized		
Recognized in other comprehensive income (reported in “Unrealized gain (loss) on valuation of financial assets measured at FVTOCI”)	$ 10,942	24,665

6) Quantitative information on fair value measurements using significant unobservable inputs (Level 3)

The fair value measurements of the Group are classified as Level 3. It mainly includes financial assets measured at FVTOCI - equity securities investment.

Most of the Group’s fair values are classified as Level 3 with one significant unobservable input. Only investments in equity instruments without an active market have more than one significant unobservable inputs. Significant unobservable inputs to investments in equity instruments without an active market are not correlated with each other as they are independent of each other.

The quantified information for significant unobservable inputs was as follows:

Item	Valuation Technique	Significant Unobservable Inputs	Inter-Relationships Between Significant Unobservable Inputs and Fair Value
Financial Assets at FVTOCI－Equity Investment Without an Active Market	Discounted Cash Flow Method	• Long-term revenue growth rate (both at 5% for the years ended December 31, 2021 and 2020) • Weighted average cost of funds rate (at 6.90% for the year ended 2021 and 7.23% for the year ended 2020) • Lack-of-Marketability discount rate (both at 7% for the years ended December 31, 2021 and 2020)	• The higher the weighted average cost of capital and lack of marketability discounts, the lower the fair value • The higher the long-term revenue growth rate, the higher the fair value
Financial Assets at FVTOCI－Equity Investment Without an Active Market	Net Assets Value Method	• Net Assets value	• The higher the Net Assets value, the higher the Fair value

7) Sensitivity analysis for fair value of financial instruments using level 3 inputs

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters changed, the impact on other comprehensive income or loss are as follows:

			Other Comprehensive Income	
	Inputs	Move Up or Down	Favorable Change	Unfavorable Change
Balance on December 31, 2021				
Financial Assets at FVTOCI				
Equity investments without an active market	Liquidity Discount	1%	22,739	(22,739)
Balance on December 31, 2020				
Financial Assets at FVTOCI				
Equity investments without an active market	Liquidity Discount	1%	22,719	(22,719)

The favorable and unfavorable changes reflect the movement of the fair value, in which the fair value is calculated by using the different unobservable inputs in the valuation technique. The table above shows the effects of one unobservable input, without considering the inter-relationships with another unobservable input for financial instrument, if there are one or more unobservable inputs.

(27) Financial risk management

1. Overview

The Group is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management of the Group. For detailed information, please refer to the related notes of each risk.

2. Risk management structure

The board of directors takes full responsibility in setting up and supervising the Group's risk management structure. The board of directors has given full authority to the management to develop and control the Group's risk management policy. The management regularly reports its operations to the board of directors.

The Group's risk management policy's establishment is to identify and analyze the risks faced by the Group and to further set appropriate risk limits and controls while monitoring compliance with risks and risk limits. The risk management policy and system are reviewed regularly to reflect changes in market conditions and Consolidated Company's operations. Through training, management guidelines and operating procedures, the Group has developed a disciplined and constructive control environment so that all employees understand their roles and obligations.

The Group's audit committee monitors how management monitors compliance with the Group's risk management policy and procedures while also reviewing the appropriateness of related risk management structure for the Group's risks. Internal auditors assist the Group's audit committee in playing the monitoring role. These internal auditors perform regular and unscheduled reviews on risk management controls and procedures which also report the results to the board of directors and the audit committee.

3. Credit risk

Credit risk arises if a customer or other counterparty to a financial instrument fails to meet its contractual obligations. It arises mainly from accounts receivable from customers from the Group's operating activities and bank deposits and other financial instruments arising from investment activities. Operational credit risk and financial credit risk are managed separately.

1) Accounts receivable and other receivables

The Group's internal control system has established a credit policy. According to the policy, the Group must analyze each new customer's credit rating individually before granting the standard payment and delivery terms and conditions. The Group's review and control mechanism include historic customer transactions, external rating bank's notes. A procurement limit is established on a customer-by-customer basis, representing the maximum uncollected amounts not subject to management approval. This limit is reviewed regularly.

Given the Group has a large customer group and does not have a significant concentration of transactions with a single customer. It has scattered sales regions, there is no concern of the credit risk of accounts receivable being significantly concentrated. Also, the Group is engaged in the development and sale of properties to general individuals, and payments are primarily made by remittances, notes and bank financing, so the related credit risk is considerably low.

Additionally, the Group's construction projects are carried out based on the operating measures of company construction projects. Construction counter-parties the Group constructs out to have a sound reputation with their construction capacities meeting the regulations; therefore, the Group is able to fully grasp the quality and progress of the construction project. Other receivables are mainly landlords and related parties and are assessed to be repayable by the debtors; therefore, the Group has no significant credit risk in other receivables.

2) Financial credit risk

The credit risk of bank deposits, fixed-income investments and other financial instruments are measured and supervised by the Group's Finance Department. There are no major performance concerns as the counter-parties and the performing parties of the Group are banks and financial institutions, corporative organizations and government agencies with investment grade or above, so there are no major credit risks.

3) Guarantee

The Group's policy stipulates that it can only provide financial guarantees to subsidiaries with at least 50% ownership with a certain amount set out. As of the years ended December 31, 2021 and 2020, the Group provided no endorsements/guarantees.

4. Liquidity risk

The Group's liquidity risk is that it is unable to deliver cash or other financial assets to settle financial liabilities and unable to perform related obligations. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

The remaining contractual maturity analysis of the Group's financial liabilities during the agreed repayment period is prepared based on the earliest possible date on which the Group could be required to repay its financial liabilities and the undiscounted cash flows of the equivalent interest.

The Group's liquidity risk management does not consider the repayment of financial liabilities using investments in equity instruments. The number of floating-rate instruments for the above financial assets and liabilities may change due to the floating rate and the reporting period's end. In addition, the Group’s unused borrowings for the years ended December 31, 2021 and 2020 were NT$1,361,972 thousand and NT$793,387 thousand, respectively.

5. Market risk

Market risk affects the Group's earnings or the value of financial instruments due to changes in market prices, such as changes in exchange rates, interest rates, and prices of equity instruments. The objective of market risk management is to manage market risk to a tolerable level and to optimize investment returns.

1) Exchange rate risk

The Group is exposed to exchange rate risk arising from bank deposits that are not denominated in the functional currency of the Group. However, based on conservative and prudent principles, the Group does not use hedging instruments to hedge exchange rate risk.

The cash inflows and outflows of subsidiaries have a natural hedging effect.

For the sensitivity analysis of foreign currency exchange rate risks, please refer to Note 6(26).

2) Interest rate risk

The Group's policy is to review and control the optimal interest rate portfolios of financial liabilities by management to control the risk of interest rate fluctuations of the Company’s finances.

The Group’s interest rate risk mainly comes from its floating-rate loans. The Group assesses that the interest rate level in the environment where it operates has been stable in recent years and should not cause significant interest rate risks.

For the sensitivity analysis of interest rate risk, please refer to Note 6(26).

3) Other market price risk

The Group holds equity securities investments that generate equity price risk. The equity investment is not held for trading but is a strategic investment. The Group is not actively trading these investments, so they should not lead to a significant market rise.

For the sensitivity analysis of the price of equity instruments, please refer to Note 6(26).

(28) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-capital ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The Company's capital management strategy for 2021 and 2020 was consistent. By being consistent, it means maintaining a certain debt-to-capital ratio, ensuring that financing was available at a reasonable cost. The debt-to-capital ratios for the years ended December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 5,457,231	5,880,501
Less: Cash and cash equivalents	(779,115)	(945,251)
Net liabilities	4,678,116	4,935,250
Total equity	8,583,318	8,617,130
Capital after adjustment	**$ 13,261,434**	**13,552,380**
Debt-to-equity ratio	**35%**	**36%**

7. Related-Party Transactions

(1) Names and relationship with related parties

The following are entities that have had transactions with the Group's subsidiaries and related-party during the periods covered in the parent company consolidated financial statements.

Name of the Related-Party	Relationship with the Group
Xinnong Investment Co., Ltd.	The company's directors are the same as the Company's directors (Note 4)
Pacific Er-Ben Management Co., Ltd.	Representative Director of the company's
Quanyuan International Development Co., Ltd.	Representative Director of the company's
Beijing Tai-Yun Building Co., Ltd.	Associates of the Group (Note 5)
Taichong Xingye Co.,Ltd. Co., Ltd.	Associates of the Group
Tai-Fu Recreation Co., Ltd.	Associates of the Group (Note 2)
Rakuya International Info. Co. Ltd.	Associates of the Group
Pacific Venture Investment Limited.	Other Related-Party
United Pacific Multimedia Co., Ltd.	Other Related-Party (Note 1)
Shanghai Pacific Ocean House Service Limited Company.	Other Related-Party
Pacific SOGO Department Store Co., Ltd.	Other Related-Party
Guo, Shu-Ling	Spouse of the Group's directors
SOGO Department Stores Co., Ltd.	Substantial Related-Party of the Group
Zhong-Yi Construction Unlimited Company.	Substantial Related-Party of the Group
Pacific Geotechnical Engineering Co., Ltd.	Substantial Related-Party of the Group
Fu-Lai Asset Management Co., Ltd.	Substantial Related-Party of the Group
Pacific International Villay Co., Ltd.	Substantial Related-Party of the Group (Note 3)

Note 1: United Pacific Multimedia Co., Ltd. was dissolved on June 28, 2018.

Note 2: The consolidated company will sell all its shares in June 2020 and will not be included in related parties.

Note 3: The Group's legal representative was a director of the company who left the position on July 16, 2020.

Note 4: Formerly known as Xinglong Investment Co., Ltd.

Note 5: Beijing Tai-Yun Building Co., Ltd. has been transferred to non-current assets for sale by the resolution of the board of directors on December 15, 2020.

(2) Significant transactions with related parties

1. Operating revenue

The Group's significant sales to related parties and their outstanding balances are as follows:

	Sales	
Name of the Related-Party	**2021**	**2020**
Other Related-Party	**$ 255**	**213**

	Accounts Receivable	
Name of the Related-Party	**December 31, 2021**	**December 31, 2020**
Pacific 88 Co., Ltd.	$ 49,460	49,460
Pacific SOGO Department Store Co., Ltd.	3	3
Less: Allowance for losses	(49,460)	(49,460)
Total	**$ 3**	**3**

Transaction prices are set based on the agreement of both parties; the collection terms are based on the contractual agreements, same as general transactions.

2. Debt situation

Details of the accounts receivable and accounts payable of Consolidated Company's related parties are as follows:

	Other Receivables	
Name of the Related-Party	**December 31, 2021**	**December 31, 2020**
Shanghai Pacific Ocean House Service Limited Company.	$ 2,000	-
Associates - Payment on behalf	150	150
	$ 2,150	**150**

	Prepaid Expenses	
Name of the Related-Party	**December 31, 2021**	**December 31, 2020**
Rakuya International Info. Co. Ltd.	**$ 40**	**26**

	Other Payables	
	December 31, 2021	**December 31, 2020**
Pacific Venture Investment Limited.	**$ 598,216**	**619,514**

3. Loaning to related parties

Actual expenditures of the Group's loans to related parties are as follows:

	Long-Term Receivables	
	December 31, 2021	December 31, 2020
Beijing Tai-Yun Building Co., Ltd. (Note)	$ 829,354	853,324
United Pacific Multimedia Co., Ltd.	-	171,400
Total	829,354	1,024,724
Less: Allowance for losses	(829,354)	(1,024,724)
Net	**$ -**	-

Note: As of December 31, 2021 and 2020, the company's subsidiaries' receivables from associates are all US$29,962 thousand, which are in the nature of long-term investment advances. After the Group evaluates the recoverability of the receivables, it is listed as allowance for losses are all US$29,962 thousand.

4. Technical service income

The Group's significant royalty income and contract liabilities to related parties are as follows:

	Royalty Revenue	
	2021	2020
Shanghai Pacific Ocean House Service Limited Company	**$ 2,000**	**1,457**

5. Prepayments

The Group purchased club membership cards NT$391,428 thousand, from Tai-Fu Entertainment Co., Ltd. to give to house buyers in various districts of Fei Cui Bay as a complimentary gift, and a full valuation allowance was provided; however, in June 2020, the Group sold all the shares of Tai-Fu Entertainment Co., Ltd., which will not be included in related-party transactions.

The conditions of the above-mentioned related party transactions are not significantly different from those of ordinary manufacturers.

6. Other

1) The Group signed a one-year special director appointment contract with other related-parties in 2021 and 2020, respectively. The total price of the one-year contract is NT$960 thousand, and the operating expenses in 2021 and 2020 are NT$960 thousand and NT$320 thousand, respectively.
2) The service fee and advertising fee paid by the merged company for entrusting other related-parties to publish advertisements in 2021 and 2020 are NT$142 thousand and NT$118 thousand, respectively.

(3) Key management personnel transactions

Remuneration to key management personnel includes:

	2021	2020
Short-term employee benefits	$ 31,845	33,536
Post-employment benefits	182	300
	$ 32,027	**33,836**

8. Pledged Assets

The carrying amount in the assets pledged as collateral by the Group is as follows

Asset Name	Pledge Subject	December 31, 2021	December 31, 2020
Buildings and land held for sale	Long-term, Short-term loans	$ 761,025	691,503
Construction land	Short-term notes and bills payable, Long-term, Short-term loans and construction performance guarantee	971,141	1,125,894
Construction in progress	Long-term, Short-term loans	1,839,917	1,669,708
Other financial assets - current and non-current	Long-term, Short-term loans, Pre-sale price trust, corporate bonds payable and Voucher ESCROW	393,309	235,601
Non-current financial assets at FVTOCI	Short-term loans	52,986	52,938
Property, plant and equipment	Long-term, Short-term loans	1,998,061	1,649,665
Right-to-use assets	Long-term loans	82,613	77,310
Investment property, net	Short-term notes and bills payable, Long-term, Short-term loans	1,479,743	1,907,580
Total		**$ 7,578,795**	**7,410,199**

9. Material Contingent Liabilities and Unrecognized Contractual Commitments

(1) Material unrecognized contractual commitments:

1. On December 31, 2021 and 2020, the total price of the purchase and sale contract signed by the Group for the pre-sale construction project, the remaining housing and construction land and the customer and the price received in accordance with the agreement are as follows:

	December 31, 2021	December 31, 2020
Total contract price	**$ 1,336,100**	**1,379,253**
Amounts received	**$ 182,156**	**458,781**

2. For the years ended December 31, 2021 and 2020, the amounts of land purchase contracts entered into by the Group and the amounts paid in accordance with the contracts are as follows:

	December 31, 2021	December 31, 2020
Total purchase contract price	$ 3,680,098	3,680,098
Price paid	$ 690,003	693,361
Allowance for losses	$ 677,834	677,414

The above allowance for loss failed due to the delay in completing the transfer process of the land purchase transactions. The Group has resorted to legal proceedings and urged the counterparty of the contract to negotiate the follow-up performance of the contracts as soon as possible.

3. The details of the service contract signed by the merged company and the computer information company for the use of the online real estate management platform network system are as follows:

	December 31, 2021	December 31, 2020
Total contract price	$ 5,813	3,314
Accumulated payment	$ 1,938	2,762

4. Details of the Group's issuance of guarantee deposit notes are as follows:

	December 31, 2021	December 31, 2020
Borrowings and issuance of commercial promissory notes	$ 1,455,162	1,494,750
Performance bond	381,780	381,780
Contracting project	69,000	69,000
Other	806,750	806,750
Total	$ 2,712,692	2,752,280

5. The Company paid the joint construction deposit to the construction entity as the Group entered into the joint construction:

	December 31, 2021	December 31, 2020
Joint construction deposit	$ 17,419	11,104

6. According to the "Items to be recorded and not to be recorded in the contract for the finalization of gift certificates for goods (services) in the retail industry" promulgated by the Ministry of Economic Affairs, the Group entered into a new gift certificate trust agreement with Yuanta Commercial Bank on December 24, 2013 to guarantee performance on all newly issued and printed certificates. For the years ended December 31, 2021 and 2020, the trust amounts of printed gift certificates totaled NT$6,319 thousand and NT$15,029 thousand, respectively (recorded as other financial assets - current).

7. The Group signed a trademark authorization contract with Dadi Xingye Co., Ltd. The period of trademark use was from September 2017 to the end of September 2027, a total of ten years, and an annual premium was NT$10,000 thousand (tax included). The premium income recognized in both 2021 and 2020 was NTS 9,524 thousand (accounted under other income).

8. In February 2020, the Group company acquired part of the premises (3 households and 3 parking space) from Shanlin Construction Co., Ltd. for the construction of the Datong Section in Zhonghe District, New Taipei City, for a total price of NT$ 50,660 thousand (tax included). As of December 31, 2021, NT$ 300 thousand has been prepaid, and NT$50,360 thousand has not been paid.

(2) Other:

Claimed by the Securities and Futures Investors Protection Center (the "SFIPC"): It was alleged that the term Min-Chiang Chang was appointed as a corporate director of Pacific Electric Wire & Cable Co., Ltd. (the "PEWC") by Pacific Construction Co., Ltd. , it was passed or recognized that 6 persons including Hung-Chiu Hu prepared inaccurate financial statements from 1999 to 2002 which resulted in the authorized persons (investors of PEWC) of the SFIPC suffering damages for believing the financial statements prepared by PEWC and bought shares. According to regulations associated with the Securities and Exchange Act, Pacific Construction Co., Ltd. and Min-Chiang Chang shall be liable for damages caused to authorized persons of the SFIPC (investors of PEWC). On July 18, 2017, the Group reached a settlement agreement with the SFIPC. The Group was willing to pay NT$34,500,000 as compensation. It was agreed that the Group was to complete the payment within 40 months. While entering into the settlement agreement, the Group provided 2,400,000 shares of the Taiwan High Speed Rail Corporation in installments as a guarantee for the settlement amount. The Taiwan High-Speed Rail stocks that provided guarantees have been released from the pledge in January 2020, and the case has ended.

(3) Matters concerning the principal, interest calculation method, repayment plan of Beijing Tai-Yun Building Co., Ltd. and the resolution of equity-related disputes:

1. During the process of the construction and development in Beijing Tai-Yun Building Co., Ltd. by Pacific Holdings each entity provided an advance of appropriately of USD30 million to Beijing Tai-Yun Building Co., Ltd., including another shareholder, "National Foreign Trade Transportation Group," which shared the same shareholder rights and obligations as Pacific Holdings.

2. "National Foreign Trade Transportation Group" sold its equity in Beijing Tai-Yun Building Co., Ltd. to a third party. The advance of approximately USD30 million provided by the Group also settled at the same time. The board of directors of Pacific Holdings resolved that interest of 5. 5% (based on the Hong Kong loaning rate) on the aforementioned shareholder advances provided by Pacific Holdings shall be paid. A letter was sent out to notify Beijing Tai-Yun Building Co., Ltd. to comply with such a matter.

3. A board of directors' meeting was held on June 3, 2016, with an interest payment plan proposed. However, as the proposed plan differed greatly from the above resolution, Pacific Holdings replied to Beijing Tai-Yun Building Co., Ltd. on June 17, 2016, stating that it could not accept the interest payment plan proposed by Beijing Tai-Yun Building Co., Ltd. At present, in addition to requesting Beijing Tai-Yun Building Co., Ltd. to repay the principal and interest as proposed by Pacific Holdings, or assigning its staff to continue to negotiate, an attorney has also been appointed to take necessary legal procedures for above matters and equity-related disputes to ensure the rights and interests of the Group. The balance of Pacific Holdings account receivable from Beijing Tai-Yun Building Co., Ltd. is USD29,962 thousand. As of December 31, 2021 and 2020, it has self-assessed and provided an allowance for losses of USD29,962 thousand.

4. On the June 2015, Directors that were formally assigned to the Hong Kong subsidiary - Pacific Holdings by the Group was suspected of failing to fulfill their loyalty obligation and duty of care, which resulted in borrowing and equity disputes between shareholders of the subsidiary and the investment company - Beijing Tai-Yun Building Co., Ltd. These directors were also suspected of receiving disproportionate director's remuneration from other associates. As a result, the Group resolved to file a criminal complaint against the above directors and related personnel by the board of directors' meeting held on October 13, 2018.

   The criminal case is currently under investigation by the Taipei District Attorney's Office and has been referred to the Bureau of Investigation of the Ministry of Justice. Based on the principle of non-disclosure of the investigation, the attorney thinks it is difficult to predict the litigation outcome at this time. However, as the case is not a pecuniary damage case, and if the Group receives an unfavorable judgment or chooses not to prosecute the case, there should not be any pecuniary loss yet.

5. On August 18, 2018, the board of directors of Beijing Tai-Yun Building Co., Ltd. resolved to continue the lease of Tai-Yun Building to Beijing Jun-Tai Department Store. However, according to the Articles of Incorporation of Beijing Tai-Yun Building Co., Ltd., operating policies, business plans and development plans must be approved by two-thirds of the directors present at the board meeting before implementation. Additionally, the attorney thinks that as Beijing Tai-Yun Building is the main asset of Beijing Tai-Yun Building Co., Ltd., the lease income generated from the building is the main source of revenue of Beijing Tai-Yun Building Co., Ltd. Matters regarding the lease or renewal of the building's lease should be part of the company's annual operating policy, business plan and development plan. Without prior legal resolution passed by the board of directors of Beijing Tai-Yun Building Co., Ltd., the company entered into a new lease agreement. The lease relationship with Jun-Tai Department Store no longer existed. However, the dispute over the lease relationship was pending a decision from the District Court ruling in China. During the period, if Beijing Jun-Tai Department Store paid related fees to Beijing Tai-Yun Building Co., Ltd., the amount may be in the nature of unjust enrichment or damages. Therefore, the Group reported the above amount as other income for 2020. Please refer to Note 6(7).

6. The Group filed an enforcement objection lawsuit with the Beijing No. 2 Intermediate People's Court regarding the right to know of shareholders of Pacific Holdings and Beijing Tai-Yun Building Co., Ltd., and the Beijing No. 2 Intermediate People's Court made a final ruling on October 14, 2020. The litigation request of Pacific Holdings was rejected, and the combined company is continuously evaluating the impact on the financial report.

7. The Group filed an invalid lawsuit against the board of directors of Beijing Tai-Yun Building Co., Ltd. held on January 22, 2020. After the second-instance judgment, the board of directors has effectively determined. Although the court held that the meeting date of the board of directors of Beijing Tai-Yun Building Co., Ltd. was approaching the Chinese New Year holiday period, there was a subjective malice that prevented Grand Pacific Holdings Limited from appointing directors to attend the meeting. Although the Group requested to postpone the meeting date, the Beijing Tai-Yun Building Co., Ltd. has performed the convening procedure in accordance with the "Articles of Incorporation". The director appointed by the Group did not attend the meeting in person nor entrust an agent to attend without justifiable reasons, so it was judged that the resolution of the board of directors was valid.

8. In January, 2019, the Group Company filed a lawsuit against Zhang Qizheng, the former Chief Representative of the Shanghai Representative Office, in the case of returning the official seal of the Representative Office. In August 2020, the verdict was the relevant account books should be returned, but the defendant refused to accept the judgment and file for retrial. After the two parties agreed to settle, Zhang Qizheng withdrew the retrial. The above-mentioned two cases are not pecuniary damages cases, and there should be no positive pecuniary losses to the Group Company.
9. In March 2021, Beijing Tai-Kong Consulting Services Co., Ltd. had appointed lawyers to file a lawsuit against the advanced shareholders payment of Beijing Tai-Yun Building Co., Ltd. The case had been completed, and implemented preservation measures for the property under the name of Beijing Tai-Yun Building Co., Ltd.

10. Losses Due to Major Disasters: None.

11. Significant Subsequent Events

The Group passed the resolution of the board of directors on March 10, 2022 to issue domestic guaranteed ordinary corporate bonds. The issue amount is NT$230,000 thousand, each with a par value of NT$1,000 thousand. The issuance period is five years in total and the coupon rate is 0.85%.

12. Other

Summary of employee benefits, depreciation, depletion and amortization expenses is as follows:

Function / Nature	2021			2020		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefit expense						
Salary expense	39,902	154,510	194,412	34,667	147,749	182,416
Labor and health expense	3,491	13,170	16,661	3,006	11,911	14,917
Pension expense	1,622	6,589	8,211	1,479	6,868	8,347
Other Employee benefit expense	2,408	10,836	13,244	2,092	11,814	13,906
Depreciation expense	94,669	41,316	135,985	87,917	44,265	132,182
Amortization expense	1,954	2,678	4,632	1,595	2,478	4,073

13. Note to Disclosures

A. Information on Significant Transactions

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, information associated with significant transactions shall be disclosed by the Group for the years ended 2021:

1. Loaning of fund to other parties:

(In Thousands of New Taiwan Dollars)

No.	Companies That Lend Funds Lend Funds	Lending Object	Accounting Title	Whether or not a Related-Party	Highest Amount for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate Range	Nature for Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Losses Amount	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Name	Value		
0	Pacific Construction Co., Ltd.	Pacific Holdings	Other receivables	Yes	30,000	30,000	17,144	- %	2	-	Operational turnaround	-	None	-	673,609	2,694,437
2	Pacific Holdings	Beijing Tai-Yun Building Co., Ltd.	Long-Term Receivables	Yes	854,972	829,354	829,354	5.50%	2	-	Operational turnaround	829,354	None	-	29,504	118,015
6	Pacific Department Stores Co., Ltd.	United Pacific Multimedia Co., Ltd.	Other receivables	No	171,400	-	-	- %	1	-	-	-	None	-	673,609	2,694,437

Note 1: Ceiling of loans are as follows:

(1) The aggregate amount in loans lent by a subsidiary shall not exceed 40% of the Company's equity attributable to the parent.

(2) The restriction shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, nor to loans of a fund to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares. The aggregate amount in such loans to a single borrower shall not exceed 10% of the Company's most recent net worth of the financial statements or NT$30 million.

Note 2: The Company's net worth mentioned above is based on the most recent review report audited by CPAs. Pacific Holdings calculate the net value based on the company's self-closing statement

Note 3: Description of the nature of loaning of funds

(1) Fill in "1" for a company with which it does business.

(2) Fill in "2" for those in need of short-term financing.

Note 4: The receivables were generated from operating activities and not from the loaning of funds. However, in accordance with ARDF's letter No. 167 issued on July 9, 2004, the receivables from related parties were reclassified as other receivables - related parties for credit period exceeding the credit period of the accounts of non-relate parties.

Note 5: Improvement plans to address loaning parties not meeting criteria or the balance exceeding the limit due changes have been set out and approved by the board of directors and shall be handled in accordance with the regulations of the competent authorities.

Note 6: Due to the change in the repayment plan proposed by Beijing Tai-Yun to Pacific Holdings, in order to protect the interests of the company, the interest calculation and term agreement with Beijing Tai-Yun are still under negotiation. However, based on conservative and prudent principles, the amount may be recognized as interest income upon actual collection.

Note 7: When preparing the consolidated financial report, it has been written off.

2. Providing endorsements/guarantees to other parties: None.

3. Marketable securities (excluding equity investments in subsidiaries, associates, and joint ventures) held at the reporting date:

(In Thousands of New Taiwan Dollars)

Held By	Types and Names of Securities	Relationship with the Securities Issuer	Account Titles in Book	End of the Period				Current Highest Shareholding Ratio	Remark
				Shares (Thousand Shares)	Carrying Amount	Shareholding Ratio	Fair Value (Note 1)		
Pacific Construction Co., Ltd.	Taiwan High Speed Rail Corporation.	None	Non-current financial assets at FVTOCI	2,340	69,264	0.04 %	69,264	0.04%	
〃	Xin-Ye-Yong Development Co., Ltd.	Investment businesses valuated by fair values	〃	2	-	18.17 %	-	18.17%	
〃	Pacific Resources Corporation.	〃	〃	4,495	11,940	4.39 %	11,940	4.39%	
〃	Pacific SOGO Department Store Co., Ltd.	〃	〃	9,519	212,947	1.15 %	212,947	1.15%	Pledge of 2,369,000 shares
Pacific Department Stores Co., Ltd.	stock - Pacific Construction Co., Ltd.	The Company's parent	Non-current financial assets at FVTOCI	24,836	217,798	6.42 %	217,798	6.42%	Note 3
〃	stock - Taiwan High Speed Rail Corporation.	None	〃	2,000	59,200	0.04 %	59,200	0.04%	
Pacific Department Stores Co., Ltd.	stock - Pacific SOGO Department Store Co., Ltd.	Investment businesses valuated by fair values	Non-current financial assets at FVTOCI	85,031	1,902,151	10.27 %	1,902,151	10.27%	
〃	stock - SOGO Department Stores Co., Ltd.	〃	〃	2,542	-	12.08 %	-	12.08%	
〃	stock - Pacific Life Development Co., Ltd.	〃	〃	505	-	3.30 %	-	3.30%	
〃	VCOOL Inc.	〃	〃	27	991	0.27 %	991	0.27%	
Pacific Realtor Co., Ltd.	stock - Pacific Construction Co., Ltd.	The Company's parent	〃	608	5,921	0.16 %	5,921	0.15%	Note 3
〃	stock - Hong Kong Xian-Hui Company.	Investment businesses valuated by fair values	〃	5,700	-	10.00 %	-	10%	
〃	stock - Mi-Jia-Le Construction Co., Ltd.	〃	〃	2,000	-	8.58 %	-	8.58%	
〃	stock - Rakuya International Info. Co. Ltd.	〃	〃	782	8,255	6.82 %	8,255	6.82%	
Tai-Tou Construction Co., Ltd.	stock - GOOD TV Broadcasting Corp.	Investment businesses valuated by fair values	Non-current financial assets at FVTOCI	1,500	15,954	17.65 %	15,954	- %	Note 2
〃	stock - Mi-Jia-Le Construction Co., Ltd.	〃	〃	1,213	-	5.21 %	-		

Note 1: Non-current financial assets at FVTOCI are disclosed at the closing price of the open market, the most recent audited net financial statements or appraisal report.

Note 2: Disposal of part of the equity in June, 2020, resulting in loss of significant influence, and reclassification to financial assets measured at fair value through other comprehensive gains and losses-non-current.

Note 3：When preparing the consolidated financial report, it has been written off.

4. Marketable securities for which the accumulated purchase or sale amounts for the period exceed NT$ 300 million or 20% of the paid-in capital: None.

5. Acquisition of real estate at costs exceeding NT$ 300 million or 20% of the paid-in capital: None.

6. Disposal of real estate at prices exceeding NT$ 300 million or 20% of the paid-in capital: None.

7. Receivables from related parties with amounts exceeding NTD 100 million or 20% of the paid-in capital: None.

8. Receivables from related parties with amounts exceeding NT$ 100 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars)

Companies with Accounts Receivable	Counterparty Name	Relationship	Balance of Receivables from Related-Parties	Turnover Rate	Amounts Due from Related Parties		Receivables Amount Collected from Related-Parties Subsequently	Provision Allowance for Loss
					Amount	Processing Method		
Pacific Holdings	Beijing Tai-Yun Building Co., Ltd.	The company is the company's pending-sale equity investment.	829,354	-%	829,354	A letter was sent to Tai-Yun to provide a new repayment plan to be discussed.	-	(829,354)

9. Engaging in the trading in derivative instruments: None.

10. Business relationships and significant transactions between parent and subsidiaries:

No.	Name of Trader	Counterparty	Relationship with Trader	Transactions			
			Relationship	Title	Amount	Terms and Conditions	The Ratio of Consolidated Total Income or Assets
0	Pacific Construction Co., Ltd.	Pacific Holdings	**1**	Other receivables	50,889	Debt	0.36%
1	Pacific Holdings	Pacific Construction Co., Ltd.	**2**	Accounts payable	50,889	Debt	0.36%

Note 1: How to fill in:

1. Fill in "0" for parent company.
2. Subsidiaries are numbered sequentially by the company category, starting with "1."

Note 2: The relationship with the traders is classified as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

B. Information on Investees (excluding investments in China)

Information on the Company's investees for 2021 is as follows:

(In Thousands of New Taiwan Dollars)

Name of Investor	Name of Investee	Location	Principal Business	Sum of Initial Investment		Held at the End of Period			Current Highest Shareholding Ratio	Net Income (Loss) of Investee	Share of Profits (Loss) of Investee	Remark
				End of the Period	End of the Previous Year	Shares	Ratio	Carrying Amounts				
Pacific Construction Co., Ltd.	Pacific Realtor Co., Ltd.	Taiwan	Introduction of housing leases and sales, etc.	46,506	46,506	7,275	48.50%	(14,795)	48.50%	12,195	3,935	
〃	Pacific Department Stores Co., Ltd.	〃	Building lease and sales, supermarket operation, department store import and export, etc.	1,007,361	1,007,361	99,176	48.45%	1,606,010	48.45%	111,909	44,289	Note 1
〃	Pacific Holdings	HK	Investments, Trading	162,470	162,470	343,858	100.00%	296,732	100.00%	(2,117)	(2,117)	
〃	Hong Kong Pacific Construction Co., Ltd.	〃	Construction projects, or acts as an agency for civil engineering, construction, plumbing, electrical and air-conditioning, and decoration projects, etc.	34,016	34,016	8,163	100.00%	2	100.00%	(24)	(24)	
〃	Tai-Tou Construction Co., Ltd.	Taiwan	Investment	210,000	210,000	22,600	100.00%	224,272	100.00%	579	3,385	
Tai-Tou Construction Co., Ltd.	Chun-Tse Asset Management Co., Ltd.	〃	Management Consulting Services、General Hotel Industry	180,000	180,000	18,000	100.00%	184,346	100.00%	3,680	3,680	
Pacific Department Stores Co., Ltd.	Pacific 88 Co., Ltd.	〃	Wholesale, Retail and trading of restaurant business, Daily essential and department stores	8,459	8,459	846	48.98%	-	48.98%	-	-	Investees accounted for using equity method

Note 1: Among these, 36,628 thousand shares were pledged as collateral for bank loans.

Note 2: Except for investees invested using the equity method, the above investees have been written off in the preparation of the consolidated financial statements.

C. Information on Investments in Mainland China:

1. Information on investments in Mainland China:

Unit: NT$ thousand / USD thousand

Name of the Investment in China	Principal Item	Paid-In Shares Capital	Investment Method	Opening Cumulative Balance of Investment Capital Invested from Taiwan	Investment Capital Transferred or Recovered During the Current Period		Closing Cumulative Balance of Investment Capital Invested from Taiwan	Net Income (Loss) of Investee	The Company's Directly or Indirectly Invested Shareholding	Mid-term highest Shareholding ratio	Share of Profits (Losses) of Investee	Carrying Value of Investments at the End of the Period	Investment Income Remitted as of the End of the Year
					Outward Remittance	Recovered							
Beijing Tai-Yun Building Co., Ltd.	Wholesale and retail commercial facilities within the planning area of development, construction, sales and leases	332,160 (USD12,000) (Note2)	Note1	157,776 (USD5,700) (Note2)	-	-	157,776 (USD5,700) (Note2)	-	47.50%	47.50%	-	928,622 (Note4)	-
Beijing Tai-Kong Consulting Services Co., Ltd.	Business management consulting	415 (USD15) (Note2)	Note1	415 (USD15) (Note2)	-	-	415 (USD15) (Note2)	(29)	100.00%	100.00%	(29)	384 (Note5)	-

Note 1: Invested in China through a company in a third region.

Note 2: The actual amount in the original currency of investment multiplied by the closing exchange rate.

Note 3: The investment income recognized this for the period was based on the financial statements audited by CPAs of an international accounting firm with a cooperative relationship with the Taiwanese accounting firm.

Note 4: It was transferred to the non-current assets for sale under the item of non-current assets on December 15, 2020.

Note 5: When preparing the consolidated financial report, it has been written off.

2. Limit for investing in China

Cumulative Investment Outflow from Taiwan as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
USD 6,966	USD 6,966	4,041,655

Note 6: Limit calculation: Net equity for the period × 60% = NTD6,736,092 thousand × 60% = NTD4,041,655 thousand.

Note 7: Shanghai Pacific Construction Co., Ltd. was liquidated on June 21, 2009. The liquidation balance was remitted to Pacific Construction Co., Ltd. and not yet remitted to Taiwan. As a result, the investment amount was not approved by the MOEAIC, less the capital of USD1,251 thousand.

3. Information on Significant Transactions: None.

D. Information of Main Shareholders:

Shares Name of Main Shareholders	Holding of Shares	Shares Ratio
Chuang Mei Investment Co., Ltd.	35,522,000	9.17%
Pacific Department Stores Co., Ltd.	24,836,139	6.42%
Fong Fu International Development Co., Ltd.	20,999,771	5.43%

14. Segment Information

(1) Information on reportable segment's profit or loss, assets, liabilities and their measurement basis and reconciliation

The Group uses the income (excluding extraordinary gains or losses and exchange gains or losses) before tax of each segment of the internal management report as the basis for allocating management resources as well as evaluating performance. As income tax, extraordinary gains or losses and exchange gains or losses are managed on a group basis. The Group does not allocate income tax expenses (gains), extraordinary gains or losses and exchange gains or losses to reportable segments. In addition, not all reportable segments have material non-cash items other than depreciation and amortization in profit or loss the amounts reported are consistent with the reports used by the operating decision maker.

Except for pension expenses of each operating segment that is recognized and measured based on cash paid to the pension plan, the accounting policy of the operating segment is the same as the "Summary of Important Accounting Policy" stated in Note 4.

Intersegment sales and transfers are deemed as third-party transactions. Measured at current market prices.

Information and reconciliation of the Group's operating segment:

	2021					
	Construction Segment	Leasing Segment	Shopping Mall	Property Management Other	Adjustments and Elimination	Total
Revenue:						
Revenues from external customers	$ 1,032,092	61,355	339,025	236,559	-	1,669,031
Inter-segment income	27,593	12,545	250	52	(40,440)	-
Interest revenue	1,165	-	148	165	-	1,478
Total revenue	**$ 1,060,850**	**73,900**	**339,423**	**236,776**	**(40,440)**	**1,670,509**
Interest expense	$ 96,632	-	2,320	10,275	-	109,227
Depreciation and Amortization	19,086	40,762	36,032	44,737	-	140,617
Reportable segment profit/losses before tax	**$ 30,006**	**22,312**	**131,137**	**51,298**	**(72,173)**	**162,580**
Assets:						
Assets of reportable segment	**$ 8,030,699**	**32,853**	**4,039,541**	**2,391,019**	**(453,563)**	**14,040,549**
Liabilities of reportable segment	**$ 4,188,970**	**95,843**	**308,515**	**935,939**	**(72,036)**	**5,457,231**

	2020					
	Construction Segment	Leasing Segment	Shopping Mall	Property Management Other	Adjustments and Elimination	Total
Revenue:						
Revenues from external customers	$ 2,253,414	60,209	375,185	260,744	-	2,949,552
Inter-segment income	10,903	7,046	250	7,730	(25,929)	-
Interest revenue	852	-	187	422	-	1,461
Total revenue	**$ 2,265,169**	**67,255**	**375,622**	**268,896**	**(25,929)**	**2,951,013**
Interest expense	$ 110,833	-	3,789	23,286	-	137,908
Depreciation and Amortization	16,656	40,161	34,115	45,323	-	136,255
Reportable segment profit/losses before tax	**$ 125,062**	**24,703**	**98,664**	**(247,742)**	**67,122**	**67,809**
Assets:						
Assets of reportable segment	**$ 8,098,478**	**135,017**	**4,089,558**	**2,636,529**	**(461,951)**	**14,497,631**
Liabilities of reportable segment	**$ 4,393,978**	**88,168**	**407,245**	**1,070,976**	**(79,866)**	**5,880,501**

(2) Regional information

The Group's regional information is as follows. Income is categorized based on the geographical location of customers, while non-current assets are categorized based on the geographical location of assets.

Region	2021	2020
Revenues from external customers:		
Taiwan	$ 1,512,972	2,775,394
Sabah	156,059	174,158
	$ 1,669,031	**2,949,552**
Non-current assets:		
Taiwan	$ 2,618,745	2,660,301
Sabah	1,137,767	1,177,810
Total	**$ 3,756,512**	**3,838,111**

Other non-current assets include property, plant and equipment, investment property, intangible assets and other assets. However, financial instruments, deferred tax assets and net defined benefit assets are not excluded.

(3) Key Customer Information

As the Group has a large customer base, there is no significant concentration of transactions with major customers.

5. The audited Standalone financial statements of 2021

Independent Auditor's Report

To the Board of Directors of Pacific Construction Co., Ltd.:

Opinion

We have audited the financial statements of Pacific Construction Co., Ltd. (the " Company"), which comprise the balance sheet as of December 31, 2021 and 2020, the statements of comprehensive income, statements of changes in equity and statements of cash flow for the years ended December 31, 2021 and 2020, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other auditors (see Other Matters), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended December 31, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements as of in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

   Please refer to Note (4)(15) for the accounting policy of revenue recognition. Information of revenue recognition are shown in Note (6)(19) of the financial statements.

Description of Key Audit Matters:

The Company main operating revenue sources are income from department stores and rental income from investment properties. The risk of material misstatement is associated with the truthfulness of revenue recognition. While operating revenue involves the management's operating performance, the management may fail to recognize revenue earlier or defer the recognition of revenue to achieve the expected net profit, resulting in a material misstatement of operating revenue. Accordingly, the revenue recognition test is one of the significant evaluations performed by us in our audit of the financial statement of the Company.

Auditing Procedures Performed:

Our principal audit procedures of the above key audit matters include:

·Understand the process and internal controls of the Sales and Collection Cycle and assess the controls to prevent and detect errors and fraud in revenue recognition.

·Perform a cut-off test on Sale of the Properties and Lease Revenue to assess whether the former revenue is recognized in the appropriate period.

·Perform a verification test on revenue recognition by randomly reviewing relevant documents, Including Lease Contractual Terms, Real Estate Sales Contract and Real Estate Transfer Registration, etc. These will be verified with the general entry to assess whether the revenue recognition policy of the Company complies with applicable bulletins.

2. Inventory Valuation

Please refer to Note 4(7) and 5(2) for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainty of the valuation of inventory, respectively. Information of estimation of the valuation of inventory are disclosed in Note 6(5) of the financial statements.

Description of Key Audit Matters:

The Construction Department's inventory is an important asset of the Company, accounting for approximately 49% of total assets. Inventory is valued in accordance with IAS 2 as the net realizable value of the Company's inventory of the Construction Department is based on management's estimates of future sales prices and construction costs and is likely to be affected by political and economic situations. Where the net realizable value is not properly assessed, it may result in a misstatement in the financial statements. Accordingly, the inventory valuation test is one of the significant evaluations performed by us in our audit of the financial statement of the Company.

Auditing Procedures Performed:

We obtained information on the net realizable value of the Company's inventory and reassessed the net realizable value of homes for sales by randomly reviewing sold contracts from previously disclosed information, with reference to the most recent property price registered by the Ministry of the Interior, or obtaining quotes from nearby transactions. In terms of the net realizable value of construction sites, land and buildings under construction, we acquired and randomly checked the Company's investment return analysis or appraisal report and compared the investment return analysis with market conditions to assess whether the net realizable value of inventories is fairly presented.

Other Matters

We did not audit certain investees' financial statements included in the financial statements of the Company's using the equity method; they were audited by the other auditors. Our audits, our opinion on the financial statements of the Company, are based solely on the other auditors' audit reports. The amount in investments in certain investees accounted for using the equity method for the years ended December 31, 2021 and 2020 accounted for 3% of the total assets. The shares of subsidiaries, affiliates and joint ventures accounted for using the equity method accounted for (3)% and 2,280% of the net (loss) income before income taxes for January 1 to December 31, 2021 and 2020, respectively.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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 the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

KPMG
Taipei, Taiwan (Republic of China)

Pacific Construction Co., Ltd.

Balance Sheet

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 520,460	5	609,418	5
1170	Accounts receivable, net (Note 6(3) and (19))	39,933	-	109,150	1
1200	Other receivables (Note 6(4) and 7)	613	-	559	-
1210	Other receivables - related parties (Note 6(4), 7 and 8)	51,050	-	46,395	-
1320	Inventory (applicable to the construction industry) (Note 6(5) and 8)	5,498,929	49	5,810,259	50
1476	Other current financial assets (Note 8)	309,123	3	221,936	2
1478	Refundable deposits for construction projects (Note 9)	17,419	-	11,104	-
1479	Other current assets, others (Note 7 and 9)	35,802	-	38,327	-
1480	Current assets recognized as incremental costs to obtain contract with customers (Note 7)	61,412	-	47,231	-
		6,534,741	57	6,894,379	58
	Non-current assets:				
1517	Non-current financial assets at FVTOCI (Note 6(2) and 8)	294,151	3	294,916	3
1550	Investments accounted for using equity method (Note 6(6) and 8)	2,127,016	19	2,102,088	18
1600	Property, plant and equipment (Note 6(7) and 8)	168,800	2	145,119	1
1755	Right-to-use assets (Note 6(8), (13) and 8)	95,587	1	98,132	1
1760	Investment property, net (Note 6(9) and 8)	1,832,953	16	1,922,307	18
1840	Deferred tax assets (Note 6(16))	185	-	221	-
1975	Non-current net defined benefit assets (Note 6(15))	12,739	1	9,977	-
1980	Non-current other financial assets (Note 8)	119,079	1	60,536	1
1990	Other non-current assets, others	7,982	-	1,983	-
		4,658,492	43	4,635,279	42
	Total Assets	**$ 11,193,233**	**100**	**11,529,658**	**100**

(See accompanying notes to financial statements.)

Pacific Construction Co., Ltd.
Balance Sheet (Continued)
December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term loans (Note 6(10))	$ 1,155,756	10	672,070	6
2110	Short-term notes and bills payable (Note 6(10))	240,000	2	-	-
2130	Current contract liabilities (Note 6(19))	188,400	2	450,914	4
2150	Notes and accounts payable	306,085	3	293,429	3
2200	Other payables (Note 7 and 9)	211,847	2	200,168	2
2230	Current tax liabilities	6,435	-	8,745	-
2280	Current lease liabilities (Note 6(13))	10,326	-	10,799	-
2305	Other current financial liabilities	324,371	3	333,906	3
2321	Issuing bonds, current portion (Note 6(12))	260,000	2	300,000	3
2322	Long-term debt, current portion (Note 6(11))	743,249	7	911,057	8
2399	Other current liabilities, other	6,855	-	11,691	(1)
		3,453,324	31	3,192,779	28
	Non-Current liabilities:				
2530	Corporate bonds payable (Note 6(12))	250,000	2	260,000	2
2540	Long-term loans (Note 6(11))	587,641	5	1,098,411	10
2580	Non-current lease liabilities (Note 6(8) and (13))	86,028	1	87,635	1
2570	Deferred tax liabilities (Note 6(16))	1,005	-	1,821	-
2645	Deposits received	49,693	-	52,181	-
2670	Other non-current liabilities, other (Note 6(6) and 7)	29,450	-	34,330	-
		1,003,817	8	1,534,378	13
	Total liabilities	4,457,141	39	4,727,157	41
	Equity (Note 6(17))：				
3110	Ordinary share	3,870,000	35	3,870,000	34
3200	Capital surplus	381,910	3	371,732	3
3310	Legal reserve	1,221,329	11	1,221,329	11
3320	Special reserve	70,421	1	55,134	-
3350	Retained earnings-unappropriated	571,891	5	689,476	6
3410	Exchange differences resulting from translating the financial statements of foreign operations	203,821	2	178,413	2
3420	Unrealized gains (loss) from investments in financial assets measured at FVTOCI	609,927	6	609,624	5
3500	Treasury shares	(193,207)	(2)	(193,207)	(2)
	Total equity	6,736,092	61	6,802,501	59
	Total liabilities and equity	**$ 11,193,233**	**100**	**11,529,658**	**100**

(See accompanying notes to financial statements.)

Pacific Construction Co., Ltd.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenue (Note 6(13), (14), (19) and 7)**	$ 1,172,440	100	2,420,417	100
5000	**Operating costs (Note 6(5), (14) and (210))**	812,676	69	1,776,319	73
	Gross profit from operations	359,764	31	644,098	27
5920	Add: Realized profit or loss of sales	2,012	-	2,012	-
5950	**Gross profit from operations**	361,776	31	646,110	27
	Operating expenses (Note 6(3), (13), (15), (21) and 7)：				
6100	Selling expenses	94,768	8	158,511	7
6200	Administrative expenses	150,972	13	162,866	7
6450	Expected credit (losses) gains	1,014	-	4,553	-
		246,754	21	325,930	14
	Net operating income	115,022	10	320,180	13
	Non-operating income and expenses:				
7100	Interest revenue	723	-	619	-
7020	Other gains and losses (Note 6(13) and (22))	22,119	2	60,268	2
7050	Finance costs (Note 6(13) and (22))	(106,234)	(9)	(133,101)	(5)
7370	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	49,468	4	(263,291)	(11)
		(33,924)	(3)	(335,505)	(14)
	Net (losses) income before tax from continuing operating department	81,098	7	(15,325)	(1)
7950	**Less: Income tax expense (Note 6(16))**	35,488	3	39,344	2
	Net loss	45,610	4	(54,669)	(3)
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Remeasurements of the defined benefit plan	3,114	-	794	-
8316	Unrealized gains from equity instrument investments measured at FVTOCI	1,048	-	(13,890)	(1)
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, Items that may not be reclassified subsequently to profit or loss	3,033	-	4,859	-
	Total items that may not be reclassified subsequently to profit or loss	7,195	-	(8,237)	(1)
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences resulting from translating the financial statements of foreign operations	25,408	2	17,512	1

Pacific Construction Co., Ltd.
Statements of Comprehensive Income (Continued)
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

		2021		2020	
		Amount	%	Amount	%
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, Items that may be reclassified subsequently to profit or loss	-	-	(2,052)	-
	Total items that may be reclassified subsequently to profit or loss	25,408	2	15,460	1
8300	**Other comprehensive income (Net after revenue)**	32,603	2	7,223	-
	Total comprehensive income	**$ 78,213**	**6**	**(47,446)**	**(3)**
	Loss "per" share (Note 6(18))				
9750	**Basic loss "per" share (in NT$)**	**$**	**0.13**		**(0.15)**
9850	**Diluted loss per share (in NT$)**	**$**	**0.13**		**(0.15)**

(See accompanying notes to financial statements.)

Pacific Construction Co., Ltd.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

			Retained Earnings			Total Other Equity Interest			
	Ordinary Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences Resulting from Translating the Financial Statements of Foreign Operations	Unrealized Gains (losses) from Financial Assets Measured at FVTOCI	Treasury shares	Total Equity
Balance on January 1, 2020	$ 3,870,000	371,732	1,221,329	51,436	747,110	162,953	618,594	(193,207)	6,849,947
Net loss	-	-	-	-	(54,669)	-	-	-	(54,669)
Other comprehensive income, net	-	-	-	-	733	15,460	(8,970)	-	7,223
Total comprehensive income	-	-	-	-	(53,936)	15,460	(8,970)	-	(47,446)
Appropriation and distribution of retained earnings:									
Special reserve appropriated	-	-	-	3,698	(3,698)	-	-	-	-
Balance on December 31, 2020	3,870,000	371,732	1,221,329	55,134	689,476	178,413	609,624	(193,207)	6,802,501
Net loss	-	-	-	-	45,610	-	-	-	45,610
Other comprehensive income, net	-	-	-	-	5,841	25,408	1,354	-	32,603
Total comprehensive income	-	-	-	-	51,451	25,408	1,354	-	78,213
Appropriation and distribution of retained earnings:									
Special reserve appropriated	-	-	-	15,287	(15,287)	-	-	-	-
Ordinary shares stock dividend in cash	-	-	-	-	(154,800)	-	-	-	(154,800)
Dividends distributed to subsidiaries to adjust capital surplus	-	10,178	-	-	-	-	-	-	10,178
Proceeds from disposal of equity instruments measured at FVTOCI	-	-	-	-	1,051	-	(1,051)	-	-
Balance on December 31, 2021	**$ 3,870,000**	**381,910**	**1,221,329**	**70,421**	**571,891**	**203,821**	**609,927**	**(193,207)**	**6,736,092**

(See accompanying notes to financial statements.)

Pacific Construction Co., Ltd.

Statements of Cash Flow

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Net (loss) before tax for the period	$ 81,098	(15,325)
Adjustment items:		
Adjustments to reconcile profit (loss)		
Depreciation expense	101,236	99,553
Amortization expense	480	356
Expected credit (losses) gains	1,014	4,553
Interest expense	106,234	133,101
Interest revenue	(723)	(619)
Dividend income	(12,981)	(4,808)
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for using equity method	(49,468)	263,291
Loss (gains) of disposal and scrapping of property, plant and equipment	373	(4,059)
Impairment loss of Investment property	-	6,000
Deferred credit	(2,012)	(2,012)
Proceeds from disposal share of profit of subsidiaries, associates and joint ventures accounted for using equity method	-	(48,321)
Share of liquidation profit (losses) of subsidiaries using the equity method accounted	-	1,598
Loss (gains) of lease modifications	594	(1,187)
Total adjustments to reconcile profit	144,747	447,446
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes & accounts receivable	68,236	(45,628)
Other receivables (related parties)	(4,709)	3,950
Inventories	296,122	1,185,558
Other financial assets-Current	(4,298)	(103,670)
Refundable deposits for construction projects	(6,315)	18,650
Other current assets	2,525	83,166
Incremental costs to obtaining a contract	(14,181)	84,143
Net defined benefit assets	352	(556)
Total changes in operating assets	337,732	1,225,613
Changes in operating liabilities:		
Contract liabilities	(262,514)	(322,421)
Notes and accounts payable	12,656	10,938
Other payables	9,788	5,626
Other financial liabilities	(9,535)	7,414
Other current liabilities	(4,836)	2,711
Total changes in operating liabilities	(254,441)	(295,732)
Total changes in operating assets and liabilities	83,291	929,881
Cash inflow (outflow) generated from operations	309,136	1,362,002
Interest received	690	695
Interest paid	(104,791)	(133,396)
Income tax paid	(38,578)	(42,038)
Net cash flows from (used in) operating activities	166,457	1,187,263

Pacific Construction Co., Ltd.

Statements of Cash Flow (Continued)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at FVTOCI	1,813	-
Acquisition of property, plant and equipment	(5,045)	(21,466)
Proceeds from disposal property, plant and equipment	9	5,214
Acquisition of Investment property	(3,079)	-
Other financial assets	(141,432)	91,646
Other non-current assets	(6,991)	2,978
Dividends received	47,864	37,416
Net cash flows from (used in) investing activities	(106,861)	115,788
Cash flows from (used in) financing activities:		
Increase in short-term loans	483,686	-
Proceeds from Short-term loans	-	457,645
Repayments of Short-term loans	-	(1,401,569)
Increase in short-term notes and bills payable	240,000	-
Corporate bonds payable	250,000	-
Redemption of bonds	(300,000)	-
Decrease in long-term loans	(678,578)	-
Proceeds from Long-term loans	-	118,571
Repayments of Long-term loans	-	(200,666)
Deposits received	(2,488)	(7,426)
Lease principal repayment	(10,116)	(9,884)
Cash dividend payment	(154,800)	-
Net cash outflows (inflows) from financing activities	(172,296)	(1,043,329)
Effects of exchange rate changes on cash and cash equivalents	23,742	16,741
Increase (Decrease) in cash and cash equivalents for the period	(88,958)	276,463
Beginning cash and cash equivalents	609,418	332,955
Closing cash and cash equivalents	**$ 520,460**	**609,418**

(See accompanying notes to financial statements.)

Pacific Construction Co., Ltd.

Notes to the Parent Company Only Financial Statements

For the Years Ended December 31, 2021 and 2020

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

1. Company History

Pacific Construction Co., Ltd. (hereinafter referred to as "the Company") was established on June 14, 1967. On February 2, 1980, the Company began listing and trading with approval of the Financial Supervisory Commission, Securities and Futures Bureau. Its primary businesses are contracting civil construction projects, land development and housing construction, housing and building development and rental, construction material manufacturing, precast housing, agency and trading of various construction materials and their export business.

2. Approval Date and Procedures of the Financial Statements

The accompanying parent-company-only financial statements were authorized for issuance by the Board of Directors and issued on March 10, 2022.

3. New Standards, Amendments and Interpretations Adopted

(1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

From January 1, 2021, the Company has the application of the newly endorsed IFRSs will not have a material impact on the financial statements. The extent and impact of changes are as follows:

- Amendment to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"
- Amendment to IFRS 16 "COVID-19-Related Rent Concessions after June 30, 2021"

(2) The impact of IFRS endorsed by FSC but not yet effective

From January 1, 2022, the Company has evaluated and determined that the application of the abovementioned amendments will not have a material impact on the financial statements.

- Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"
- Annual Improvement s to IFRS Standards 2018 – 2020 Cycle
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The company expects that the following newly issued and revised standards that have not yet been approved will not have a significant impact on individual financial reports.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and Amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 "Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction"

4. Summary of Significant Accounting Policies

The significant accounting policies presented in the parent-company-only financial statements are summarized as follows. The following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(1) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(2) Basis of preparation

(i) Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for the financial instruments.

1) Fair value through other comprehensive income is measured at fair value; and

2) The defined benefit liability (asset) is recognized as the fair value of the plan asset less the present value of defined benefit obligation and the upper limit impact mentioned in note 4(16).

(ii) Functional and presentation currency

The functional currency of each Company entities is determined based on the primary economic environment in which the entities operate. The Company’s parent company only financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All the financial information presented in New Taiwan Dollar has been rounded to the nearest thousands.

(3) Foreign currencies

(i) Currencies transaction

Transactions in foreign currencies are translated to the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) Fair value through other comprehensive income equity investment;

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

3) Qualifying cash flow hedges to the extent that the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's functional currency at exchange rates of the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Company's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation differences in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(4) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

1) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

2) It holds the asset primarily for the purpose of trading;

3) It expects to realize the asset within twelve months after the reporting period; or

4) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

1) It expects to settle the liability in its normal operating cycle; (Construction industry is usually longer than one year) or intend to sell or consume it

2) It holds the liability primarily for the purpose of trading;

3) The liability is due to be settled within twelve months after the reporting period; or

4) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not impact its classification.

(5) Cash and cash equivalents

Cash comprises cash on hand, demand deposits, cash equivalents are highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. They are reported as cash equivalents.

(6) Financial instruments

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

1. Financial assets

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

Financial assets are classified as: amortized cost, fair value through other comprehensive income (FVOCI) – equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (“FVOCI”)

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

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

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

On initial recognition, the Company is able to make an irrevocable election to present subsequent changes in the fair value of investments in equity instruments that is not held for trading in other comprehensive income. This election is made on an instrument-by-instrument basis.

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

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

Dividend income from equity investments is recognized in profit or loss on the date when the Company's right to receive payment is established, which in the case of quoted securities is normally company the ex-dividend date.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets).

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is always measured at an amount equal to lifetime ECL.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than a year past due or the borrower is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings".

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than a year past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets, or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

2. Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

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

(7) Inventory

The original cost of construction inventories is the expenditure necessary in bringing the inventories to a saleable or production-ready condition and location. When the cost of inventory exceeds the net realizable value, the cost must be written down to its net realizable value, and the amount in the write-down recognized as the cost of goods sold in the period in which it occurs. The net realizable value is determined as follows:

(i). Land for construction: The net realizable value is based on the estimated selling price (based on current market conditions) less costs to be incurred to completion and selling expenses.

(ii). Construction in process: The net realizable value is based on the estimated selling price (based on current market conditions) less costs to be incurred to completion and selling expenses.

(iii). Property for sale: Net realizable value is the estimated selling price (based on current market conditions) less selling expenses incurred in selling the premises.

(8) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or join control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The parent-company-only financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees after adjustments to align the accounting policies with those of the Company from the date that significant influence commences until the date that significant influence ceases. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the change in equity attributable to its share of the associate as capital surplus in proportion to its equity in the associate.

Unrealized gains and losses arising from transactions between the Company and its associates are recognized in the financial statements only to the extent of the unrelated investor's interests in the associates.

When the Company's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

(9) Investing subsidiaries

In preparing the parent company only financial statements of the Company, investee company that controlled by the Company is accounted for under the equity method. Under equity method, profit for the year and other comprehensive income for the year reported in an entity's non-consolidated statement of comprehensive income, shall equal to profit for the year and other comprehensive income' attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's non-consolidated financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

The Company's changes in equity interests in subsidiaries that did not lead to loss of control, deemed as equity transactions between owners.

(10) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment. Cost includes costs directly attributable to the acquisition of investment property. The cost of self-constructed investment property includes raw materials and direct labor, any other costs directly attributable to bringing the investment property to be capable of operating, and borrowing capitalized costs.

When the purpose of investment properties is changed and reclassified as property, plant and equipment, the reclassification is based on the carrying amount at the time of the change of purpose.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss. Rental income from investment property is recognized as operating revenue on a straight-line basis over the term of the lease.

(11) Property, plant and equipment

1) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. Cost includes expenses that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes raw materials and direct labor, a directly attributable cost to bringing the asset to its intended location and use, the cost of dismantling and removal and site restoration, and the cost of borrowings to capitalize the eligible assets.

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

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

2) Subsequent cost

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

3) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

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

Buildings	12～50 years
Machinery and equipment	3～10 years
Other equipment	3～10 years

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

(12) Lease

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

1) As a lessee

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

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

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

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

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

exercised

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

For short-term leases or leases of low-value underlying assets for certain land, buildings and structures, office equipment and transportation equipment, The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Sale and leaseback transactions are assessed in accordance with IFRS 15 to determine whether the transfer of an asset by the seller-lessee satisfies the requirements of IFRS 15. If the asset is judged as a sale, the asset is derecognized, and the part of the right that has been transferred to the seller-lessee is recognized as profit or loss. The lessee accounting model is applied to the leaseback transaction and the right-to-use asset is measured at the original carrying amount in the leased back portion. If it is judged that the requirements for the disposal of sales are not met, it will be treated as financing.

2) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the

right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(13) Intangible assets

1) Recognition and measurement

Other intangible assets including customer relations, patent rights and trademark rights, etc., that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

Computer software 1～3 years

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

(14) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and assets from employee benefit) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are immediately included in the current profits and losses.

(15) Revenue Recognition

1. Revenue from customer contracts

Revenue is measured as the consideration to which the Company expects to be entitled in exchange for the transfer of goods and services. The Company recognizes revenue when the performance obligation is satisfied by transferring control over a customer's good or service. The Company's major revenue items are described as follows:

1) Land development and property sale

The Company develops and sells residential real estate and often pre-sells real estate during or before construction. The Company recognizes revenue when the control of the real estate is transferred. Due to contractual restrictions, such real estate is not usually used for other purposes by The Company. However, after completion of delivery or transfer of legal title of the real estate to the customer, The Company has an enforceable right to payment for performance completed to date. Accordingly, The Company recognizes revenue at the point of completion of transferring the legal title of the property or real estate to the customer.

Revenue is measured based on the transaction price of a contractual agreement. Upon selling a completed house, in most cases, consideration may be received upon the transfer of legal title to real estate; in few cases, payment may be deferred in accordance with contractual agreements, but the deferral period should not exceed 12 months. Accordingly, the transaction price is not adjusted to reflect the impact of the significant financial components. In the case of pre-sale of real estate, payment is usually received between the signing of the contract and the transfer of the real estate to the customer in installments. Where the contract contains a significant financial component, the transaction price is adjusted during the period to reflect the effects of the time value of money according to the interest rate of the proposed project borrowing. The amounts received in advance are recognized as contract liabilities. When the effect of the time value of money adjustment is judged to be necessary, interest expense and contract liabilities are recognized. Accumulated contract liabilities are reclassified as income when a property is transferred to customers.

Some contracts contain multiple deliverables, such as the sale of residential real estate and decorating services - decorating services are deemed as a separate performance obligation, and the transaction price is apportioned on a stand-alone selling price basis. If there is no observable price, the stand-alone selling price is estimated based on the expected cost and profit. Decorating services are recognized as revenue at the point of completion of the service.

2) Lease income

Lease income generated from investment property is recognized over the lease term on a straight-line basis. Lease incentives given are considered part of the total lease income and are recognized as a reduction of lease income over the lease term on a straight-line basis. Revenue from a property sublease is recognized as lease income from investment properties under operating income.

3) Financial components

The Company expects that the time interval between the transfer of a good or service from all customer contracts to customers and when customers pay for the goods or services will not exceed one year. Therefore, The Company does not adjust the time value of money of the transaction price.

2. Cost of customer contracts

Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company adopts the practical expedient method of the Standard. If the incremental cost of obtaining a contract is recognized as an asset and the asset is amortized over a period of one year or less, the incremental cost is recognized as an expense when incurred.

(16) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided in the periods during which services are rendered by employees. The amount of advance payment will result in the refund of cash or the reduction of future payments, and it will be recognized as an asset.

2. Defined benefit plans

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

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

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

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

3. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(17) Income Taxes

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

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized for the following:

1) Assets and liabilities that are initially recognized from non-business combination transactions, with no effect on net income or taxable gains (losses).

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

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

A deferred tax asset is recognized for unused tax losses available for carry-forward, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits and deductible temporary differences are also re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits and deductible temporary differences can be utilized.

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

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

1) if the entity has the legal right to settle tax assets and liabilities on a net basis; and

2) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

(i) levied by the same taxing authority; or

(ii) levied by different taxing authorities, but where each such authority intend to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation; or where the timing of asset realization and debt liquidation is matched.

(18) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares. Potential dilutive ordinary shares of the Company include stock dividends to employees.

(19) Operating segments

The company has disclosed departmental information in the consolidated financial report, so individual financial reports do not disclose departmental information.

5. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

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

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

The accounting policies involve significant judgment and have a material effect on the amounts recognized in the financial statements as follows:

(1) Lease period

The decision on the lease term is the non-cancellable period of the lease and the lessee can reasonably determine the period covered by the option to exercise the lease extension, and the lessee can reasonably determine the period covered by the option to not exercise the lease termination option. When the company assesses whether the lessee exercises the aforementioned options, it considers all relevant facts and circumstances that will generate economic incentives for the lessee. And in the subsequent occurrence of the lessee's control scope and will affect whether it can reasonably determine whether to exercise or not exercise the option of major events or major changes in the situation, to be reassessed. When there is a change in the assessment during the lease period, the lease liability is re-evaluated and the right-of-use asset is adjusted. Please note 6 (8) for details.

(2) Judgment on lease

The company leases land rights and houses. Since the contract involves the use of an identified asset, the right to obtain all economic benefits during the entire period of use; and the right to direct the use of the identified asset. Based on this, the company determined that the contract was a lease, and the company recognized the right-of-use assets and lease liabilities on the lease start date. Please note 6 (8) for details.

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

1) Allowance for losses on accounts receivable

The allowance for losses on the Company's accounts receivable is estimated based on the assumption of default risk and expected loss rate. The Company considers historical experience, current market conditions and forward-looking estimates at each reporting date in determining assumptions and input selected when calculating impairments. For details associated with assumptions and inputs, please refer to Note 6(3).

2) Valuation of Inventory

As inventories are measured at the lower of cost or net realizable value, the evaluation of The Company’s net realizable value of inventories at the reporting date is based on estimates of future market sales prices and constructions costs which are prone to be affected by changes in the political and economic environment, resulting in significant changes in net realizable value. For details of the valuation of inventory, please refer to Note 6(5).

3) Measurement of Determining Benefit Obligations

The defined benefit costs and net defined benefit liabilities (assets) that should be recognized in the defined benefit retirement plan are actuarially evaluated using the projected unit benefit method, and the actuarial assumptions used include discount rate, employee turnover rate and future salary increase rate, etc. Changes in these assumptions as a result of changes in market and economic conditions could materially affect the amounts of expenses and liabilities been recognised. The description of the significant actuarial assumptions and sensitivity analysis used in the actuarial system, please refer to Note 6(15)

The Company's accounting policies and disclosures include adopting fair value measurements for its financial and non-financial assets and liabilities. The Company has established an internal control system for fair value measurement. The internal control system includes establishing a valuation team responsible for reviewing all significant fair value measurements (including Level 3 fair values). The team reports directly to the CFO. The valuation team reviews significant unobservable inputs and makes adjustments regularly. If external third-party information (such as a broker or pricing service) is used to measure fair value inputs, the valuation team will evaluate the evidence provided by the third party to support the inputs to determine whether the valuation and its fair value hierarchy classification meet the requirements of IFRSs.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data.

Further information on the assumptions used to measure fair value

For details associated with the assumptions used to measure fair value, please refer to Note 6(23) – Financial Instruments.

6. Explanation of Significant Accounts

(1) Cash and Cash Equivalents

	December 31, 2021	December 31, 2020
Petty cash	$ 8,509	8,850
Cash in banks	413,051	600,568
Deposit account	98,900	-
Cash and cash equivalents in the statements of cash flow	**$ 520,460**	**609,418**

For the disclosed information on the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company's, please refer to Note 6(23).

(2) Financial Assets at Fair Value through Other Comprehensive Income ("FVTOCI")

	December 31, 2021	December 31, 2020
Equity instruments measured at FVTOCI:		
Listed (OTC) stocks - domestic	$ 69,264	76,080
Unlisted (OTC) stocks - domestic	224,887	218,836
Total	**$ 294,151**	**294,916**

1) The equity instrument investment held by the Company is a long-term strategic investment and not held for trading purposes, so it has been designated to be measured at FVTOCI.
2) The Company through the aforementioned investments in equity instruments designated as measured at FVTOCI, the Company's recognized dividend income for 2021 and 2020 totaled NT$12,981 thousand and NT$4,808 thousand, respectively.
3) The Company sold part of equity instruments measured at FVTOCI in 2021. The fair value at the time of disposal was NT$1,813 thousand, and the accumulated disposal benefit was NT$1,051 thousand. Therefore, the accumulated disposal benefit has been transferred from other interests to retained earnings. In addition, no strategic investment was disposed of in 2020, and accumulated profits and losses during this period were not transferred in equity.
4) For market risk information, please refer to Note 6(23).
5) For details of the above financial assets pledged as collaterals for bank loans and financing guarantees pledged. Please refer to Note 8.

(3) Notes receivable and Account receivable

	December 31, 2021	December 31, 2020
Notes receivable - arising from operations	$ 29	14,390
Accounts receivable - measured at amortized cost	48,601	124,825
Less: Allowance for losses	(8,697)	(30,065)
	$ 39,933	**109,150**

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including general economic and related industry information. The expected credit losses of the note receivables and trade receivables were as followed:

	December 31, 2021		
	Gross Carrying Amount	Weighted-Average Loss	Loss Allowance Provision
Current	$ 20,636	0%~1%	-
Less than30~360 days past due	21,892	0%~15%	3,057
Past due 361~720 days	1,565	0%~100%	1,330
More than 720 days past due	4,537	50%~100%	4,310
	$ 48,630		**8,697**

	December 31, 2020		
	Gross Carrying Amount	Weighted-Average Loss	Loss Allowance Provision
Current	$ 68,843	0%~1%	-
Less than30~360 days past due	44,522	0%~15%	6,438
Past due 361~720 days	2,219	0%~100%	1,721
More than 720 days past due	23,631	50%~100%	21,906
	$ 139,215		**30,065**

The changes of loss allowance of notes and accounts receivable of the Company is as follows:

	2021	2020
Balance at beginning of the year	$ 30,065	23,182
Impairment losses recognized	1,014	4,553
Amounts written off	(22,106)	(1,108)
Reclassification	-	3,569
Gains and losses from foreign currency translation	(276)	(131)
Balance at end of the year	**$ 8,697**	**30,065**

The above notes and accounts receivable the Company were not pledged or guaranteed for the years ended December 31, 2021 and 2020.

Other credit risk information, please refer to Note 6(23).

(4) Other receivables

		December 31, 2021	December 31, 2020
Other receivables—related parties	$	51,050	46,395
Other receivables		28,787	28,732
Long-Term Receivables		1,759,740	1,804,468
Less: Allowance for losses		(1,787,914)	(1,832,641)
	$	**51,663**	**46,954**

The Company other accounts receivable allowance for losses debt changes for 2021 and 2020 are as follows:

		2021	2020
Balance at beginning of the year	$	1,832,641	1,836,210
Reclassification		-	(3,569)
Amounts written off		(44,727)	-
Balance at end of the year	**$**	**1,787,914**	**1,832,641**

Other credit risk information, please refer to Note 6(23).

(5) Inventory

		December 31, 2021	December 31, 2020
Buildings and land held for sale	$	1,252,736	1,891,349
Construction land		3,205,655	3,045,661
Construction in progress		2,382,790	2,224,729
Prepayment for land		420	-
Total		6,841,601	7,161,739
Less: Allowance to reduce inventory to market		(1,342,672)	(1,351,480)
Net	**$**	**5,498,929**	**5,810,259**
Inventory expected to be recovered in more than 12 months	**$**	**4,772,948**	**5,047,216**

1) As of December 31, 2021 and 2020, the inventories of the Company had been pledged as collateral for bank borrowings, please refer to Note 8.
2) Some parts of Wanli UFO Village, Wanli Section, Erchong River, Lihe Section in Xinyi District and Yongping Section in Shilin District have already entered an appointment agreement and trust deed agreement with trustees and will be transferred to the Company at an appropriate time.
3) Agricultural land under the trust under a trust deed is the agricultural land be developed for construction. An appointment agreement and trust deed agreement have been entered into with trustees and transferred to the Company after the land title is changed.
4) For the years ended December 31, 2021 and 2020, the capitalization of interest on construction in progress by the Company, please refer to Note 6(22).
5) The Company decided to convert the inventory to self-use building in 2021, and reclassify the real estate as property, plant and equipment at the cost of change of use, please refer to Note 6(7).

6) The Company changes in the allowance to reduce inventory to market for 2021 and 2020 are as follows:

	2021	2020
Balance on January 1	$ 1,351,480	1,393,610
Reversal benefits for recognized impairment losses	(8,808)	(42,130)
Balance on December 31	**$ 1,342,672**	**1,351,480**

For the years ended December 31, 2021 and 2020, inventory cost recognized as cost of operating costs amounted to NT$666,393 thousand and NT$1,656,606 thousand, respectively. The Company above reversal benefits of impairment losses were due to the sale of certain inventories in 2021 and 2020. Factors that caused the net realizable value to be lower than cost have disappeared, resulting in an increase in net realizable value and the recognition of a decrease in operating costs.

(6) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Subsidiaries	**$ 2,127,016**	**2,102,088**
Other non-current liabilities－Subsidiaries	**$ 14,795**	**19,675**

1. Subsidiaries

   Please refer to consolidated financial statement of 2021.

2. Associates

   In June 2020, the company will dispose of Tai-Fu Recreation Co., Ltd with zero (NT$1 deducted from tax), and recognize the disposal of investment benefits of NT$48,321 thousand, which are accounted for under "Other gains and losses".

3. Guarantees

   As of December 31, 2021 and 2020, the investments accounted for using equity method had been pledged as collateral for bank borrowings, please refer to note 8.

(7) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020, were as follows:

	Land	Buildings and Construction	Machinery Equipment	Other Equipment	Construction in Progress	Total
Cost or Deemed Cost:						
Balance on January 1, 2021	$ 7,803	156,033	115,380	91,330	-	370,546
Addition	-	-	1,795	3,250	-	5,045
Disposal and Scrap	-	-	(8)	(1,685)	-	(1,693)
Reclassification from Inventory	-	-	-	116	400	516
Reclassification from Prepayments for Business Facilities	-	-	-	512	-	512
Reclassification from Investment Property	-	73,606	3,078	-	-	76,684
Balance on December 31, 2021	**$ 7,803**	**229,639**	**120,245**	**93,523**	**400**	**451,610**
Balance on January 1, 2020	$ 18,741	178,847	112,757	64,870	13,844	389,059
Addition	-	-	8,430	8,790	4,246	21,466
Disposal and Scrap	(71)	(361)	(5,807)	(615)	-	(6,854)
Reclassification	-	-	-	18,090	(18,090)	-
Reclassification to Investment Property	(10,867)	(22,453)	-	-	-	(33,320)
Reclassification from Right-of-use Asset	-	-	-	195	-	195
Balance on December 31, 2020	**$ 7,803**	**156,033**	**115,380**	**91,330**	**-**	**370,546**
Depreciation and Impairment Losses:						
Balance on January 1, 2021	$ -	81,223	96,558	47,646	-	225,427
Depreciation	-	2,767	7,870	15,805	-	26,442
Disposal and Scrap	-	-	(1)	(1,310)	-	(1,311)
Reclassification from Investment Property	-	32,072	180	-	-	32,252
Balance on December 31, 2021	**$ -**	**116,062**	**104,607**	**62,141**	**-**	**282,810**
Balance on January 1, 2020	$ -	92,934	93,660	34,677	-	221,271
Depreciation	-	3,164	7,898	13,238	-	24,300
Disposal and Scrap	-	(235)	(5,000)	(464)	-	(5,699)
Reclassification to Investment Property	-	(14,640)	-	-	-	(14,640)
Reclassification from Right-of-use Asset	-	-	-	195	-	195
Balance on December 31, 2020	**$ -**	**81,223**	**96,558**	**47,646**	**-**	**225,427**
Carrying Amount:						
Balance on December 31, 2021	**$ 7,803**	**113,577**	**15,638**	**31,382**	**400**	**168,800**
Balance on December 31, 2020	**$ 7,803**	**74,810**	**18,822**	**43,684**	**-**	**145,119**
Balance on January 1, 2020	**$ 18,741**	**85,913**	**19,097**	**30,193**	**13,844**	**167,788**

For the years ended December 31, 2021 and 2020, details of bank loans and financing guarantees pledged, please refer to Note 8.

(8) Right-to-use assets

Details of changes in cost and depreciation of Land Surface Rights, Buildings and construction and transport equipment of the Company are as follows:

	Land Surface Rights	Buildings and Construction	Transportation Equipment	Total
Cost of Right-of-use Assets:				
Balance on January 1, 2021	$ 86,467	33,981	467	120,915
Changes in Future Lease Payment	9,307	-	-	9,307
Deductions	-	(878)	-	(878)
Balance on December 31, 2021	**$ 95,774**	**33,103**	**467**	**129,344**
Balance on January 1, 2020	$ 105,880	33,981	662	140,523
Changes in Future Lease Payment	(19,413)	-	-	(19,413)
Reclassification to Property, Plant and Equipment	-	-	(195)	(195)
Balance on December 31, 2020	**$ 86,467**	**33,981**	**467**	**120,915**
Depreciation for Right-of-use Assets:				
Balance on January 1, 2021	**$ 9,157**	**13,453**	**173**	**22,783**
Depreciation	**4,004**	**6,819**	**151**	**10,974**
Balance on December 31, 2021	**$ 13,161**	**20,272**	**324**	**33,757**
Balance on January 1, 2020	**$ 4,923**	**6,796**	**186**	**11,905**
Depreciation	**4,234**	**6,657**	**182**	**11,073**
Reclassification to Property, Plant and Equipment	**-**	**-**	**(195)**	**(195)**
Balance on December 31, 2020	**$ 9,157**	**13,453**	**173**	**22,783**
Carrying Amount:				
Balance on December 31, 2021	**$ 82,613**	**12,831**	**143**	**95,587**
Balance on January 1, 2020	**$ 100,957**	**27,185**	**476**	**128,618**
Balance on December 31, 2020	**$ 77,310**	**20,528**	**294**	**98,132**

For the years ended December 31, 2021 and 2020, details of bank loans and financing guarantees pledged, please refer to Note 8.

(9) Investment Property

Investment properties include the Company self-owned assets and office buildings leased to third parties as operating leases. The initial non-cancellable period of the leased investment properties is two months to twenty-one years, while some lessees have the option to extend the period at the end of the lease.

	Self-owned Assets		
	Land and Improvement	Buildings and Construction	Total
Cost or deemed cost:			
Balance on January 1, 2021	$ 422,161	3,128,128	3,550,289
Addition	-	3,079	3,079
Reclassification to Property, Plant and Equipment	-	(76,684)	(76,684)
Reclassification from Inventory	-	15,139	15,139
Reclassification from Prepaid for the Construction	-	680	680
Balance on December 31, 2021	**$ 422,161**	**3,070,342**	**3,492,503**
Balance on January 1, 2020	$ 411,294	3,156,916	3,568,210
Reclassification from Property, Plant and Equipment	10,867	22,453	33,320
Disposal	-	(51,241)	(51,241)
Balance on December 31, 2020	**$ 422,161**	**3,128,128**	**3,550,289**
Depreciation and Impairment Losses:			
Balance on January 1, 2021	$ -	1,627,982	1,627,982
Depreciation	-	63,820	63,820
Reclassification to Property, Plant and Equipment	-	(32,252)	(32,252)
Balance on December 31, 2021	**$ -**	**1,659,550**	**1,659,550**
Balance on January 1, 2020	**$ -**	**1,594,403**	**1,594,403**
Depreciation	**-**	**64,180**	**64,180**
Reclassification from Property, Plant and Equipment	**-**	**14,640**	**14,640**
Impairments	**-**	**6,000**	**6,000**
Disposal	**-**	**(51,241)**	**(51,241)**
Balance on December 31, 2020	**$ -**	**1,627,982**	**1,627,982**
Carrying Amount:			
Balance on December 31, 2021	**$ 422,161**	**1,410,792**	**1,832,953**
Balance on December 31, 2020	**$ 422,161**	**1,500,146**	**1,922,307**
Balance on January 1, 2020	**$ 411,294**	**1,562,513**	**1,973,807**
Fair value:			
Balance on December 31, 2021			**$ 3,278,480**
Balance on December 31, 2020			**$ 2,664,150**

Due to the decline in the market price of investment real estate in the 2020, an impairment loss of NTS 6,000 thousand was recognized.

The fair value of investment properties is determined on the basis of a valuation of an independent appraiser (with relevant professional qualification and should have recent experience in the location and category of the investment property evaluated). The input value used in its fair value valuation technology belongs to the third level.

The valuation of fair values is performed with reference to MOI's Real Estate Actual Transaction Price Inquiry Service and real estate websites. Prices of recent transactions in similar areas and types are also used as the valuation basis and appraisal reports are obtained when necessary.

Investment properties include a number of commercial properties leased to others. Each lease contract includes an initial non-cancellable term of two months to twenty-one years. The subsequent lease renewals can be negotiated with the lessee.

For the years ended December 31, 2021 and 2020, the Company entered into a trust contract with its employees due to participating in the land development project. The Company designated them as the nominees of the land and building ownership registration. In order to ensure the preservation of the Company assets, has registered the property rights in advance, and the ownership certificate is also kept by the company.

For the years ended December 31, 2021 and 2020, details of bank loans and financing guarantees pledged, please refer to Note 8.

(10) Short-term loans / Short-term notes and bills payable

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

	December 31, 2021	December 31, 2020
Secured bank loans	$ 1,155,756	672,070
Short-term notes and bills payable	240,000	-
	$ 1,395,756	**672,070**
Unused credit lines	**$ 1,031,972**	**480,936**
Range of interest rates	**1.85%~3.41%**	**2.05%~3.44%**

For the Company’s pledged assets as secured for bank loans, please refer to Note 8.

(11) Long-term loans

The Company’s Long-term loans details, conditions, and provisions were as follows:

	December 31, 2021			
	Currency	Range of Interest Rates	Maturity	Amount
Secured bank loans	NTD	2.10%~2.75%	111~125	$ 1,195,806
〃	RM	2.15%~3.57%	111~123	135,084
				1,330,890
Less: current portion				(743,249)
Total				**$ 587,641**
Unused credit lines				**$ -**

	December 31, 2020			
	Currency	Range of Interest Rates	Maturity	Amount
Secured bank loans	NTD	1.85%~2.75%	110~112	$ 1,813,945
〃	RM	2.15%~3.57%	111~123	195,523
				2,009,468
Less: current portion				(911,057)
Total				**$ 1,098,411**
Unused credit lines				**$ 102,451**

For the Company's pledged assets as secured for bank loans, please refer to Note 8.

(12) Corporate bonds payable

The details of the Company bonds payable were as follows:

	December 31, 2021	December 31, 2020
Amount in the issuance of domestic ordinary corporate bonds	$ 510,000	560,000
Less: current portion	(260,000)	(300,000)
Ending balance: bonds payable	**$ 250,000**	**260,000**

On June 4, 2021 the Company will issue the first secured ordinary Corporate Bonds in 2021 of NT$250,000 thousand, coupon rate 0.63%, interest payment once a year, issuance period of five years; repayment of the secured ordinary corporate bond issued in June 2016 of NT$300,000 thousand. Another 2020 unissued, repurchased or redemption of bonds. The relevant details are as follows:

Item	The first secured ordinary corporate bonds in 2016
Total Issuance	NT$300,000 thousand
Date of Issue	June 8, 2016
Coupon Rate	1.15%
Issuance Period	June 8, 2016~June 8, 2021
Guarantee Agency	Taiwan Cooperative Bank
Trustee	Jih Sun International Bank, Ltd.
Repayment Method	The Company may repay the principal of the corporate bonds in one lump sum at the expiration of five years from the date of issuance.

Item	The first secured ordinary corporate bonds in 2017
Total Issuance	NT$260,000 thousand
Date of Issue	April 7,2017
Coupon Rate	1.15%
Issuance Period	April 7,2017~April 7,2022
Guarantee Agency	Taiwan Cooperative Bank
Trustee	Jih Sun International Bank, Ltd.
Repayment Method	The Company may repay the principal of the corporate bonds in one lump sum at the expiration of five years from the date of issuance.

Item	The first secured ordinary corporate bonds in 2021
Total Issuance	NT$250,000 thousand
Date of Issue	June 4, 2021
Coupon Rate	0.63%
Issuance Period	June 4, 2021~June 4, 2026
Guarantee Agency	Taiwan Cooperative Bank
Trustee	Jih Sun International Bank, Ltd.
Repayment Method	The Company may repay the principal of the corporate bonds in one lump sum at the expiration of five years from the date of issuance.

(13) Lease liabilities

The carrying amount in the Company's lease liabilities:

	December 31, 2021	December 31, 2020
Current	$ 10,326	10,799
Non-current	$ 86,028	87,635

For maturity analysis, please refer to Note 6(23) - Financial Instruments.

Amounts recognized in profit or loss are as follows:

	2021	2020
Interest expense on lease liabilities	$ 2,577	2,672
Gains on subleasing right-to-use assets	$ 18,760	25,986
Expenses of short-term leased	$ 1,586	1,952
Expenses to low-value leases assets (Low-value leases that do not include short-term leases)	$ -	-

Amounts recognized in the statements of cash flow are as follows:

	2021	2020
Total cash outflow from leases	$ 14,279	14,508

The Company leases land surface rights for a period of fifty years. The Company leases buildings and structures for department store operations for a period of five years. Lease payments for certain contracts are calculated based on changes in local price indices.

The period for some of the Company's leased land, offices, employee dormitories, office equipment and transportation equipment are generally one to three years. These leases are short-term or low-value subject leases. The Company elects to apply for the recognition exemption and does not recognize its related right-of-use assets and lease liabilities.

(14) Operating leases

Lessor leases

The Company leases its investment properties and subsidiary machinery and equipment. These are classified as operating leases as nearly all the risks and rewards of ownership of the underlying assets have not been transferred. Please refer to Note 6(9) Investment Property.

An analysis of matured lease payments based on the total undiscounted lease payments to be received after the reporting date:

	December 31, 2021	December 31, 2020
Under 1 year	$ 106,370	152,365
One to two years	65,358	94,756
Two to three years	42,433	58,515
Three to four years	28,201	41,887
Four to five years	19,103	35,978
More than five years	70,273	182,274
Total undiscounted lease payments	**$ 331,738**	**565,775**

For lease income generated from investment property for 2021 and 2020, please refer to Note 6(19); expenses generated from maintenance and leasing totaled NT$155,040 thousand and NT$159,713 thousand, respectively.

(15) Employee benefits

1. Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value were as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 54,979	56,432
Fair value of plan assets	(67,718)	(66,409)
Net defined benefit net asset	**$ (12,739)**	**(9,977)**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The balance of the Company labor pension reserve account in the Bank of Taiwan amounted to NT$67,718 thousands as of reporting date. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations

The Company's movements in the present value of defined benefit obligations for 2021 and 2020 were as follows:

	2021	2020
Defined benefit obligations on January 1	$ (56,432)	(60,152)
Current service cost and interest	(638)	(1,026)
Net defined benefit liability (asset) remeasurement		
－Actuarial gains and losses from experience adjustments	732	239
－Actuarial gains and losses from changes in demographic assumptions	(65)	-
－Actuarial gains and losses from changes in financial assumptions	1,424	(1,777)
Benefit paid by the plan	-	6,284
Defined benefit obligations on December 31	**$ (54,979)**	**(56,432)**

3) Movements of the fair value of defined benefit plan assets

The Company's movements in the fair value of the defined benefit plan assets for 2021 and 2020 were as follows:

	2021	2020
Fair value of plan assets on January 1	$ 66,409	68,779
Interest revenue	195	476
Net defined benefit liability (asset) remeasurement		
－Return on plan assets (excluding current interest)	1,023	2,332
Contributions paid by the employer	91	1,106
Benefits planned to be paid	-	(6,284)
Fair value of plan assets on December 31	**$ 67,718**	**66,409**

4) Expenses recognized in profit or loss

The Company’s expenses recognized in profit or loss for 2021 and 2020 were as follows:

	2021	2020
Service costs for the period	$ 473	613
Net interest of net liabilities for defined benefit obligations	(30)	(63)
	$ 443	**550**
Construction in progress	$ -	171
Selling expenses	-	281
Administrative expenses	443	98
	$ 443	**550**

5) Actuarial assumptions

The Company's determines the present value of defined benefit obligations at the end of the financial reporting date. The material actuarial assumptions are as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.65%	0.30%
Future salary increase rate	2.00%	2.00%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is NT$0.

The weighted-average lifetime of the defined benefit plan is 7 years.

6) Sensitivity analysis

When December 31, 2021 and 2020 adopting the main actuarial assumptions, the impact on determining the present value of welfare obligations is as follows:

	Defined Benefit Obligation	
	Increased by **0.25%**	Decreased by **0.25%**
Balance on December 31, 2021		
Discount rate (changed of 0.25%)	(995)	1,022
Future salary increase rate (changed of 0.25%)	1,006	(984)
Balance on December 31, 2020		
Discount rate (changed of 0.25%)	(1,120)	1,153
Future salary increase rate (changed of 0.25%)	1,131	(1,104)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

The method and assumption used in the sensitivity analysis is consistent with prior period.

2. Defined contribution plan

The Company allocates 6% of each employee’s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates the labor pension at a specific percentage to the Bureau of the Labor Insurance without additional legal or constructive obligations.

According to the regulations of the Employees’ social Security Act for the defined contribution plan for the Company’s Malaysian branch, a rate of 13% of the employees’ monthly wage is a contribution to the personal account of SOCSO. Under such a plan, after the Company contributes a fixed amount to the Bureau of Labor Insurance, there is no legal or constructive obligation for the Company to pay additional amounts.

For 2021 and 2020, the Company contributed NT$2,812 thousand and NT$2,852 thousand, respectively, to the Bureau of Labor Insurance under the Defined Contribution Pension expense.

(16) Income tax

1. Income tax expense

Details of the Company's income tax expenses for 2021 and 2020 are as follows:

		2021	2020
Current income tax expense			
Incurred during the period	$	17,901	17,706
Adjustment for prior periods		(1,985)	(3,140)
Land value increment tax		20,352	24,001
		36,268	38,567
Deferred income tax expense			
Occurrence and reversal of temporal differences		(780)	777
Income tax expense	**$**	**35,488**	**39,344**

2. A reconciliation of the Company's income tax expenses and net (losses) income before tax for 2021 and 2020 is as follows:

		2021	2020
Net (loss) income before tax	$	81,098	(15,325)
Income tax calculated using the domestic tax rate where the Company operates	$	16,220	(3,065)
Effects on tax rate difference in foreign jurisdictions		8,573	7,925
Non-deductible expenses		9,015	11,732
Tax-free income		(7,947)	(49,782)
Investment gains or losses recognized under the equity method		(9,894)	52,658
Current tax losses on unrecognized deferred income tax assets		3,195	(673)
Changes in unrecognized temporary differences		(10,303)	(13,319)
Early (high) underestimation		(1,985)	(3,140)
Land value increment tax		20,352	24,001
Other		8,262	13,007
Total	**$**	**35,488**	**39,344**

3. Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

For the years ended December 31, 2021 and 2020, no-deferred tax liabilities were recognized for temporary differences associated with investments in subsidiaries as the Company could control the timing of the reversal of the temporary differences and is fairly confident that the temporary differences will not reverse in the foreseeable future. Its relevant amounts are as follows:

	December 31, 2021	December 31, 2020
Taxable temporary differences associated with investments in subsidiaries	**$ 20,050**	**20,478**

2) Unrecognized deferred tax assets

The Company unrecognized deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deferred credit	$ 27,011	27,414
Bad debt disallowance	355,546	368,209
Unrealized Impairment loss on assets	16,624	16,624
Tax losses	115,031	115,031
Other	19,905	19,905
	$ 534,117	**547,183**

Under the ROC tax laws, approved tax losses can be carried forward for 10 years to offset future taxable profits. These assets are not recognized as deferred income tax assets. It is not probable for The Company to have sufficient taxable income in the future to allow for these temporary differences.

As of December 31, 2021, the expiration period for abovementioned unrecognized deferred tax assets of unused tax losses carryforwards were as follows:

Year of Assessment	Unrecognized Deferred Tax Assets	Expiration in Year
2012 (Approved number)	$ 194,198	2022
2013 (Approved number)	177,913	2023
2017 (Approved number)	70,931	2027
2018 (Approved number)	50,779	2028
2019 (Approved number)	81,332	2029
	$ 575,153	

3) Recognized deferred tax assets / liabilities

Changes in deferred tax assets (liabilities) for 2021 and 2020:

	Assets	Liabilities
Balance on January 1, 2021	$ 221	(1,821)
Debit (credit) on income statement	(36)	816
Balance on December 31, 2021	**$ 185**	**(1,005)**
Balance on January 1, 2020	$ 234	(1,057)
Debit (credit) on income statement	(13)	(764)
Balance on December 31, 2020	**$ 221**	**(1,821)**

4. Income tax verification

The Company's income tax returns up to 2019 have been verified by the tax authorities.

(17) Capital and Other equity interests

As of December 31, 2021 and 2020, the Company's authorized common stock consisting of 1,600,000 thousand shares with a par value of 10 New Taiwan dollar per share amounted to NT$16,000,000 thousand of which 387,000 thousand shares were issued. Among these, 86,500 thousand ordinary shares for each year were privately placed. All issued shares were paid up upon issuance.

1. Capital surplus

The Company's balance of capital surplus is as follows:

	December 31, 2021	December 31, 2020
Conversion premium for bonds payable	$ 350,720	350,720
Treasury shares transactions	29,196	19,018
Difference arising from subsidiary's equity	199	199
Other	1,795	1,795
	$ 381,910	**371,732**

As required by the Company Act, the capital surplus must first be used to make up for losses before new shares or cash can be issued to shareholders in proportion to the realized capital surplus. The realized capital surplus referred to in the preceding paragraph includes the proceeds from the share issuance in excess of the par value of the proceeds from donations. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital surplus may be allocated from capital. The total allocation amount each year may not exceed 10% of the paid-in capital.

2. Retention of surplus

In accordance with the Company's Articles of Incorporation, if there are any earnings in the final accounts, income taxes must be paid as required by the law. After previous losses have been made up, 10% of the legal reserve shall be set aside, and according to applicable regulations and competent authorities, distributable earnings are accumulated from the special reserve appropriated or reversed, and the accumulated distributable earnings of the previous year with the distributable earnings of the year.

The company passed the resolution of the shareholders' meeting on June 12, 2020 to amend the company's articles of association, stipulating that the distribution of surplus or loss allowance shall be made after the end of each half year. If there is any surplus in the semi-annual final accounts, it shall be distributed in accordance with the above procedures.

The above-mentioned cumulative distributable surplus shall be distributed by the board of directors. When new shares are issued, it shall be submitted to the shareholders meeting for distribution after a resolution. When cash is issued, it shall be in accordance with Article 240, Item 5 of the Company Law. Authorize the board of directors to distribute with more than two-thirds of the directors present and the resolutions approved by more than half of the present directors, and report to the shareholders meeting.

The distribution of cash and stock dividends shall be limited to 30% to 100%. However, the Company must also take into account the future business and major capital expenditure plans and shall reserve the necessary funds as a priority before the distribution of dividends.

Give the Company is in a mature and stable stage of its corporate life cycle. However, it is in a volatile industrial environment and able to cope with the economy and market changes. The Company adopts a residual dividend policy to distribute cash and stock dividends by taking into account its business plans, profitability and investment capital needs. The cash dividend ratio is limited to no less than 20% of the total cash and dividends distributed in the year. However, when the earnings distributed to shareholders for the year does not exceed NT$1 per share, when the debt ratio exceeds 50%, the earnings may be distributed entirely by stock dividends.

1) Statutory surplus

   Where there is no loss in the Company, the shareholders' meeting may resolve to distribute new shares or cash from the legal reserve. However, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

2) Special reserve

   In accordance with FSC. Certificate. Issue. Tzi No. 1010012865 Letter issued on April 6, 2012, when the Company allocates distributable earnings, the difference between the net decrease in other stockholders' equity and the balance of the special reserve is added to the special reserve from profit or loss for the period and prior period's undistributed retained earnings. The decrease in other shareholders' equity accumulated in prior periods is not distributable from the special reserve from undistributed retained earnings of prior periods. If there is a reversal of the decrease in the amount in other shareholders' equity later, earnings may be distributed accordingly.

   In accordance with FSC. Certificate. Issue. Tzi No. 1010047490 Letter issued on November 21, 2012, the difference between the market value of a subsidiary's shares and the carrying amount in the parent's shares at the end of the period shall not be distributed as a special reserve based on the ratio of the shares being held. If the market price recovers later, the amount may be transferred to a special reserve in proportion to the number of shares being held.

   The annual general meetings held on July 6, 2021 and June 12, 2020 resolved to special reserve appropriated of NT$15,287 thousand and NT$3,698 thousand, respectively, for the motion of earnings distribution for 2020 and offset losses for 2019.

3) Earnings distribution

The annual general meetings held on July 6, 2021 and June 12, 2020 resolved the motion of earnings distribution for 2020 and offset losses for 2019. The amounts of dividends distributed to owners are as follows:

	2020	
	Amount Per Share (Dollars)	Amount
Common stock dividends per share:		
Cash	$ 0.40	**154,800**

3.Treasury shares

The situation of the subsidiary holding the company treasury shares for the years ended December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Number of the Company shares the subsidiaries hold	**25,444**	**25,444**
Carrying amounts	**$ 193,207**	**193,207**
Stock market price	**$ 247,825**	**253,422**

4.Other equity interests

	Exchange Differences Resulting from Translating the Financial Statements of Foreign Operations	Unrealized Gains (Loss) from Investments in Financial Assets Measured at FVTOCI	Total
Balance on January 1, 2021	$ 178,413	609,624	788,037
Exchange differences on foreign operations	25,408	-	25,408
Unrealized gains (loss) from investments in financial assets measured at FVTOCI	-	1,048	1,048
Share of unrealized gains (losses) of financial assets at FVTOCI of subsidiaries using the equity method accounted	-	306	306
Proceeds from disposal of equity instruments measured at FVTOCI	-	(1,051)	(1,051)
Balance on December 31, 2021	**$ 203,821**	**609,927**	**813,748**
Balance on January 1, 2020	$ 162,953	618,594	781,547
Exchange differences on foreign operations	17,512	-	17,512
Translation difference of the Share of profit of subsidiaries accounted for using equity method	(2,052)	-	(2,052)
Unrealized gains from investments in financial assets measured at FVTOCI	-	(13,890)	(13,890)
Share of unrealized gains (losses) of financial assets at FVTOCI of subsidiaries using the equity method accounted	-	4,920	4,920
Balance on December 31, 2020	**$ 178,413**	**609,624**	**788,037**

(18) Earnings (loss) per share

As of 2021 and 2020, the Company basic and diluted earnings (loss)per share are calculated as follows:

	2021	2020
Basic loss "per" share		
Profit (loss) attributable to shareholders of the Company	**$ 45,610**	**(54,669)**
Weighted-average number of outstanding ordinary shares	**361,556**	**361,556**
	$ 0.13	**(0.15)**
Diluted loss per share		
Profit (loss) attributable to shareholders of the Company	**$ 45,610**	**(54,669)**
Weighted-average number of outstanding ordinary shares	361,556	361,556
Weighted-average number of outstanding ordinary shares of potential diluted ordinary shares		
Employee compensation	129	Note
Weighted-average number of outstanding ordinary shares (after adjustment of potential diluted ordinary shares)	**361,685**	**361,556**
	$ 0.13	**(0.15)**

Note: With anti-dilution, it is therefore not included in the calculation of diluted earnings per share.

(19) Revenue from contracts with customers

1. Disaggregation of revenue

	2021			
	Construction Segment	Leasing Segment	Property Management Segment	Total
Primary geographical markets:				
Taiwan	$ 933,337	70,682	9,144	1,013,163
Malaysia	-	-	159,277	159,277
	$ 933,337	**70,682**	**168,421**	**1,172,440**
Major products/services lines:				
Sales of Real Estate	$ 933,104	-	-	933,104
Lease Revenue	-	70,682	159,277	229,959
Other revenue	233	-	9,144	9,377
	$ 933,337	**70,682**	**168,421**	**1,172,440**

	2020			
	Construction Segment	Leasing Segment	Property Management Segment	Total
Primary geographical markets:				
Taiwan	$ 2,169,911	67,205	9,143	2,246,259
Malaysia	-	-	174,158	174,158
	$ 2,169,911	**67,205**	**183,301**	**2,420,417**
Major products/services lines:				
Sales of Real Estate	$ 2,169,669	-	-	2,169,669
Lease Revenue	-	67,205	174,158	241,363
Other revenue	242	-	9,143	9,385
	$ 2,169,911	**67,205**	**183,301**	**2,420,417**

2. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable	$ 29	14,390	368
Accounts receivable	48,601	124,825	90,965
Less: Allowance for losses	(8,697)	(30,065)	(23,182)
	$ 39,933	**109,150**	**68,151**
Contract liabilities－sales of real estate	**$ 188,400**	**450,914**	**773,335**

For details on accounts receivable and allowance for impairment, please refer to note 6(3).

The amount of revenue recognized for the years ended December 31, 2021 and 2020. that was included in the contract liability balance at the beginning of the period were NT$433,019 thousands and NT$569,487 thousands, respectively. Contract liabilities are mainly due to the advance receipts arising from the signing of real estate sales contracts. The company will transfer the revenue when the products are delivered to customers.

The major change in the balance of Contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the years ended December 31, 2021 and 2020.

(20) Costs

Details of the Company costs for 2021 and 2020 are as follows:

	2021	2020
Lease Cost	$ 155,040	159,713
Construction Costs	666,393	1,656,606
Other Operating Costs	51	2,130
Gain From Price Recovery of Inventory	(8,808)	(42,130)
	$ 812,676	**1,776,319**

(21) Remuneration to Employees, Directors and Supervisors

As stipulated in the Company's Articles of Incorporation, 1% to 2% of the annual profit shall be allocated as remuneration to employees. The distribution of remuneration in shares or cash is resolved by the board of directors' meeting, and these employees must be employees of the controlling or subordinate companies who meet certain requirements. No more than 2% of the annual profit shall be allocated in cash as remuneration to directors by resolving the Board of Directors. The motion of distribution of remuneration to employees and directors shall be proposed to the shareholders' meeting.

However, where there are accumulated losses, the Company shall first retain a certain amount before allocating remuneration to Employees, Directors and Supervisors as referred to in the preceding paragraph.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to NT$1,255 thousands and NT$0 and directors' and supervisors' remuneration amounting to NT$1,255 thousands and NT$0, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. Related information would be available at the Market Observation Post System website. The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2021 and 2020.

(22) Non-operating income and expenses

1. Other gains and losses

Details of the Company's other gains and losses for 2021 and 2020 are as follows:

	2021	2020
Foreign currency exchange losses	$ (3,685)	(1,537)
Gains (loss) of disposal of property, plant and equipment	(373)	4,059
Disposal share of profit of associates evaluated accounted for using equity method.	-	48,321
Dividend income	12,981	4,808
Impairment loss of Investment property	-	(6,000)
Other gains and losses	13,196	10,617
	$ 22,119	**60,268**

2. Finance costs

Details of the Company's financial costs for 2021 and 2020 are as follows:

	2021	2020
Interest expense	$ 104,104	130,429
Lease liabilities interest	2,577	2,672
Less: Capitalization of interests	(447)	-
	$ 106,234	**133,101**
Capitalization rate	**1.85%~2.75%**	**-**

(23) Financial Instruments

1. Credit risk

1) Exposure of credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Given the Company has a large customer group and does not have a significant concentration of transactions with a single customer. It has scattered sales regions, there is no concern of the credit risk of accounts receivable being significantly concentrated. In an effort to reduce the credit risk, the Company also assesses the financial situation of its customers regularly. The Company does not usually require customers to provide collaterals.

3) Credit risk of accounts receivable

For the credit risk exposure information on notes receivable and accounts receivable, please refer to Note 6(3). For other financial assets measured at amortized cost, including other receivables, please refer to the allowance for losses for the years ended December 31, 2021 and 2020 at Note 6(4).

Financial assets above are with low credit risk, therefore, allowances for losses are measured based on the expected credit loss amount for 12 months (please refer to Note 4(6) for details of how the Company determines low credit risk).

2. Liquidity risk

The following is a table showing expiration dates of contracts, including estimated interests but excluding the effects on netting agreements.

	Carrying Amounts	Contract Cash Flow	Within 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Balance on December 31, 2021						
Non-derivative finance liabilities						
Floating rate instruments	$ 2,486,646	2,626,288	943,850	951,360	349,313	381,765
Fixed rate instruments	750,000	767,484	505,926	6,750	254,808	-
No interest-bearing liability	891,996	891,996	891,996	-	-	-
Lease liabilities	96,354	113,706	12,332	15,894	10,685	74,795
	$ 4,224,996	**4,399,474**	**2,354,104**	**974,004**	**614,806**	**456,560**
Balance on December 31, 2020						
Non-derivative finance liabilities						
Floating rate instruments	$ 2,681,538	2,806,159	1,425,217	1,281,350	45,939	53,653
Fixed rate instruments	560,000	565,288	304,493	260,795	-	-
No interest-bearing liability	879,684	879,684	879,684	-	-	-
Lease liabilities	98,434	115,833	12,340	16,994	15,266	71,233
	$ 4,219,656	**4,366,964**	**2,621,734**	**1,559,139**	**61,205**	**124,886**

The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

3. Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2021			December 31, 2020		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial Assets						
Monetary Items						
USD	$ 4,070	27.68	112,657	3,980	28.48	113,350
JPY	12,431	0.241	2,996	12,431	0.276	3,431

2) Sensitivity analysis

The Company exchange rate risk is mainly due to foreign-currency-denominated cash and cash equivalents, other receivables and borrowings, which foreign exchange gains and losses arise upon translation. When NTD decreased or increased by 5% against the USD and JPY for the years ended December 31, 2021 and 2020 with all other factors held constant, the net income would have increased or decreased by NT$5,783 thousand and NT$5,839 thousand, respectively. The same basis was used for the analysis for both periods.

3) Exchange gains and losses of monetary items

As the Company deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2021 and 2020, the foreign exchange losses, including both realized and unrealized, amounted to NT$(3,685) thousand and NT$(1,537) thousand, respectively.

4. Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.5%, when reporting to management internally, which also represents the assessment of the Company's management for the reasonably possible interval of interest rate change.

Assuming all other variable factors remaining constant, if the interest rate had increased or decreased by 0.5%, the impact to the Net profit would be as follows for the years ended December 31, 2021 and 2020 would have decreased or increased by NT$9,947 thousand and NT$10,726 thousand, mainly due to the Company floating-rate loans.

5. Other price risk

If there are changes in the prices of equity securities (The same basis was used for the analysis for both periods and other variable factors held constant was assumed), the effect on the comprehensive income items would have been as follows:

	2021		2020	
Prices of Securities at the Reporting Date	Other Comprehensive Income (Loss) (Net of Tax)	Net Income (Loss) (Net of Tax)	Other Comprehensive Income (Loss) (Net of Tax)	Net Income (Loss) (Net of Tax)
Increase 1%	$ 2,949	-	2,949	-
Decrease 1%	$ (2,949)	-	(2,949)	-

6. Fair value information

1) The Company's financial assets measured at FVTOCI are measured at fair value on a recurring basis. The carrying amounts and fair values (including fair value hierarchy information, but information on reasonable approximation of fair value on the carrying amount in financial assets not carried at fair values and lease liabilities are not required to be disclosed by regulations) of all types of financial assets and financial liabilities are listed as follows:

	December 31, 2021				
		Fair Value			
	Carrying Amounts	Level 1	Level 2	Level 3	Total
Financial Assets at FVTOCI	$ 294,151	69,264	-	224,887	294,151

	December 31, 2020				
		Fair Value			
	Carrying Amounts	Level 1	Level 2	Level 3	Total
Financial Assets at FVTOCI	$ 294,916	76,080	-	218,836	294,916

2) Valuation techniques for financial instruments not measured at fair value

The Company’s valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

2.1) Financial assets measured at amortized cost (debt investment that has no active markets) and financial liabilities measured at amortized cost.

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

3.1) Non-derivative financial instruments

If a quoted price is in an active market for a financial instrument, the quoted price is used as the fair value in an active market. Market prices announced by major exchanges and popular bonds judged by the TPEx are the basis for the fair value of listed equity instruments and debt instruments with active market quotations.

If quotations of financial instruments are regularly obtained from an exchange, broker, underwriter, industry association, pricing service or competent authority in a timely manner, and the prices represent actual and frequent fair market transactions. Such financial instruments have an active market for quotations. If the above criteria are not met, the market is deemed inactive. Generally, a large bid-ask spread, a significant increase in the bid-ask spread, or a low trading volume are all indicators of an inactive market.

If the financial instrument held by the Company has an active market (TWSE or TPEx listed companies whose financial assets have standard terms and conditions that are traded in an active market), its fair value is determined by taking reference from quoted market prices.

Except for the aforementioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by taking reference from quoted prices of counter-parties. A fair value obtained through a valuation technique may be calculated by taking reference from the current fair value of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method or other valuation techniques, including model calculations based on market information available at the reporting date (e. g. TEPx's yield curves and Reuters' average quotations for the rate of promissory notes).

If the financial instrument held by the Company has no active markets, their types and characteristics are listed as follows:

- Equity instruments without quoted prices: The fair value is estimated using a discounted cash flow model. The main assumption is measured by discounting the expected future cash flows of the investee at a return rate to reflect the time value of money and investment risk.
- Equity instruments without quoted prices: The fair value is estimated using the market comparable company method. The main assumption is measured by the estimated earnings before interest, depreciation and amortization of the investees and the earnings multiplier derived from the quoted market prices of comparable listed (OTC) companies. These estimates have been adjusted for the discount effect of the lack of marketability of the equity securities.

4) Any transfers between Level 1 and Level 2: None.

5) Details of changes in Level 3

	Unquoted Equity Instruments Measured at FVTOCI
Balance on January 1, 2021	$ 218,836
Total profit (losses) recognized	
Recognized in other comprehensive income	6,051
Balance on December 31, 2021	**$ 224,887**
Balance on January 1, 2020	$ 216,646
Total profit (losses) recognized	
Recognized in other comprehensive income	2,190
Balance on December 31, 2020	**$ 218,836**

The above stated total gains or losses are reported in "Unrealized valuation gains (losses) on financial assets at FVTOCI. "Among these, assets still being held in 2021 and 2020 by:

	2021	2020
Total profit (losses) recognized		
Recognized in other comprehensive income (reported in “Unrealized gain (loss) on valuation of financial assets measured at FVTOCI”)	$ 6,051	2,190

6) Quantitative information on fair value measurements using significant unobservable inputs (Level 3)

The fair value measurements of the Company are classified as Level 3. It mainly includes financial assets measured at FVTOCI - equity securities investment.

Most of the Company’s fair values are classified as Level 3 with one significant unobservable input. Only investments in equity instruments without an active market have more than one significant unobservable inputs. Significant unobservable inputs to investments in equity instruments without an active market are not correlated with each other as they are independent of each other.

The quantified information for significant unobservable inputs was as follows:

Item	Valuation Technique	Significant Unobservable Inputs	Inter-Relationships Between Significant Unobservable Inputs and Fair Value
Financial Assets at FVTOCI－Equity Investment Without an Active Market	Discounted Cash Flow Method	• Long-term revenue growth rate (both at 5% for the years ended December 31, 2021 and 2020) • Weighted average cost of funds rate (at 6.90% for the year ended 2021 and 7.23% for the year ended 2020) • Lack-of-Marketability discount rate (both at 7% for the years ended December 31, 2021 and 2020)	• The higher the weighted average cost of capital, minority interest discounts and lack of marketability discounts, the lower the fair value • The higher the long-term revenue growth rate, the higher the fair value
Financial Assets at FVTOCI－Equity Investment Without an Active Market	Net Assets Value Method	• Net Assets value	• The higher the Net Assets value, the higher the Fair value

7) Sensitivity analysis for fair value of financial instruments using level 3 inputs

The Company's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters changed, the impact on other comprehensive income or loss are as follows:

	Inputs	Move Up or Down	Other Comprehensive Income	
			Favorable Change	Unfavorable Change
Balance on December 31, 2021				
Financial Assets at FVTOCI				
Equity investments without an active market	Liquidity Discount	1%	2,289	(2,289)
Balance on December 31, 2020				
Financial Assets at FVTOCI				
Equity investments without an active market	Liquidity Discount	1%	2,286	(2,286)

The favorable and unfavorable changes reflect the movement of the fair value, in which the fair value is calculated by using the different unobservable inputs in the valuation technique. The table above shows the effects of one unobservable input, without considering the inter-relationships with another unobservable input for financial instrument, if there are one or more unobservable inputs.

(24) Financial risk management

1. Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management of the Company. For detailed information, please refer to the related notes of each risk.

2. Risk management structure

The board of directors takes full responsibility in setting up and supervising the Company's risk management structure. The board of directors has given full authority to the management to develop and control the Company's risk management policy. The management regularly reports its operations to the board of directors.

The Company's risk management policy's establishment is to identify and analyze the risks faced by the Company and to further set appropriate risk limits and controls while monitoring compliance with risks and risk limits. The risk management policy and system are reviewed regularly to reflect changes in market conditions and Company's operations. Through training, management guidelines and operating procedures, the Company has developed a disciplined and constructive control environment so that all employees understand their roles and obligations.

The Company's audit committee monitors how management monitors compliance with the Company's risk management policy and procedures while also reviewing the appropriateness of related risk management structure for the Company's risks. Internal auditors assist the Company's audit committee in playing the monitoring role. These internal auditors perform regular and unscheduled reviews on risk management controls and procedures which also report the results to the board of directors and the audit committee.

3. Credit risk

Credit risk arises if a customer or other counterparty to a financial instrument fails to meet its contractual obligations. It arises mainly from accounts receivable from customers from the Company's operating activities and bank deposits and other financial instruments arising from investment activities. Operational credit risk and financial credit risk are managed separately.

1) Accounts receivable and other receivables

The Company's internal control system has established a credit policy. According to the policy, the Company must analyze each new customer's credit rating individually before granting the standard payment and delivery terms and conditions. The Company's review and control mechanism include historic customer transactions, external rating bank's notes. A procurement limit is established on a customer-by-customer basis, representing the maximum uncollected amounts not subject to management approval. This limit is reviewed regularly.

Given the Company has a large customer group and does not have a significant concentration of transactions with a single customer. It has scattered sales regions, there is no concern of the credit risk of accounts receivable being significantly concentrated. Also, the Company is engaged in the development and sale of properties to general individuals, and payments are primarily made by remittances, notes and bank financing, so the related credit risk is considerably low.

Additionally, the Company's construction projects are carried out based on the operating measures of company construction projects. Construction counter-parties the Company constructs out to have a sound reputation with their construction capacities meeting the regulations; therefore, the Company is able to fully grasp the quality and progress of the construction project. Other receivables are mainly landlords and related parties and are assessed to be repayable by the debtors; therefore, the Company has no significant credit risk in other receivables.

2) Financial credit risk

The credit risk of bank deposits, fixed-income investments and other financial instruments are measured and supervised by the Company's Finance Department. There are no major performance concerns as the counter-parties and the performing parties of the Company are banks and financial institutions, corporative organizations and government agencies with investment grade or above, so there are no major credit risks.

3) Guarantee

The Company's policy stipulates that it can only provide financial guarantees to subsidiaries with at least 50% ownership with a certain amount set out. As of the years ended December 31, 2021 and 2020, the Company provided no endorsements/guarantees.

4. Liquidity risk

The Company's liquidity risk is that it is unable to deliver cash or other financial assets to settle financial liabilities and unable to perform related obligations. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The remaining contractual maturity analysis of the Company's financial liabilities during the agreed repayment period is prepared based on the earliest possible date on which the Company could be required to repay its financial liabilities and the undiscounted cash flows of the equivalent interest.

The Company's liquidity risk management does not consider the repayment of financial liabilities using investments in equity instruments. The number of floating-rate instruments for the above financial assets and liabilities may change due to the floating rate and the reporting period's end. In addition, the Company's unused borrowings for the years ended December 31, 2021 and 2020 were NT$1,031,972 thousand and NT$583,387 thousand, respectively.

5. Market risk

Market risk affects the Company's earnings or the value of financial instruments due to changes in market prices, such as changes in exchange rates, interest rates, and prices of equity instruments. The objective of market risk management is to manage market risk to a tolerable level and to optimize investment returns.

1) Exchange rate risk

The Company is exposed to exchange rate risk arising from bank deposits that are not denominated in the functional currency of the Company. However, based on conservative and prudent principles, the Company does not use hedging instruments to hedge exchange rate risk.

The cash inflows and outflows of subsidiaries have a natural hedging effect.

For the sensitivity analysis of foreign currency exchange rate risks, please refer to Note 6(23).

2) Interest rate risk

The Company's policy is to review and control the optimal interest rate portfolios of financial liabilities by management to control the risk of interest rate fluctuations of the Company's finances.

The Company's interest rate risk mainly comes from its floating-rate loans. The Company assesses that the interest rate level in the environment where it operates has been stable in recent years and should not cause significant interest rate risks.

For the sensitivity analysis of interest rate risk, please refer to Note 6(23).

3) Other market price risk

The Company holds equity securities investments that generate equity price risk. The equity investment is not held for trading but is a strategic investment. The Company is not actively trading these investments, so they should not lead to a significant market rise.

For the sensitivity analysis of the price of equity instruments, please refer to Note 6(23).

(25) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-capital ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The Company's capital management strategy for 2021 and 2020 was consistent. By being consistent, it means maintaining a certain debt-to-capital ratio, ensuring that financing was available at a reasonable cost. The debt-to-capital ratios for the years ended December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 4,457,141	4,727,157
Less: Cash and cash equivalents	(520,460)	(609,418)
Net liabilities	3,936,681	4,117,739
Total equity	6,736,092	6,802,501
Capital after adjustment	**$ 10,672,773**	**10,920,240**
Debt-to-equity ratio	**37%**	**38%**

(26) Fund-raising Activities for Non-cash Transactions

Details of the Company's non-cash transaction financing activities for 2021 and 2020 are as follows:

1. Acquire right-of-use assets through leases, please refer to Note 6(8).

2. A reconciliation of liabilities from financing activities are as follows:

	January 1, 2021	Cash Flow	Non-Cash Changes: Exchange Rate Changes	Non-Cash Changes: Other	December 31, 2021
Lease liabilities	**$ 98,434**	**(10,116)**	**(988)**	**9,024**	**96,354**

	January 1, 2020	Cash Flow	Non-Cash Changes: Exchange Rate Changes	Non-Cash Changes: Other	December 31, 2020
Lease liabilities	**$ 129,689**	**(9,884)**	**(736)**	**(20,635)**	**98,434**

7. Related-Party Transactions

(1) Names and relationship with related parties

The following are entities that have had transactions with the Company's subsidiaries and related-party during the periods covered in the parent company only financial statements.

Name of the Related-Party	Relationship with the Company
Hong Kong Pacific Construction Co., Ltd.	Company's subsidiaries
Tai-Tou Construction Co., Ltd.	Company's subsidiaries
Chun-Tse Asset Management Co., Ltd.	Company’s Sub-subsidiaries
Pacific Realtor Co., Ltd.	Company's subsidiaries
Pacific Department Stores Co., Ltd.	Company’s subsidiaries
Tai-Fu Recreation Co., Ltd.	Associates of the Company’s (Note 2)
Pacific Freshlife Industrial Company Limited	Company’s subsidiaries (Liquidation has been completed in June 2020)
Pacific Holdings	Company’s subsidiaries
Beijing Tai-Kong Consulting Services Co., Ltd.	Company’s Sub-subsidiaries
Beijing Tai-Yun Building Co., Ltd.	Associates of the Company’s
Pacific 88 Co., Ltd.	Associates of the Company’s
Pacific Er-Ben Management Co., Ltd.	Corporate Representative Director of the company’s
Xinnong Investment Co., Ltd.	The company’s directors are the same as the Company’s directors (Note 1)
Zhong-Yi Construction Unlimited Company.	Substantial Related-Party of the Company’s
Pacific Geotechnical Engineering Co., Ltd.	Substantial Related-Party of the Company’s
Fu-Lai Asset Management Co., Ltd.	Substantial Related-Party of the Company’s
Pacific International Villay Co., Ltd.	Substantial Related-Party of the Company’s (Note 3)

Note 1: Formerly known as Xinglong Investment Co., Ltd.

Note 2: The company and its subsidiaries will sell all equity in June 2020, and will not be included in related parties.

Note 3: The Company’s legal representative was a director of the company who left the position on July 16, 2020.

(2) Significant transactions with related parties

1. Operating income

The Company's significant sales to related parties are as follows:

	Sales	
Name of the Related-Party	**2021**	**2020**
Subsidiaries (include Sub-subsidiary)	$ 11,167	5,418
Other Related-Party	244	213
Total	**$ 11,411**	**5,631**

Transaction prices are set based on the agreement of both parties; the collection terms are based on the contractual agreements, same as general transactions.

2. Accounts receivables related-party

	Other Receivables Related-Party	
Name of the Related-Party	**December 31, 2021**	**December 31, 2020**
Subsidiaries：		
Pacific Holdings	$ 50,889	46,235
Beijing Tai-Kong Consulting Services Co., Ltd.	11	10
Associates：		
Beijing Tai-Yun Building Co., Ltd.	150	150
	$ 51,050	**46,395**

Note: The aforesaid payment is the return of capital reduction and advances on behalf of the company.

3. Accounts payables related-party

	Other Payables Related-Party	
Name of the Related-Party	**December 31, 2021**	**December 31, 2020**
Subsidiaries	**$ 2**	**3,255**

4. Prepayments / Incremental costs to obtaining a contract

1) The Company purchased club membership cards NT$391,428 thousand, from Tai-Fu Entertainment Co., Ltd. to give to house buyers in various districts of Fei Cui Bay as a complimentary gift, and a full valuation allowance was provided; however, in June 2020, the Company sold all the shares of Tai-Fu Entertainment Co., Ltd., which will not be included in related-party transactions.

2) The company signs an entrusted sales agreement with a subsidiary, and pays the sales service fee of the subsidiary. As of December 31, 2021 and 2020, the incremental cost of obtaining the contract is accounted for NT$32,396 thousand and NT$47,231 thousand, respectively.

The terms of the above related party transactions are not significantly different from ordinary vendors.

5. Property transactions

The company sold the premises of the Pacific Commercial Building to its subsidiaries in 2006. The sale price was NT$38,159 thousand. All the related sales payments have been collected. Therefore, the unrealized interest generated by the transaction is NT$27,339 thousand and is classified as Deferred credit. The realized benefits in 2021and 2020 are both NT$217 thousand, and the balance of unrealized deferred sales benefits on December 31, 2021 and 2020 are NT$24,084 thousand and 24,301 thousand, respectively.

6. Other

1) On December 31, 2021 and 2020, the company trusts some of its subsidiary stocks to its subsidiaries.

2) On December 31, 2021 and 2020, the company trusts part of its Lihe Section in Xinyi District land to Company's Sub-subsidiaries.

3) The company signed a management service contract with Company's Sub-subsidiaries in 2020 and will pay NT$9,143 thousand and NT$3,429 thousand in accordance with the agreement in 2021 and 20, respectively.

(3) Key management personnel transactions

Remuneration to key management personnel includes:

		2021	2020
Short-term employee benefits	$	12,144	12,184
Post-employment benefits		182	300
	$	**12,326**	**12,484**

8. Pledged Assets

The carrying amount in the assets pledged as collateral by the Company is as follows:

Asset Name	Pledge Subject	December 31, 2021	December 31, 2020
Buildings and land held for sale	Long-term, Short-term loans	$ 761,025	691,503
Construction land	Long-term, Short-term loans and construction performance guarantee	948,199	1,102,952
Construction in progress	Long-term, Short-term loans	1,839,917	1,669,708
Other financial assets - current and non-current	Long-term, Short-term loans , Corporate bonds payable and construction performance guarantee	386,990	235,601
Long-term investments accounted for using equity method	Long-term, Short-term loans	593,134	582,881
Non-current financial assets at FVTOCI	Long-term loans	52,986	52,938
Property, plant and equipment	Long-term, Short-term loans	112,970	73,720
Right-to-use assets	Long-term loans	82,613	77,310
Investment property, net	Long-term, Short-term loans	1,776,856	1,874,305
Total		**$ 6,554,690**	**6,360,918**

9. Commitments and Contingencies

(1) Material unrecognized contractual commitments:

1. For the years ended December 31, 2021 and 2020, the total purchase and sales contracts entered into between the Company and its customers for the pre-sale projects, residual housing, land held for construction and amounts received in accordance with the contracts are as follows:

	December 31, 2021	December 31, 2020
Total contract price	**$ 1,336,100**	**1,328,933**
Amounts received	**$ 182,156**	**408,461**

2. For the years ended December 31, 2021 and 2020, the details of amounts of land purchase contracts entered into by the Company and the amounts paid in accordance with the contracts and the allowance for losses listed are as follows:

	December 31, 2021	December 31, 2020
Total purchase contract price	**$ 3,651,026**	**3,651,026**
Price paid	**$ 677,834**	**681,612**
Allowance for losses	**$ 677,414**	**677,414**

The above allowance for loss failed due to the delay in completing the transfer process of the land purchase transactions. The Company has resorted to legal proceedings and urged the counterparty of the contract to negotiate the follow-up performance of the contracts as soon as possible.

3. Details of the deposit guarantee notes submitted by the company are as follows:

	December 31, 2021	December 31, 2020
Borrowings and issuance of commercial promissory notes	$ 1,451,162	1,454,750
Performance bond under engineering for bank	381,780	381,780
Contracting project	69,000	69,000
Other	806,750	806,750
Total	**$ 2,708,692**	**2,712,280**

4. The Company paid the joint construction deposit to the construction entity as the Company entered into the joint construction:

	December 31, 2021	December 31, 2020
Engineering and joint construction deposit	**$ 17,419**	**11,104**

(2) Other:

1. Claimed by the Securities and Futures Investors Protection Center (the "SFIPC"): It was alleged that the term Chang, Min-Chiang was appointed as a corporate director of Pacific Electric Wire & Cable Co., Ltd. (Pacific Electric Wire & Cable) by Pacific Construction Co., Ltd. , it was passed or recognized that 6 persons including Hu, Hung-Chiu prepared inaccurate financial statements from 1999 to 2002 which resulted in the authorized persons (investors of Pacific Electric Wire & Cable) of the SFIPC suffering damages for believing the financial statements prepared by Pacific Electric Wire & Cable and bought shares. According to regulations associated with the Securities and Exchange Act, Pacific Construction Co., Ltd. and Chang, Min-Chiang shall be liable for damages caused to authorized persons of the SFIPC (investors of Pacific Electric Wire & Cable). On July 18, 2017, the Company reached a settlement agreement with the SFIPC. The Company was willing to pay NT$34,500,000 as compensation. It was

agreed that the Company was to complete the payment within 40 months. While entering into the settlement agreement, the Company provided 2,400,000 shares in installments as a guarantee for the settlement amount to Taiwan High Speed Rail Corporation. The Taiwan high-speed rail stocks that provided guarantees in January 2020 have been released from the pledge, and the case has ended.

2. Directors that were formally assigned to the subsidiary - Pacific Holdings by the Company was suspected of failing to fulfill their loyalty obligation and duty of care, which resulted in borrowing and equity disputes between shareholders of the subsidiary and the investment company - Beijing Tai-Yun. These directors were also suspected of receiving disproportionate director's remuneration from other associates. As a result, the Company resolved to file a criminal complaint against the above directors and related personnel by the board of directors' meeting held on October 13, 2018.

The criminal case is currently under investigation by the Taipei District Attorney's Office and has been referred to the Bureau of Investigation of the Ministry of Justice. Based on the principle of non-disclosure of the investigation, the attorney thinks it is difficult to predict the litigation outcome at this time. However, as the case is not a pecuniary damage case, and if the Company receives an unfavorable judgment or chooses not to prosecute the case, there should not be any pecuniary loss yet.

10. Losses Due to Major Disasters: None.

11. Subsequent Events

The company passed the resolution of the board of directors on March 10, 2022 to issue domestic guaranteed ordinary corporate bonds. The issue amount is NT$230,000 thousand, each with a par value of NT$1,000 thousand. The issuance period is five years in total and the coupon rate is 0.85%.

12. Other

(1) Summary of employee benefits, depreciation, depletion and amortization expenses is as follows:

Function / Nature	2021			2020		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefit expense						
Salary expense	14,918	77,838	92,756	18,010	74,947	92,957
Labor and health expense	918	6,118	7,036	1,308	5,362	6,670
Pension expense	451	2,804	3,255	629	2,773	3,402
Remuneration of Directors	-	2,945	2,945	-	1,328	1,328
Other Employee benefit expense	986	6,984	7,970	979	7,900	8,879
Depreciation expense	93,717	7,519	101,236	87,349	12,204	99,553
Depletion expense	-	-	-	-	-	-
Amortization expense	-	480	480	-	356	356

Additional information of employee head counts and benefit expenses for the years ended on December 31, 2021 and 2020 were as follows:

	2021	2020
Number of employees	162	145
Number of directors (non-employee)	7	7
Average employee benefit expense	$ 716	811
Average employee Salary expense	$ 598	674
Percentage of average employee Salary expense	(11.28)%	11.59%
Remuneration of Supervisor's	$ -	-

The company's salary and remuneration policies (including directors, supervisors, managers and employees) are as follows:

1. Director:

Directors' remuneration is in accordance with the company's articles of association and is processed after the approval of the board of directors and a report by the shareholders meeting. The actual payment must be recommended by the remuneration committee and submitted to the board for approval before implementation.

2. Managers and employees:

Company managers and Employee compensation are handled in accordance with personnel management regulations, which are divided into maintenance salary and incentive salary. Maintenance salary is regular payment, and incentive salary is based on dividends/year-end bonuses. It depends on the company's operating conditions and employees. Flexible payment for assessment results. The actual amount paid by the manager must be recommended by the Salary and Compensation Committee and submitted to the board of directors for approval before it can be implemented.

(2) Subsidiary of the company - Pacific Holdings, will be sold at an appropriate time after assessing its holdings in an affiliated company that is evaluated by the equity method in 2020, Beijing Tai-Yun Building Co., Ltd. and will be reclassified as Under "Non-current assets to be sold". In addition, after assessing the recoverability of the company's other receivables, as of December 31, 2020 the company has set aside allowance for losses of USD 29,962 thousand.

13. Notes to Disclosures

A. Information on Significant Transactions

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, information associated with significant transactions shall be disclosed by the Company for the years ended December 31, 2021 and 2020:

1. Loaning of fund to other parties:

(In Thousands of New Taiwan Dollars)

No.	Companies That Lend Funds	Lending Object	Accounting Title	Whether or not a Related-Party	Highest Amount for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate Range	Nature for Financing	Business Transaction Amount	Reasons for Short-Term Financing	Allowance for Losses Amount	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Name	Value		
0	Pacific Construction Co., Ltd.	Pacific Holdings	Other receivables	Yes	30,000	30,000	17,144	- %	2	-	Operational turnaround	-	None	-	673,609	2,694,437
2	Pacific Holdings	Beijing Tai-Yun Building Co., Ltd.	Long-Term Receivables	Yes	854,972	829,354	829,354	5.50%	2	-	Operational turnaround	829,354	None	-	29,504	118,015
6	Pacific Department Stores Co., Ltd.	United Pacific Multimedia Co., Ltd.	Other receivables	No	171,400	-	-	- %	1	-	-	-	None	-	673,609	2,694,437

Note 1: Ceiling of loans are as follows:

(1) The aggregate amount in loans lent by a subsidiary shall not exceed 40% of the Company's equity attributable to the parent.

(2) The restriction shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, nor to loans of a fund to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares. The aggregate amount in such loans to a single borrower shall not exceed 10% of the Company's most recent net worth of the financial statements or NT$30 million.

Note 2: The Company's net worth mentioned above is based on the most recent review report audited by CPAs. Pacific Holdings uses the company's self-closing statement to calculate its net value.

Note 3: Description of the nature of loaning of funds

(1) Fill in "1" for a company with which it does business.

(2) Fill in "2" for those in need of short-term financing.

Note 4: The receivables were generated from operating activities and not from the loaning of funds. However, in accordance with ARDF's letter No. 167 issued on July 9, 2004, the receivables from related parties were reclassified as other receivables - related parties for credit period exceeding the credit period of the accounts of non-relate parties.

Note 5: Improvement plans to address loaning parties not meeting criteria or the balance exceeding the limit due changes have been set out and approved by the board of directors and shall be handled in accordance with the regulations of the competent authorities.

Note 6: Due to the change in the repayment plan proposed by Beijing Tai-Yun to Hong Kong Tai-Kong, in order to protect the interests of the company, the interest calculation and term agreement with Beijing Tai-Yun are still under negotiation. However, based on conservative and prudent principles, the amount may be recognized as interest income upon actual collection.

2. Providing endorsements/guarantees to other parties: None.

3. Marketable securities (excluding equity investments in subsidiaries, associates, and joint ventures) held at the reporting date:

(In Thousands of New Taiwan Dollars)

Held By	Types and Names of Securities	Relationship with the Securities Issuer	Account Titles in Book	End of the Period				Remark
				Shares (Thousand Shares)	Carrying Amount	Shareholding Ratio	Fair Value (Note 1)	
Pacific Construction Co., Ltd.	Taiwan High Speed Rail Corporation.	None	Non-current financial assets at FVTOCI	2,340	69,264	0.04%	69,264	
〃	Xin-Ye-Yong Development Co., Ltd.	Investment businesses valuated by fair values	〃	2	-	18.17%	-	
〃	Pacific Resources Corporation.	〃	〃	4,495	11,940	4.39%	11,940	
〃	Pacific SOGO Department Store Co., Ltd.	〃	〃	9,519	212,947	1.15%	212,947	Pledge of 2,369,000 shares
Pacific Department Stores Co., Ltd.	stock - Pacific Construction Co., Ltd.	The Company's parent	〃	24,836	217,798	6.42%	217,798	
〃	stock - Taiwan High Speed Rail Corporation.	None	〃	2,000	59,200	0.04%	59,200	
〃	stock - Pacific SOGO Department Store Co., Ltd.	Investment businesses valuated by fair values	〃	85,031	1,902,151	10.27%	1,902,151	
〃	stock - SOGO Department Stores Co., Ltd.	〃	〃	2,542	-	12.08%	-	
〃	stock - Pacific Life Development Co., Ltd.	〃	〃	505	-	3.30%	-	
〃	VCOOL Inc.	〃	〃	27	991	0.27%	991	
Pacific Realtor Co., Ltd.	stock - Pacific Construction Co., Ltd.	The Company's parent	〃	608	5,921	0.16%	5,921	
〃	stock - Hong Kong Xian-Hui Company.	Investment businesses valuated by fair values	〃	5,700	-	10.00%	-	
〃	stock - Mi-Jia-Le Construction Co., Ltd.	〃	〃	2,000	-	8.58%	-	
〃	stock - Rakuya International Info. Co. Ltd.	〃	〃	782	8,255	6.82%	8,255	
Tai-Tou Construction Co., Ltd.	stock - GOOD TV Broadcasting Corp.	〃	〃	1,500	15,954	17.65%	15,954	
〃	stock - Mi-Jia-Le Construction Co., Ltd.	〃	〃	1,213	-	5.21%	-	

Note 1: Non-current financial assets at FVTOCI are disclosed at the closing price of the open market, the most recent audited net financial statements or appraisal report.

4. Marketable securities for which the accumulated purchase or sale amounts for the period exceed NT$ 300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate at costs exceeding NT$ 300 million or 20% of the paid-in capital: None.
6. Disposal of real estate at prices exceeding NT$ 300 million or 20% of the paid-in capital: None.
7. Receivables from related parties with amounts exceeding NTD 100 million or 20% of the paid-in capital: None.
8. Receivables from related parties with amounts exceeding NT$ 100 million or 20% of the paid-in capital:

(In Thousands of New Taiwan Dollars)

Companies with Accounts Receivable	Counterparty Name	Relationship	Balance of Receivables from Related-Parties	Turnover Rate	Amounts Due from Related Parties		Receivables Amount Collected from Related-Parties Subsequently	Provision Allowance for Loss
					Amount	Processing Method		
Pacific Holdings	Beijing Tai-Yun Building Co., Ltd.	The company is the company's pending-sale equity investment.	829,354	-%	829,354	A letter was sent to Tai-Yun to provide a new repayment plan to be discussed.	-	(829,354)

9. Engaging in the trading in derivative instruments: None.

B. Information on Investees (excluding investments in China)

Information on the Company's investees for 2021 is as follows:

(In Thousands of New Taiwan Dollars)

Name of Investor	Name of Investee	Location	Principal Business	Sum of Initial Investment		Held at the End of Period			Net Income (Losses) of Investee	Share of Profits/ Losses of Investee	Remark
				End of the Period	End of the Previous Year	Shares	Ratio	Carrying Amounts			
Pacific Construction Co., Ltd.	Pacific Realtor Co., Ltd.	Taiwan	Introduction of housing leases and sales, etc.	46,506	46,506	7,275	48.50%	(14,795)	12,195	3,935	
〃	Pacific Department Stores Co., Ltd.	〃	Building lease and sales, supermarket operation, department store import and export, etc.	1,007,361	1,007,361	99,176	48.45%	1,606,010	111,909	44,289	Note 1
〃	Pacific Holdings	HK	Investments, Trading	162,470	162,470	343,858	100.00%	296,732	(2,117)	(2,117)	
〃	Hong Kong Pacific Construction Co., Ltd.	〃	Construction projects, or acts as an agency for civil engineering, construction, plumbing, electrical and air-conditioning, and decoration projects, etc.	34,016	34,016	8,163	100.00%	2	(24)	(24)	

Name of Investor	Name of Investee	Location	Principal Business	Sum of Initial Investment		Held at the End of Period			Net Income (Losses) of Investee	Share of Profits/ Losses of Investee	Remark
				End of the Period	End of the Previous Year	Shares	Ratio	Carrying Amounts			
〃	Tai-Tou Construction Co., Ltd.	Taiwan	Investment	210,000	210,000	22,600	100.00%	224,272	579	3,385	
Tai-Tou Construction Co., Ltd.	Chun-Tse Asset Management Co., Ltd.	〃	Management Consulting Services, General Hotel Industry	180,000	180,000	18,000	100.00%	184,346	3,680	3,680	
Pacific Department Stores Co., Ltd.	Pacific 88 Co., Ltd.	〃	Wholesale, Retail and trading of restaurant business, Daily essential and department stores	8,459	8,459	846	48.98%	-	-	-	Investees accounted for using equity method

Note 1: Among these, 36,628 thousand shares were pledged as collateral for bank loans.

C. Information on Investments in Mainland China:

1. Information on investments in Mainland China:

Unit: NT$ thousand / USD thousand

Name of the Investment in China	Principal Item	Paid-In Shares Capital	Investment Method	Opening Cumulative Balance of Investment Capital Invested from Taiwan	Investment Capital Transferred or Recovered During the Current Period		Closing Cumulative Balance of Investment Capital Invested from Taiwan	Net Income (Losses) of Investee	The Company's Directly or Indirectly Invested Shareholding	Share of Profits/ Losses of Investee	Carrying Value of Investments at the End of the Period	Investment Income Remitted as of the End of the Year
					Outward Remittance	Recovered						
Beijing Tai-Yun Building Co., Ltd.	Wholesale and retail commercial facilities within the planning area of development, construction, sales and leases	332,160 (USD12,000) (Note 2)	Note 1	157,776 (USD5,700) (Note 2)	-	-	157,776 (USD5,700) (Note 2)	-	47.50%	-	928,622 (Note 4)	-
Beijing Tai-Kong Consulting Services Co., Ltd.	Business management consulting	415 (USD15) (Note 2)	Note 1	415 (USD15) (Note 2)	-	-	415 (USD15) (Note 2)	(29)	100.00%	(29)	384 (Note 5)	-

Note 1: Invested in China through a company in a third region.

Note 2: The actual amount in the original currency of investment multiplied by the closing exchange rate.

Note 3: The investment income recognized this for the period was based on the financial statements audited by CPAs of an international accounting firm with a cooperative relationship with the Taiwanese accounting firm.

Note 4: It was transferred to the non-current assets for sale under the item of non-current assets on December 15, 2020.

2. Limit for investing in China

Cumulative Investment Outflow from Taiwan as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
USD 6,966	USD 6,966	4,041,655

Note 3: Limit calculation: Net equity for the period × 60% = NTD6,736,092 thousand × 60% = NTD4,041,655 thousand.

Note 4: Shanghai Pacific Construction Co., Ltd. was liquidated on June 21, 2009. The liquidation balance was remitted to Pacific Construction Co., Ltd. and not yet remitted to Taiwan. As a result, the investment amount was not approved by the MOEAIC, less the capital of USD1,251 thousand.

3. Information on Significant Transactions: None.

D. Information of Main Shareholders:

Shares Name of Main Shareholders	Holding of Shares	Shares Ratio
Chuang Mei Investment Co., Ltd.	35,522,000	9.17%
Pacific Department Stores Co., Ltd.	24,836,139	6.42%
Fong Fu International Development Co., Ltd.	20,999,771	5.43%

14. Segment Information

Please refer to the Consolidated Financial Statements for the year ended on December 31, 2021.

VI. Whether the company and its affiliated companies have had financial difficulties in the most recent year and as of the publication date of the annual report: None.

VII. Review and Analysis of Financial Status and Performance and Risk Management

1. Analysis of Financial Status

(1) Comparison and Analysis of consolidated financial Status

Unit：NT$ thousand

Item \ Year	2020 Amount	2021 Amount	Discretion	
			Amount	%
Current assets	8,351,106	7,914,857	(436,249)	(5.22)
Non-Current assets	6,146,525	6,125,692	(20,833)	(0.34)
Total Assets	14,497,631	14,040,549	(457,082)	(3.15)
Current liabilities	4,147,464	4,373,509	226,045	5.45
Non-Current liabilities	1,733,037	1,083,722	(649,315)	(37.47)
Total liabilities	5,880,501	5,457,231	(423,270)	(7.20)
Ordinary share	3,870,000	3,870,000	0	0
Capital surplus	371,732	381,910	10,178	2.74
Retained earnings	1,965,939	1,863,641	(102,298)	(5.20)
Other equity	788,037	813,748	25,711	3.26
Treasury shares	(193,207)	(193,207)	0	0
Non-controlling Interest	1,814,629	1,847,226	32,597	1.80
Total equity	8,617,130	8,583,318	(33,812)	(0.39)

1. The data in the above table is compiled based on the company's consolidated financial statements.
2. The ratio of increase or decrease is less than 20%, the analysis can be exempted:
   - The decrease in non-current assets was mainly due to the expected disposal of equity by the consolidated subsidiary and the transfer of current assets for sale.
   - The decrease in non-current liabilities is mainly due to the fact that corporate bonds and long-term loans are expected to be converted into current liabilities within a business cycle.
3. Future response plans for major changes：N/A

2. Financial Performance

(1) Comparison and Analysis of Financial Performance

Unit：NT$ thousands

Item \ Year	2020 Amount	2021 Amount	Discretion	
			Amount	%
Operating revenue	2,949,552	1,669,031	(1,280,521)	(43.41)
Operating costs	2,042,997	1,069,558	(973,439)	(47.65)
Gross profit from operations	906,555	599,473	(307,082)	(33.87)
Operating expenses	931,983	490,284	(441,699)	(47.39)
Other revenues and expenses	1,872	-	(1,872)	(100)
Operating profit or loss	(23,556)	109,189	132,745	563.53
Non-Operating Income and Expenses	91,365	53,391	(37,974)	(41.56)
Net income before tax from continuing operating department	67,809	162,580	94,771	139.76
Less: Income tax expense	33,415	54,848	21,433	64.14
Net Profit (Loss)	34,394	107,732	73,338	213.23
Other comprehensive income	11,312	35,889	24,577	217.26
Total comprehensive income	45,706	143,621	97,915	214.23

1. The data in the above table is compiled based on the company's consolidated financial statements.
2. The ratio of increase or decrease is less than 20%, the analysis can be exempted:
   - Operating revenue, operating costs, and operating gross profit decreased, mainly due to the fact that no construction projects were completed and handed over in the current period, resulting in a decrease in related income and costs compared with the same period last year.
   - The decrease in operating expenses was mainly due to the reduction in the expected credit impairment loss due to the recognition of the impairment reversal benefit of other receivables.
   - The increase in other income and expenses was mainly due to the disposal of investment real estate.
   - The decrease in non-operating income and expenditure was mainly due to the change in the shareholding intention of some affiliated enterprises using the equity method, which were transferred to long-term equity investments to be disposed of, resulting in a decrease in the share of related enterprises and joint venture profits and losses recognized using the equity method.
   - The increase in income tax expenses was mainly due to the adjustment of income tax recognized by the consolidated company in previous years.
3. Future response plans for major changes

   Due to the characteristics of the construction industry, the construction project of this period is completed and the house is delivered, and the related income costs have increased at the same time. There is no major abnormality in the operation of the company, so there is no need to draw up a response plan.

(2) Analysis on the change in gross operating profit

Unit：NT$ thousand

	Variation from the previous period	Cause of the difference			
		Selling price difference	Cost difference	Sales portfolio variance	Quantity variance
Gross operating profit	(307,082)	-	-	-	(307,082)

1. The data in the above table is compiled based on the company's consolidated financial statements.
2. The change is due to the fact that no construction projects were completed and handed over in the current period

3. Cash Flows:

(1) Analysis of liquidity for the last two years:

Item \ Year	2020	2021	Increase (decrease) ratio (%)
Cash flow ratio (Note 2)	37.18	5.07	(86.36)
Cash flow adequacy ratio	156.60	143.30	(8.50)
Cash flow reinvestment ratio (Note 2)	13.58	0.70	(94.85)

Note 1: The data in the above table is compiled based on the company's consolidated financial statements.

Note 2: The decrease in cash flow ratio and cash reinvestment ratio was mainly due to the decrease in net cash flow from operating activities in the current period.

(2) Cash flow analysis in the next coming year:

Unit：NT$ thousand

Balance of cash-beginning	Net Cash Inflows from Operating Activities all year round	Cash inflow over the year	Cash Surplus	Remedy for Deficit in Cash	
				Investment Plan	Financing Plan
520,460	483,236	22,754	543,214	-	-

1. The analysis of cash flow variations this year:
   A. Operating activities: Mainly for the sale of remaining houses, land and Pacific Forest Project delivery.
   B. Investing activities: None.
   C. Financing activities: Mainly due to cash outflow from repayment of borrowings
2. Remedial measures and liquidity analysis for estimated cash shortage：N/A

4. The Effect upon Financial Operations of Any Major Capital Expenditures in the Most Recent Years: N/A.

5. Reinvestment Policy in the Most Recent Years, the Main Reasons for the Profits/Losses Generated Thereby, the Plan for Improving Reinvestment Profitability, and investment plans for the Coming Year：N/A.

6. Risk items and assessment:

(1) The impact of interest rate change, exchange rate changes, and inflation on the company's profits and losses and future countermeasures:

1. The impact on the company's profit and loss:

Unit : NT$ thousand

Item	2021
Interest Income	(107,749)
Exchange gains and losses	17,590
Ratio of net interest income and expenditure to net revenue	(6.46)
Ratio of net interest income and expenditure to net profit before tax	(66.27)
Ratio of net exchange gains and losses to net revenue	1.05
Ratio of net exchange gains and losses to net profit before tax	10.82

Note: The data in the above table is compiled based on the company's consolidated financial statements.

2. The impact of changes in inflation and future countermeasures

Inflation will tend to cause consumers to switch to products with higher value preservation, among which real estate is an important subject. We people are keen on real estate investment under the concept of "with soil and wealth". Although the Central Bank has proposed a number of real estate credit control measures, the real estate transaction price and volume have repeatedly hit new highs. Therefore, the Central Bank announced 0.25% interest rate hike in March 2022, in addition to curbing inflation, it is also expected to control real estate transactions. The products launched by the company in 2021 were favored by consumers and sold out as soon as they were launched. However, in the face of the credit management and control policy of the competent authority, we will evaluate the development case more steadily and cautiously.

In addition, since the fourth quarter of 2021, the cost of construction projects increased greatly due to inflation since the fourth quarter of 2021, for example, concrete, rebar, steel and wage have increased by more than 30% compared with the same period last year. The Company has made agreements on the aforementioned major raw materials in order to cope with the impact of inflation on the increase in the Company's procurement costs

3. The impact of changes in interest rates and exchange rates and future countermeasures:

The company’s main business is the construction industry and is categorized into the domestic market. Therefore, the main operating income and expenditure, long-term and short-term liabilities and capital expenditures are mostly denominated in local currency. At present, products are only built and sold in the country. Most of the cooperative manufacturers are also domestic manufacturers. Therefore, there is no significant impact on profit or loss due to exchange rate change.

The Central Bank raised interest rates by 0.25% in March 2022, which increases the company's interest expenses. Therefore, the company will dispose of non-core assets to pay off liabilities to reduce the interest burden and improve the company's operating interests. In addition, the interest rate hike may affect the willingness of investors to buy

houses. On the contrary, inflation will increase the number of self-occupants. Therefore, the company's product planning focuses on low total price and high floor efficiency to meet the needs of rigid customers.

(2) The policies, main reasons for profit or loss and future countermeasures for engaging in high-risk, high-leverage investments, fund loans to others, endorsements, and derivative commodity transactions in the most recent years:

The company does not engage in high-risk, high-leverage investment and derivative commodity trading. " fund loans to others" and "endorsement guarantee" and other matters are handled in accordance with the company's relevant policies and procedures; the qualifications of the transaction partner are evaluated; the risk of the transaction is evaluated and allocate adequate reserve for bad debts.

(3) Future R&D plans and estimated investment costs:

1) Future R&D plans

As for planning and design, green buildings, earthquake-resistant and smart buildings will be incorporated into the planning according to the attributes of individual cases. It is hoped that under rigorous regulations, every new case can present a human-oriented and livable building.

As for construction projects, the company will continue to develop and improve construction methods and environment-friendly and practical building materials and equipment. Through the internal and external processes, we will strengthen the construction details and strive to exceed customers' expectations for construction quality.

In terms of optimizing the community, the company integrates smart electromechanical equipment, healthy activity lines, and environmentally safe building materials, and combines the characteristics of individual communities with professional space design, so that the extension of the home starts from the public facilities of the community.

As for reinvestment, in addition to actively improving the software and hardware facilities, the hotel business unit will also continue to optimize talent management and professional training.

In the future development strategy, the company will continue to focus on land development and investment in the industry, actively integrate digital transformation, create product and service value, deepen the brand effect, and ensure solid implementation.

2) Estimated investment cost:

The estimated cost of applying for the Green Building, Earthquake-Resistant and Smart Building Labels for the reconstruction of urban unsafe and old buildings project on Bairen Street in Xindian District is about RMB 30 million.

(4) The impact of important domestic and foreign policy and legal changes on the company's finance and business and its corresponding measures:

The adoption of IFRS accounting principles has changed the method of recognition of

construction income. At present, all credit transactions with banks are assessed on a case-by-case basis, and no longer on the basis of report profit and loss, so it has no impact on the company's financing.

Recently, the issue of the sustainable management of ESG companies initiated by the Central Bank has affected the evaluation indicators of financial institutions and legal person investors. Therefore, the Company has established an ESG promotion taskforce, with the general manager as the team moderator, and the top managers of various departments as team members. In addition to entrusting experts for education and training from time to time, it also regularly discusses related issues and improvement plans.

In view of the above, the Company still focuses on the core business, but also strives to improve and follow up on ESG, fulfilling the social conscience of sustainable business operation, and thus winning the recognition of investors and customers.

(5) The impact of technological changes and industrial changes on the company's finance and business and its corresponding measures:

In view of Taiwan’s entry into an aging society and a declining birthrate, the community built by the company in the future will focus on smart safety prevention and smart care; and provide healthy, sophisticated, and convenient lifestyle products; shape a new lifestyle; and provide diverse home services. AI "smart homes" will be built, and the concept is expected to gain home buyers' acknowledgement. The introduction of the concept of smart homes into the construction project will increase the added value of the construction project and increase profitability.

(6) The impact of corporate image changes on corporate crisis management and its corresponding measures:

Due to the company's continuous efforts to repay the borrowings, the debt ratio has been reduced to below 50%, and the financial structure has been said to be sound. In recent years, the company has been able to strive for better financing conditions when dealing with financial institutions. In addition, it cooperates with the public welfare activities of the government or the community all the year round, such as providing free land to the New Taipei City Government to conduct the Wanjinshi Marathon. ESG issues are the company’s goal. It invests manpower in the environment, stakeholders and corporate governance, and fulfills the social responsibility of sustainable business operations. In the future, we will continue to strengthen the corporate image, improve the competitiveness of the company and the rate of return to shareholders.

(7) Expected benefits, possible risks and countermeasures of M&A: There is currently no M&A plan.

(8) Expected benefits, possible risks and corresponding measures of the expansion of the plant:

The company is a construction industry, focusing on the construction of residential products. There is no need or plan to expand the factory.

(9) Risks faced by purchase or sales concentration and its corresponding measures:

Due to the characteristics of the construction industry, the company's customers are mainly general public, so there is no risk of sales concentration. The purchase part is mainly based on the various projects required to build the house. The outsourcing is carried out in accordance with the company's procurement procedures. The purchasers are scattered and not concentrated, so there is no risk of concentration of purchases.

(10) The impact, risks and countermeasures of mass transfer or replacement of equity from directors, supervisors, or major shareholders holding more than 10% of the shares

The company does not have a major shareholder holding more than 10% of the shares, and the directors are not involved in the mass transfer or replacement of equity.

(11) The impact, risks and corresponding measures of the change in operating rights on the company: N/A.

(12) Litigation or non-litigation events:

Belonging to the court (organization) and its case number	Parties involved	Commencement date of litigation	The facts in dispute, the amount of the subject matter	Current processing status
Taiwan High Court No. 637 in 2017	Plaintiff: Pacific Construction Co. Defendant: Cai Qingfu and other 49 people	January 4, 2010	The company signed a land sale contract with Cai Qingfu and other 49 people on land No. 89, Xinguang Section 2nd Section, Taipei City. However, because the defendants failed to comply with the contract, the company sued for compensation for damage.	The Taiwan High Court decided that the company won the case, but the defendant appealed to the Supreme Court, and the Supreme Court is proceeding.
Taiwan Taipei District Court No. 3996 in 2016	Plaintiff: Pacific Construction Co. Defendant: Some residents of the Jade Star Tower in Emerald Bay	January, 2016	A small number of residents of the Jade Bay Star Tower claimed that they had terminated their appointment with the company. Therefore, the company has no management rights to the public affairs of the Star Tower, and refused to pay the management fee. The company is maintaining its rights and interests of most other households so that filed the suit.	The Taipei District Court ruled in favor of the Company in all relevant cases. Only one remains under review.
Taiwan Taipei District Court No. 415 in 2021	Plaintiff: Liu Yingqing Defendant: Pacific Construction Co.	November 20, 2020	The landlord of Pacific Forest, Liu Yingqing, requested confirmation that the company’s claim on the difference of NT$13,186,269 due to Liu Yingqing for the joint construction of the urban renewal project did not exist at NT$2,683,460. The Company also counterclaimed that Liu Yingqing should pay the difference in the price of NT$13,186,269.	The Taipei District Court dismissed the plaintiff Liu Yingqing's claim of confirming the non-existence of the creditor's rights and ruled in favor of the counterclaim filed by the Company.

Belonging to the court (organization) and its case number	Parties involved	Commencement date of litigation	The facts in dispute, the amount of the subject matter	Current processing status
Taiwan Taipei District Court No. 1028 in 2022	Plaintiff: Pacific Construction Co. Defendant: Zhou Liying and other 6 people (all the heirs of Zhou Huang Birong)	December 27, 2021	The landlord of Pacific Forest, Zhou Liying and other 6 people (that is, all the heirs of Zhou Huangbirong) should pay The Company the difference in the price of NT$1,577,579. After repeated requests, they refused to pay. Therefore, Te Company filed a lawsuit with the Taipei District Court. .	The case is on progress in the Taipei District Court.
Taiwan Taipei District Court No. 232 in 2022	Plaintiff: Pacific Construction Co. Defendant: Liu Ruilian	Feburary 9, 2022	The landlord of Pacific Forest, Liu Ruilian, should pay The Company the difference in the price of NT$3,184,593, but he refused to pay after repeated requests. Therefore, The Company filed a lawsuit with the Taipei District Court in Taiwan.	Since the two parties have no willingness to mediate, the court will conduct the trial after another court date.
Taiwan Taipei District Court No. 6924 in 2021	Plaintiff: Pacific Construction Co. Defendant: Zhou Ruide	October 7, 2022	The landlord of Pacific Forest, Zhou Ruide, should pay The Company the difference in the price of NT$4,196,139, but he refused to pay after repeated requests. Therefore, The Company filed a lawsuit with the Taipei District Court in Taiwan.	The case is on progress in the Taipei District Court.
Taiwan Taipei District Court No. 586 in 2021	Plaintiff: Pacific Construction Co. Defendants: Wanli Company, Qianyi Investment Co., Yongwei Investment Co.	March 4, 2021	The plaintiff, Pacific Construction Co., was entrusted by all the residents of the Tiexing Tower to manage the Tiexing Tower. Because three defendants including Wanli Company owed management fees from March 7, 2016, so the company sued the three companies on March 4, 2021 for repayment of the management fee from March 5, 2016 to January 2, 2018 105, NT$9,891,145 in total. The amount of the subject matter of the lawsuit: NT$9,891,145.	The Taipei District Court in Taiwan ruled that the company lost the case, and the company appealed to the Taiwan High Court in accordance with the law.
Taiwan Shilin District Court No. 66195 in 2020	Executing creditor: Pacific Construction Co. Executing debtors: Cai Yaoyu et al.	October 28, 2020	The Company requested 13 people including Cai Yao, the owner of Mori Hills, to compensate for damages. The Taiwan High Court ordered that Cai Yaoyu and others should jointly and severally compensate The Company NT$44.2 million 7,754. After it was announced that The Company had provided guarantees for Cai Yaoyu and others, it could be falsely	The Shilin District Court in Taiwan is accepting and executing the case.

Belonging to the court (organization) and its case number	Parties involved	Commencement date of litigation	The facts in dispute, the amount of the subject matter	Current processing status
			executed. The Company immediately applied to the Shilin District Court in Taiwan for provisional execution for enforcement after providing security in accordance with the judgment of the Shanghai High Court.	

7. Other significant risks and its corresponding measures:

Information security risks

1) With the rapid evolution of network technology, although the use of computer systems for data processing and storage has made operational more efficient, the security threats faced by information systems and network connections are increasing day by day. Since information systems and networks are important assets, in order to ensure the confidentiality, integrity and availability of the information system, the company has established relevant management measures to promote the information security and strengthen the awareness of the information security of all employees. Conduct an annual information security policy review and report to the board of directors

   The information security policy is as follows:

   1. Comply with regulatory requirements and establish information security awareness.

   2. Recognize information security risks and protect data security.

   3. Implement information security management policies to reduce information security risks.

2) In order to avoid data leakage caused by external network attacks and paralysis of system services caused by virus mail, the company has planned sound protective measures, which are explained as follows:

   1. Build a firewall to block the external network from connecting to the internal network.

   2. Establish management and control mechanisms such as Internet access control, email filtering and auditing systems, and related avoiding data leakage.

3) In addition to external protection, the company has also established comprehensive information security protection measures. The specific instructions are as follows:

   1. Establish computer room access control.

   2. Establish identity authentication mechanism for computer system and control with password.

   3. Set the system permissions according to the minimum required scope.

   4. Install anti-virus software and perform system update and patching in real time to

strengthen personal computer security protection.

5. Establish a solid backup & recovery procedure, and conduct disaster drills regularly to ensure operational operations.
6. Regularly conduct education and training and information security advocacy to strengthen employees' awareness of information security.
7. Conduct annual information security policy review and report to the board of directors.

VIII. Special Notes

1. Information about the Company's Affiliates

(1) Relationship report

The company is not a subsidiary company of another company as stipulated in the company law, so it is exempt from the preparation of the relationship report.

(2) The consolidated business report of the affiliated enterprise

1.Organization Chart of Affiliated Enterprises

As of April 16, 2022

Headquarter	Affiliated	Percentage	Reinvestment company	Percentage
Pacific Construction Co., Ltd.	Taitou Industrial Co., Ltd.	100.00%	Qunce Asset Management Co., Ltd.	100.00%
	Hong Kong Pacific Construction Co., Ltd (Note 1)	100.00%		
	Pacific Holdings Company	100.00%	Beijing Taikong Consulting Services Co., Ltd.	100.00%
	Fengyang Industrial Co., Ltd.	48.45%		
	Pacific Realtor	48.50%		

Note 1: Hong Kong Pacific ConstructionCo., Ltd. has been approved by the general meeting to become an inactive company in accordance with the Hong Kong Companies Ordinance in December 2016.

2. Basic information of each affiliated company

As of April 16, 2022

Company Name	Date of Establishment	Address	Capital (NT$,000)	Domain Business or Production items
Taitou Industrial Co., Ltd.	August 13, 1997	No. 495, Guangfu South Road, Xinyi District, Taipei City	226,000	General investment industry
Hong Kong Pacific Construction Co., Ltd.	May 18,1990	25th Floor, Overseas Trust Bank Building, 160 Gloucester Road, Wanchai District, Hong Kong	31,565	Contract construction or agency services such as civil engineering, construction, water, electricity, air conditioning, and decoration projects
Pacific Holdings Company	November 11, 1991	25th Floor, Overseas Trust Bank Building, 160 Gloucester Road, Wanchai District, Hong Kong	664,850	Investment, trade, etc.
Fengyang Industrial Co., Ltd.	December 7, 1989	No. 495, Guangfu South Road, Xinyi District, Taipei City	2,046,843	Building rental and sales business, supermarket operation, import and export trading, etc.
Pacific Realtor Co., Ltd.	December 28, 1984	No. 495, Guangfu South Road, Xinyi District, Taipei City	150,000	Introduction of rental and sale of houses, etc.
Qunce Asset Management Co., Ltd.	March 12, 2010	No. 495, Guangfu South Road, Xinyi District, Taipei City	180,000	Management consultancy, real estate trading business
Beijing Taikong Consulting Services Co., Ltd.	November 8, 2016	15th Floor, Block B, No. 2, Zhongguancun South Street, Haidian District, Beijing	476	Management consultancy

3. Information of the same shareholders and directors who are presumed to have control and affiliation: none.

4. The industries covered by the business of the overall related enterprise:

(1) Construction business: commissioning construction companies to construct and sell commercial buildings and residential buildings.
(2) Leasing business: It is engaged in the business of commercial buildings, residential leases and sales.
(3) Department store business: operating department stores, supermarkets and related trading business.
(4) Property management business: operating real estate management business.
(5) Investment business: Mainly engaged in investment consulting businesses.
(6) Hotel business: operating hotel room accommodation and catering business.

5. Information on directors, supervisors and general managers of the affiliates:

April 16, 2022

Name of Company	Job Title	Name or Representative	Shareholding	
			Shares	%
Taitou Industrial Co., Ltd.		Pacific Construction Co., Ltd.	22,600,000	100.00%
	Chairman	Representative / Chang Chi Ming		
	Director	Representative / Liu I-Yee		
	Director	Representative / Lei Chien		
	Supervisor	Representative / Huang Te Shin		
Pacific Construction Co., Ltd. (Note)		Pacific Construction Co., Ltd.	8,162,600	100.00%
	Director	Representative / Chang Chi Kuang		
	Director	Representative / Chang Chi Ming		
	Director	Representative / Sun Yung Hung		
Pacific Holdings Co., Ltd.		Pacific Construction Co., Ltd.	343,858,058	100.00%
	Director	Representative / Lu A Shui		
	Director	Representative / Yuan Chun Tang		
	Director	Representative / Lei Chien		
Pacific Department Stores Co.,Ltd.		Pacific Construction Co., Ltd.	99,175,556	48.45%
	Chairman	Representative / Lien Chin		
	Director	Representative / Liu I-Yee		
	Director	Representative / Lei Chien		
	Director	Fong Fu International Development Co.,Ltd. / Chang Chi Ming	578,467	0.28%
		Pacific SOGO Department Store Co., Ltd.	60,295,793	29.46%
	Director	Representative / Peng Hsueh Tseng		
	Supervisor	Chien Mei Hsueh	0	0.00%
Pacific Realtor Co., Ltd.	Chairman	Lu A Shui	100,000	0.67%
		Pacific Construction Co., Ltd.	7,275,000	48.50%
	Director	Representative / Liu I-Yee		
	Director	Representative / Lei Chien		
	Director	Representative / Chang Chi Ming		
	Director	Representative / Chen Chin Hui		
	Director	Chang Kay Jin	1,654,655	11.03%
	Director	Kao Shan Ching	76,290	0.51%
	Supervisor	Chin Bi Tao	502,565	3.35%
	GM	Hsiao Chao Yang	10,000	0.07%

Name of Company	Job Title	Name or Representative	Shareholding	
			Shares	%
Qunce Asset Management Co., Ltd.	Chairman	Chou Shu Hui	0	0.00%
	Director	Song Yi Zhong	0	0.00%
	Director	Fan Min Li	0	0.00%
	Supervisor	Huang Te Shin	0	0.00%
Beijing Tai-Kong Consulting Services Co., Ltd.		Pacific Holdings Co., Ltd.	RMB$100,000	100.00%
	Chairman	Representative / Chen Chin Hui		
	Director	Representative / Liu I-Yee		
	Director	Representative / Lin Cheng Chih		
	Supervisor	Representative / Huang Te Shin		

Note 1：Hong Kong Pacific Construction Co., Ltd. has become an inactive company in accordance with the Hong Kong Companies Ordinance in December 2016, and has been approved by the general meeting of members.

6. An overview of the operations of each affiliate

Unit: NT$ thousand

Name of Company	Paid-in capital	Total assets	Total liabilities	Net value	Operating Revenue	Operating profit or loss	Net income	EPS (NT$)
Taitou Xingye Co., Ltd.	226,000	229,969	421	229.548	3,835	579	579	0.03
Pacific Construction Co., Ltd.	31,565	2	0	2	0	(23)	(24)	(0.00)
Pacific Holdings Co., Ltd.	664,850	948,401	651,669	296,732	0	(22,728)	(2,117)	(0.01)
Pacific Department Stores Co.,Ltd.	2,046,843	4,039,541	308,515	3,731,026	339,274	11,348	111,909	0.55
Pacific Realtor Co., Ltd.	150,000	206,004	92,987	113,017	117,204	6,095	12,195	0.81
Qunce Asset Management Co., Ltd.	180,000	200,864	16,518	184,346	80,461	2,707	3,680	0.20
Beijing Tai-Kong Consulting Services Co.,Ltd.	476	13,861	13,477	384	387	(20)	(29)	(0.29)

Note: The above is the amount as of December 31, 2021.

(3) Consolidated Financial Report

Statement

For the fiscal year of 2021 (From Jan. 1, 2021 to Dec. 31, 2021), the companies which should be included in the consolidated financial statements of the Company pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those should be included pursuant to the International Financial Reporting Standards 10. The affiliates' consolidated financial statements that should already be disclosed on the supra parent company have already been disclosed in the consolidated financial statements of the Company. Therefore, the Company will not prepare separate consolidated financial statements for associates.

Hereby declare

Pacific Construction Co., Ltd.

Chairman: Liu I-Yee

Date: March 10, 2022

2. Private placement of securities in the most recent year as of the date of this Annual Report: None.

3. Holding or disposal of the Comp any's stocks by a subsidiary in the most recent year as of the date of this Annual Report:

Unit: NT$ thousands ; shares ; %

Name of Subsidiary	Paid-In Capital	Sources of Funds	The company's shareholding ratio	Acquisition or Disposal Date	Number and Amount of Shares Acquired (Note 1)	Disposal of Shares and Amount (Note 1)	invest ment profit and loss	Number and Amount of Shares Held as of April 26, 2021 (Note 2)	Setting the pledge situation	The company endorses the guarantee amount for the subsidiary	Amount of loan from the company to subsidiary
Pacific Realtor Co., Ltd.	150,000	Own funds	48.50%	As of April 16, 2022	-	-	-	607,855 Shares 5,623	-	-	-
Pacific Department Stores Co., Ltd.	2,046,843	Own funds	48.45%	As of April 16, 2022	-	-	-	24,836,139 Shares 229,734	-	-	-

Note 1：The amount referred to refers to the amount actually acquisition or disposed of.

Note 2：The shareholding amount is calculated based on the closing price of $9.25 on April 15, 2022

4. Other Necessary Supplements: None.

5. Events of significant impact on shareholders' equity or on prices of securities as specified under Subparagraph 2, Paragraph 2 of Article 36 of the Securities and Exchange Act in the Most Recent Year as of the Date of this Annual Report: None.

Company Name: **Pacific Construction Co., Ltd.**

Chairman: Liu I-Yee

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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